

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 4, 2026

**New Issue
Book-Entry Only**

**RATING: S&P Global Ratings: "AA-"
(See "RATING" herein)**

In the opinion of Arntson Stewart Wegner PC, Bond Counsel, according to existing North Dakota and federal laws, regulations, rulings and judicial decisions, and assuming compliance with certain covenants, as of their date of issuance, interest on the Series 2026 Bonds is excludable from gross income for purposes of federal income taxation and is excludable from taxable income for State of North Dakota income tax purposes. Interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal alternative minimum tax for individuals. Interest on the Series 2026 Bonds may affect the federal alternative minimum tax imposed on corporations. See "TAX MATTERS" in this Official Statement.

\$50,625,000*



**STATE BOARD OF HIGHER EDUCATION OF THE
STATE OF NORTH DAKOTA
NORTH DAKOTA STATE UNIVERSITY
HOUSING AND AUXILIARY FACILITIES REVENUE BONDS
SERIES 2026**

Dated: Date of Delivery

Due: April 1, as shown on the inside cover

The North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2026 (the "Series 2026 Bonds") offered hereby are not general obligations of the State Board of Higher Education of the State of North Dakota (the "Board") and are not secured by the full faith and credit of the Board or payable from any of the Board's general funds, revenues or assets (other than amounts pledged pursuant to the Indenture as described herein). The Board does not have any taxing power.

The Series 2026 Bonds are being issued as Additional Bonds under the terms of an Indenture of Trust, dated as of August 1, 2004, between the Board and U.S. Bank Trust Company, National Association (the "Trustee"), and a Supplemental Indenture of Trust, dated as of March 1, 2026 (collectively, the "Indenture"), between the Board and the Trustee. Capitalized terms used on this cover and not defined hereon shall have the meanings granted to them in the Indenture. The Series 2026 Bonds are issued on a parity basis with the Board's outstanding (i) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2012A, (ii) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2014A, (iii) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2015A, (iv) North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2015B, (v) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2016A (vi) North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2017A, (vii) and North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2017B (collectively, the "Parity Bonds").

The Series 2026 Bonds are issuable as fully registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2026 Bonds. Purchases of Series 2026 Bonds will be made in book-entry only form, in denominations of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Beneficial owners of the Series 2026 Bonds will not receive physical delivery of Series 2026 Bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2026 Bonds. Interest is payable on October 1, 2026*, and on each April 1 and October 1 thereafter. The principal of the Series 2026 Bonds is payable on each April 1, commencing April 1, 2027. So long as DTC or its nominee is the registered owner of the Series 2026 Bonds, payments of the principal or redemption price of and interest on the Series 2026 Bonds will be made directly to DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See "THE SERIES 2026 BONDS – Book-Entry Only System" in this Official Statement. The Series 2026 Bonds will be payable solely from the moneys held for the payment thereof by the Trustee. The Series 2026 Bonds are subject to optional redemption prior to their stated maturities as provided under "THE SERIES 2026 BONDS – Redemption Provisions" in this Official Statement.

The proceeds of the Series 2026 Bonds, together with other available funds of the Housing and Auxiliary Facilities System, will be used to (i) finance the construction and equipping of two new apartment-style buildings as Phase II of the University Village replacement on the University campus and related improvements (the "Project"), and (ii) pay the costs of issuance of the Series 2026 Bonds. The Series 2026 Bonds shall mature and bear interest as set forth on the inside cover of this Official Statement. See "THE SERIES 2026 BONDS" in this Official Statement.

This cover page contains certain information for quick reference only. It is not a complete summary of the terms of the Series 2026 Bonds. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The maturity schedule for the Series 2026 Bonds is set forth on the inside front cover.

The Series 2026 Bonds are offered when, as and if issued by the Board, subject to prior sale, to withdrawal or modification of the offer without notice, and to the opinion as to validity of the Series 2026 Bonds and tax exemption of the Series 2026 Bonds by Arntson Stewart Wegner PC, Bismarck, North Dakota as Bond Counsel to the Board, and certain other conditions. Barnes & Thornburg LLP has acted as Disclosure Counsel to the Board in connections with the preparation of this Official Statement. The Series 2026 Bonds will be sold at a competitive bond sale on February 18, 2026, at 10:00 A.M. Central Time in accordance with the Notice of Sale set forth herein. Blue Rose Capital Advisors, LLC, Minneapolis, Minnesota is acting as municipal advisor to the Board with respect to the sale of the Series 2026 Bonds. It is expected that delivery of the Series 2026 Bonds will be made through the facilities of DTC on or about March 11, 2026.

**PROPOSALS RECEIVED: February 18, 2026 until 10:30 A.M., Central Time
AWARD: February 18, 2026, at 3:30 P.M., Central Time**



The date of this Official Statement is _____, 2026

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained in this Preliminary Official Statement are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to buy or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE

\$50,625,000*

**State Board of Higher Education of the State of North Dakota
North Dakota State University
Housing and Auxiliary Facilities Revenue Bonds
Series 2026**

Maturity (April 1)	Principal Amount*	Interest Rate	Yield	Price	CUSIP⁽¹⁾
2027	\$ 665,000				
2028	830,000				
2029	875,000				
2030	920,000				
2031	965,000				
2032	1,010,000				
2033	1,065,000				
2034	1,115,000				
2035	1,170,000				
2036	1,230,000				
2037	1,290,000				
2038	1,355,000				
2039	1,425,000				
2040	1,490,000				
2041	1,565,000				
2042	1,630,000				
2043	1,695,000				
2044	1,765,000				
2045	1,840,000				
2046	1,920,000				
2047	2,005,000				
2048	2,095,000				
2049	2,195,000				
2050	2,295,000				
2051	2,400,000				
2052	2,515,000				
2053	2,630,000				
2054	2,755,000				
2055	2,890,000				
2056	3,025,000				

**Preliminary, subject to change.*

⁽¹⁾CUSIP is a registered trademark of the American Bankers Association ("ABA"). CUSIP Global Services (CGS) is managed on behalf of the ABA by FactSet Research Systems Inc. CUSIP data herein is provided by CGS. The CUSIP numbers listed above are being provided solely for the convenience of Holders of the Series 2026 Bonds only at the time of issuance of the Series 2026 Bonds and neither the Board nor the Municipal Advisor makes any representation with respect to such numbers or undertakes any responsibility for their accuracy now or at any time in the future.

**State Board of Higher Education of the
State of North Dakota**

Kevin Black, Chair	Minot, North Dakota
Donald Campbell, Vice Chair	Mandan, North Dakota
Tim Mihalick	Minot, North Dakota
Danita Bye	Stanley, North Dakota
Curtis Biller	Fargo, North Dakota
Patrick Sogard	Williston, North Dakota
Michelle Kommer	Fargo, North Dakota
Maxwell Eriksrud, Student Member	Chaska, Minnesota
Anna Kinney, Staff Advisor	Grand Forks, North Dakota
Lisa Montplaisir, Ph.D., Faculty Advisor	Fargo, North Dakota

North Dakota University System Senior Staff

Brent Sanford	State Commissioner of Higher Education
Lisa Johnson	Deputy Commissioner for Academic and Student Affairs
David Krebsbach	Deputy Commissioner/Chief Financial Officer
Meredith Larson	Deputy Commissioner/Chief Operating Officer
Corey Quirk	Chief Information Officer/Core Technology Services CIO
Jennifer Webber, Ph.D.	Institutional Research
Vacant	Chief Audit Executive

Municipal Advisor

Blue Rose Capital Advisors, LLC
Minneapolis, Minnesota

Bond Counsel

Arntson Stewart Wegner PC
Bismarck, North Dakota

Disclosure Counsel

Barnes & Thornburg LLP
Minneapolis, Minnesota

Trustee

U.S. Bank Trust Company, National Association
St. Paul, Minnesota

THE BOARD HAS AUTHORIZED BLUE ROSE CAPITAL ADVISORS, LLC TO NEGOTIATE THIS ISSUE ON ITS BEHALF. PROPOSALS WILL BE RECEIVED ON THE FOLLOWING BASIS:

NOTICE OF SALE

\$50,625,000*

**THE STATE BOARD OF HIGHER EDUCATION OF THE
STATE OF NORTH DAKOTA
NORTH DAKOTA STATE UNIVERSITY
HOUSING AND AUXILIARY FACILITIES REVENUE BONDS
SERIES 2026**

(BOOK ENTRY ONLY)

Proposals for the purchase of all, but not less than all, of the above-referenced obligations (the “Series 2026 Bonds”) will be received by The State Board of Higher Education of the State of North Dakota (the “Board”) on behalf of North Dakota State University (the “University”) on February 18, 2026 (the “Sale Date”) until 10:30 A.M., Central Time (the “Sale Time”). All bids must be submitted via PARITY[®], the electronic bidding system. Consideration for award of the Series 2026 Bonds will be made by the Board commencing at 3:30 P.M., Central Time, of the same day.

SUBMISSION OF PROPOSALS

The Board and Blue Rose Capital Advisors will assume no liability for the inability of a bidder or its proposal to reach the Board by the Sale Time, and neither the Board nor Blue Rose Capital Advisors shall be responsible for any failure, misdirection or error in the means of transmission selected by any bidder. All bidders are advised that each proposal shall be deemed to constitute a contract between the bidder and the Board to purchase the Series 2026 Bonds regardless of the manner in which the proposal is submitted.

Electronic Bidding. Proposals must be submitted via PARITY[®]. For purposes of the electronic bidding process, the time as maintained by PARITY[®] shall constitute the official time with respect to all proposals submitted to PARITY[®]. *Each bidder shall be solely responsible for making necessary arrangements to access PARITY[®] for purposes of submitting its electronic proposal in a timely manner and in compliance with the requirements of the Notice of Sale.* Neither the Board, its agents, nor PARITY[®] shall have any duty or obligation to undertake registration to bid for any prospective bidder or to provide or ensure electronic access to any qualified prospective bidder, and neither the Board, its agents, nor PARITY[®] shall be responsible for a bidder’s failure to register to bid or for any failure in the proper operation of, or have any liability for any delays or interruptions of or any damages caused by the services of PARITY[®]. The Board is using the services of PARITY[®] solely as a communication mechanism to conduct the electronic bidding for the Series 2026 Bonds, and PARITY[®] is not an agent of the Board.

If any provisions of this Notice of Sale conflict with information provided by PARITY[®], this Notice of Sale shall control. Further information about PARITY[®], including any fee charged, may be obtained from:

PARITY[®], 1359 Broadway, 2nd Floor, New York, New York 10018
Customer Support: (212) 849-5000

DETAILS OF THE SERIES 2026 BONDS

The Series 2026 Bonds will be dated their date of issuance (expected to be March 11, 2026) and will bear interest payable on April 1 and October 1 of each year, commencing October 1, 2026*. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The Series 2026 Bonds will be issued as Additional Bonds under the terms of the Indenture of Trust, dated as of August 1, 2004, between the Board and U.S. Bank Trust Company, National Association (the “Trustee”), and a Supplemental Indenture of Trust, dated as of March 1, 2026 (collectively, the “Indenture”), between the Board and the Trustee. The Series 2026 Bonds will mature April 1 in the years and amounts as follows*:

Date	Principal*
4/1/2027	\$ 665,000
4/1/2028	830,000
4/1/2029	875,000
4/1/2030	920,000
4/1/2031	965,000
4/1/2032	1,010,000
4/1/2033	1,065,000
4/1/2034	1,115,000
4/1/2035	1,170,000
4/1/2036	1,230,000
4/1/2037	1,290,000
4/1/2038	1,355,000
4/1/2039	1,425,000
4/1/2040	1,490,000
4/1/2041	1,565,000
4/1/2042	1,630,000
4/1/2043	1,695,000
4/1/2044	1,765,000
4/1/2045	1,840,000
4/1/2046	1,920,000
4/1/2047	2,005,000
4/1/2048	2,095,000
4/1/2049	2,195,000
4/1/2050	2,295,000
4/1/2051	2,400,000
4/1/2052	2,515,000
4/1/2053	2,630,000
4/1/2054	2,755,000
4/1/2055	2,890,000
4/1/2056	3,025,000
Total	\$50,625,000

**The Board reserves the right, after proposals are opened and prior to award, to increase or reduce the principal amount of the Series 2026 Bonds or the amount of any maturity or maturities by 15% in multiples of \$5,000. In the event the amount of any maturity is modified, the aggregate purchase price will be adjusted to result in the same gross spread per \$1,000 of Series 2026 Bonds as that of the original proposal. Gross spread for this purpose is the differential between the price paid to the Board for the new issue and the prices at which the proposal indicates the securities will be initially offered to the investing public.*

BOOK ENTRY SYSTEM

The Series 2026 Bonds will be issued by means of a book entry system with no physical distribution of Series 2026 Bonds made to the public. The Series 2026 Bonds will be issued in fully registered form and one Series 2026 Bond, representing the aggregate principal amount of the Series 2026 Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Series 2026 Bonds. Individual purchases of the Series 2026 Bonds may be made in the principal amount of \$5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the registrar to DTC or its nominee as registered owner of the Series 2026. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The lowest bidder (the “Purchaser”), as a condition of delivery of the Series 2026 Bonds, will be required to deposit the Series 2026 Bonds with DTC.

REGISTRAR/PAYING AGENT

The Trustee will serve as registrar/paying agent for the Series 2026 Bonds.

OPTIONAL REDEMPTION

The Board may elect on April 1, 2036, and on any day thereafter, to redeem Series 2026 Bonds due on or after April 1, 2037. Redemption may be in whole or in part and if in part at the option of the Board and in such manner as the Board shall determine. If less than all Series 2026 Bonds of a maturity are called for redemption, the Board will notify DTC of the particular amount of such maturity to be redeemed. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. All redemptions shall be at a price of par (100% of the principal amount redeemed) plus accrued interest to the redemption date.

SECURITY AND PURPOSE

The Series 2026 Bonds will be limited obligations of the Board payable solely from the Pledged Revenues pledged to the payment of the Series 2026 Bonds. The proceeds of the Series 2026 Bonds will be used by North Dakota State University (the “University”), along with certain available funds of the Housing and Auxiliary Facilities System, will be used to (i) finance the construction and equipping of two new apartment-style buildings as Phase II of the University Village replacement on the University campus and related improvements (the “Project”), and (ii) pay the costs of issuance of the Series 2026 Bonds.

NOT BANK QUALIFIED TAX-EXEMPT OBLIGATIONS

The Board will not designate the Series 2026 Bonds as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

ADVANCE MODIFICATION OF PRINCIPAL AMOUNTS

The Maturity Schedule for the Series 2026 Bonds set forth above represents an estimate of the principal amount of Series 2026 Bonds to be sold. The Board hereby reserves the right to change the Maturity Schedule, based on market conditions prior to the sale. In the event that the Board elects to change the Maturity Schedule prior to the sale, the Board anticipates it will provide notice to potential bidders through PARITY no later than 5:00 P.M. Eastern Time the day before the sale of the Series 2026 Bonds. Such notice shall be considered an amendment to this Notice of Sale and Bidding Instructions.

**CHANGE OF BID DATE AND CLOSING DATE;
OTHER CHANGES TO OFFICIAL NOTICE OF SALE**

The Board reserves the right to otherwise change this Official Notice of Sale. The Board anticipates that it would communicate any such changes via PARITY by 5:00 P.M. Eastern Time on the date prior to the scheduled date for receipt of bids.

BIDDING PARAMETERS

Proposals for the Series 2026 Bonds may contain a maturity schedule providing for a combination of serial bonds and term bonds. All term bonds shall be subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption scheduled to conform to the maturity schedule set forth herein. In order to designate term bonds, the proposal must specify “Years of Term Maturities” in the spaces provided on the proposal form.

No proposal can be withdrawn or amended after the time set for receiving proposals on the Sale Date unless the meeting of the Board scheduled for award of the Series 2026 Bonds is adjourned, recessed, or continued to another date without award of the Series 2026 Bonds having been made. Series 2026 Bonds of the same maturity shall bear a single rate from the date of the Series 2026 Bonds to the date of maturity. No conditional proposals will be accepted.

Bid Parameters

	<u>Interest</u>		<u>Pricing</u>
Dated Date:	Date of Delivery	Max. Aggregate Bid Price:	108.00%
Anticipated Delivery Date:	March 11, 2026	Min. Aggregate Bid Price:	101.00%
Interest Payment Dates:	April 1 and October 1	Max. Price per Maturity:	No Limit
First Interest:	October 1, 2026	Min. Price per Maturity:	98.00% for Series 2026 Bonds having maturities on or after April 1, 2037
Coupon Multiples:	1/100 or 1/8 of 1%		
Zero Coupons:	Not Allowed		
Split Coupons:	Not Allowed		
Maximum Coupon:	5.25%		
Minimum Coupon:	4.00%		
Maximum Coupon Differential:	No Limit		
	<u>Principal</u>		<u>Procedural</u>
Optional Redemption:	Bonds maturing on or after April 1, 2037, callable on April 1, 2036 and thereafter at par	Sale Date:	February 18, 2026
Post-bid Principal Increases in Aggregate:	15%	Bid Submission:	Electronic bids through Parity Only
Post-bid Principal Reductions in Aggregate:	15%	All or None?	Yes
Term Bonds:	Any two or more consecutive maturities may be designated as term bonds after April 1, 2036	Bid Award Method:	Lowest TIC
		Good Faith Deposit:	1% of aggregate par amount, as more fully described below under “Good Faith Deposit”

ESTABLISHMENT OF ISSUE PRICE

In order to provide the Board with information necessary for compliance with Section 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder (collectively, the “Code”), the purchaser for the Series 2026 Bonds (the “2026 Purchaser”) will be required to assist the Board in establishing the issue price of the Series 2026 Bonds and shall complete, execute, and deliver to the Board prior to the closing date, a written certification in a form acceptable to the 2026 Purchaser, the Board, and Bond Counsel (the “Issue Price Certificate”) containing the following for each maturity of the Series 2026 Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity): (i) the interest rate; (ii) the reasonably expected initial offering price to the “public” (as said term is defined in Treasury Regulation Section 1.148-1(f) (the “Regulation”)) or the sale price; and (iii) to the extent the hold-the-offering-price rule applies, pricing wires or equivalent communications supporting such offering or sale price. Any action to be taken or documentation to be received by the Board pursuant hereto may be taken or received on behalf of the Board by Blue Rose Capital. Bond Counsel’s form of Certificate of Purchaser is attached as Exhibit A hereto.

The Board intends that the sale of the Series 2026 Bonds pursuant to this Notice of Sale shall constitute a “competitive sale” as defined in the Regulation based on the following:

- (i) the Board shall cause this Notice of Sale to be disseminated to potential bidders in a manner that is reasonably designed to reach potential bidders;
- (ii) all bidders shall have an equal opportunity to submit a bid;
- (iii) the Board reasonably expects that it will receive bids from at least three bidders that have established industry reputations for underwriting municipal bonds such as the Series 2026 Bonds; and
- (iv) the Board anticipates awarding the sale of the Series 2026 Bonds to the bidder who provides a proposal with the lowest true interest cost, as set forth in this Notice of Sale (See “AWARD” herein).

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Series 2026 Bonds, as specified in the notice. The 2026 Purchaser shall constitute an “underwriter” as said term is defined in the Regulation. By submitting its proposal, the 2026 Purchaser confirms that it shall require any agreement among underwriters, a selling group agreement, or other agreement to which it is a party relating to the initial sale of the 2026 Bonds, to include provisions requiring compliance with the provisions of the Code and the Regulation regarding the initial sale of the Series 2026 Bonds.

If all of the requirements of a “competitive sale” are not satisfied, the Board shall advise the 2026 Purchaser of such fact prior to the time of award of the sale of the Series 2026 Bonds to the 2026 Purchaser. **In such event, any proposal submitted will not be subject to cancellation or withdrawal.** Within twenty-four (24) hours of the notice of award of the sale of the Series 2026 Bonds, the 2026 Purchaser shall advise the Board and Blue Rose Capital if 10% of any maturity of the Series 2026 Bonds (and, if different interest rates apply within a maturity, to each separate CUSIP number within that maturity) has been sold to the public and the price at which it was sold. The Board will treat such sale price as the “issue price” for such maturity, applied on a maturity-by-maturity basis. The Board will not require the 2026 Purchaser to comply with that portion of the Regulation commonly described as the “hold-the-offering-price” requirement for the remaining maturities, but the 2026 Purchaser may elect such option. If the 2026 Purchaser exercises such option, the Board will apply the initial offering price to the public provided in the proposal as the issue price for such maturities. If the 2026 Purchaser does not exercise that option, it shall thereafter promptly provide the Board and Blue Rose Capital the prices at which 10% of such maturities are sold to the public; provided such determination shall be made and the Board and Blue Rose Capital notified of such prices whether or not the closing date has occurred, until the 10% test has been satisfied as to each maturity of the Series 2026 Bonds or until all of the Series 2026 Bonds of a maturity have been sold.

GOOD FAITH DEPOSIT

To have its proposal considered for award, the 2026 Purchaser is required to submit a good faith deposit via wire transfer to the Board in the amount of 1% of aggregate par amount (the "Deposit") no later than 4:00 P.M., Central Time on the Sale Date. The 2026 Purchaser shall be solely responsible for the timely delivery of its Deposit, and neither the Board nor Blue Rose Capital have any liability for delays in the receipt of the Deposit. If the Deposit is not received by the specified time, the Board may, at its sole discretion, reject the proposal of the lowest bidder, direct the second lowest bidder to submit a Deposit, and thereafter award the sale to such bidder.

A Deposit will be considered timely delivered to the Board upon submission of a federal wire reference number by the specified time. Wire transfer instructions will be available from Blue Rose Capital following the receipt and tabulation of proposals. The successful bidder must send an e-mail including the following information: (i) the federal reference number and time released; (ii) the amount of the wire transfer; and (iii) the issue to which it applies.

Once an award has been made, the Deposit received from the 2026 Purchaser will be retained by the Board and no interest will accrue to the 2026 Purchaser. The amount of the Deposit will be deducted at settlement from the purchase price. In the event the 2026 Purchaser fails to comply with the accepted proposal, said amount will be retained by the Board.

AWARD

The Series 2026 Bonds will be awarded on the basis of the lowest interest rate to be determined on a true interest cost (TIC) basis calculated on the proposal prior to any adjustment made by the Board. TIC shall be determined by doubling the semiannual interest rate (compounded semiannually) necessary to discount the aggregate price bid of the Series 2026 Bonds, the payments of the principal of and the interest on the Series 2026 Bonds from their payment dates to the dated date of the Series 2026 Bonds. If two or more bidders offer to purchase the Series 2026 Bonds at the same lowest TIC, the Series 2026 Bonds may be apportioned between such bidders if it is agreeable to each of the bidders who have offered the bids producing the same lowest TIC, provided that if apportionment is not acceptable to such bidders the Board will have the right to select by lot the winning bidder from among such bidders. There will be no auction. The Board's computation of the interest rate of each proposal, in accordance with customary practice, will be controlling.

The Board will reserve the right to: (i) waive non-substantive informalities of any proposal or of matters relating to the receipt of proposals and award of the Series 2026 Bonds, (ii) reject all proposals without cause, and (iii) reject any proposal that the Board determines to have failed to comply with the terms herein.

CUSIP NUMBERS

If the Series 2026 Bonds qualify for the assignment of CUSIP numbers such numbers will be printed on the Series 2026 Bonds; however, neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the 2026 Purchaser to accept delivery of the Series 2026 Bonds. Blue Rose Capital Advisors will apply for CUSIP numbers pursuant to Rule G-34 implemented by the Municipal Securities Rulemaking Board. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the 2026 Purchaser.

SETTLEMENT

On or about March 11, 2026, the Series 2026 Bonds will be delivered without cost to the 2026 Purchaser through DTC in New York, New York. Delivery will be subject to receipt by the 2026 Purchaser of an approving legal opinion of Arnston Stewart Wegner PC, of Bismarck, North Dakota and of customary closing papers, including a no-litigation certificate. On the date of settlement, payment for the Series 2026 Bonds shall be made in federal, or equivalent, funds that shall be received at the offices of the Board or its designee not later than 12:00 P.M., Central Time. Unless compliance with the terms of payment for the Series 2026 Bonds has been made impossible by action of the Board, or its agents, the 2026 Purchaser shall be liable to the Board for any loss suffered by the Board by reason of the 2026 Purchaser's non-compliance with said terms for payment.

CONTINUING DISCLOSURE

In accordance with SEC Rule 15c2-12(b)(5), the University will undertake, pursuant to the resolution awarding sale of the Series 2026 Bonds, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Official Statement. The 2026 Purchaser's obligation to purchase the Series 2026 Bonds will be conditioned upon receiving evidence of this undertaking at or prior to delivery of the Series 2026 Bonds.

OFFICIAL STATEMENT

The Board has authorized the preparation of a Preliminary Official Statement containing pertinent information relative to the Series 2026 Bonds, and said Preliminary Official Statement has been deemed final by the Board as of the date thereof within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. For an electronic copy of the Preliminary Official Statement or for any additional information prior to sale, any prospective purchaser is referred to the Municipal Advisor to the Board, Blue Rose Capital, by telephone (952) 746-6042, or by email stalcott@blueroseadvisors.com.

A Final Official Statement (as that term is defined in Rule 15c2-12) will be prepared, specifying the maturity dates, principal amounts, and interest rates of the Series 2026 Bonds, together with any other information required by law. By awarding the Series 2026 Bonds to the 2026 Purchaser, the Board agrees that, no more than seven business days after the date of such award, it shall provide to the 2026 Purchaser an electronic copy of the Final Official Statement. The Board designates the 2026 Purchaser as its agent for purposes of distributing the Final Official Statement to each syndicate member, if applicable. The 2026 Purchaser agrees that if its proposal is accepted by the Board, (i) it shall accept designation and (ii) it shall enter into a contractual relationship with its syndicate members for purposes of assuring the receipt of the Final Official Statement by each such syndicate member.

BY ORDER OF THE BOARD

EXHIBIT A

STATE BOARD OF HIGHER EDUCATION
OF THE STATE OF NORTH DAKOTA

§ _____
NORTH DAKOTA STATE UNIVERSITY
HOUSING AND AUXILIARY FACILITIES REVENUE BONDS
SERIES 2026

CERTIFICATE OF PURCHASER

The undersigned, on behalf of _____ (the “Purchaser”), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the “Bonds”).

1. REASONABLY EXPECTED INITIAL OFFERING PRICE.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

2. DEFINED TERMS.

“*Issuer*” means the State Board of Higher Education of the State of North Dakota.

“*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

“*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50% common ownership, directly or indirectly.

“*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2026.

“*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Arntson Stewart Wegner PC, in connection with rendering its opinion that the interest on the Bonds is excluded from gross

income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

Dated: _____, 2026.

Name: _____
Its: _____

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SCHEDULE A
EXPECTED OFFERING PRICES

**SCHEDULE B
COPY OF UNDERWRITER'S BID**

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SUMMARY INFORMATION

The following is a summary of certain information contained in this Official Statement. The summary is not comprehensive or complete and is qualified in its entirety by reference to the remainder of the Official Statement. Undefined capitalized terms used below are defined in APPENDIX C hereto or elsewhere in this Official Statement.

The Board.....The State Board of Higher Education of the State of North Dakota (the “Board”). See “NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION” in this Official Statement.

The University.....North Dakota State University, a state-supported institution of higher education with its main campus at Fargo, North Dakota (the “University”). See “APPENDIX A – NORTH DAKOTA STATE UNIVERSITY” in this Official Statement.

Series 2026 BondsThe State Board of Higher Education of the State of North Dakota, North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2026, in the original aggregate principal amount of \$50,625,000*, to be issued by the Board in book-entry form in denominations of \$5,000 or any integral multiple thereof. See “THE SERIES 2026 BONDS” in this Official Statement.

AuthorityThe Series 2026 Bonds are issued pursuant to North Dakota Century Code Chapter 15-55 and Senate Bill No. 2003 adopted by the Sixty-ninth Legislative Assembly of the State of North Dakota. The Series 2026 Bonds are further issued pursuant to a Resolution to be adopted by the Board on January 29, 2026 and an Indenture of Trust, dated as of August 1, 2004, as supplemented by a Supplemental Indenture of Trust, dated as of March 1, 2026, between the Board and the Trustee.

PaymentsInterest accrues on the Series 2026 Bonds at the rates set forth on the inside cover page hereof and is scheduled to be paid on April 1 and October 1 of each year, commencing October 1, 2026*. Principal will be payable on April 1 in the years and amounts set forth on the inside cover page. So long as DTC is the registered owner of the Series 2026 Bonds, payment of principal and interest will be made directly to DTC. See “THE SERIES 2026 BONDS” in this Official Statement.

Redemption and

PrepaymentAs more fully described in this Official Statement, the Series 2026 Bonds are subject to redemption prior to maturity as follows: (i) Series 2026 Bonds maturing in 2037* and thereafter shall be subject to optional redemption prior to their stated maturities on April 1, 2036*, and any date thereafter at a Redemption Price equal to the principal amount thereof to be redeemed plus accrued interest, [(ii) Series 2026 Term Bonds maturing April 1, 20__ and 20__, are subject to mandatory redemption], and (iii) the Series 2026 Bonds are generally subject to extraordinary optional redemption due to the occurrence of certain events of casualty or condemnation at a Redemption Price equal to the principal amount thereof to be redeemed plus accrued interest. See “THE SERIES 2026 BONDS – Redemption Provisions” in this Official Statement.

Security for the

Series 2026 BondsThe Series 2026 Bonds are secured by and payable, on a parity basis with certain other Bonds issued or to be issued under the Indenture, from Pledged Revenues which consist of (i) Net Housing and Auxiliary Facilities System Pledged Revenues, (ii) the Pledged Fees, and (iii) investment earnings derived from funds and accounts created under the Indenture. The Series 2026 Bonds have a claim on Pledged Revenues on a parity with the Parity Bonds (defined herein) previously issued in 2012, 2014, 2015, 2016, and 2017. The Board has covenanted to issue no additional bonds with a claim on Pledged Revenues senior to that of the Series 2026 Bonds. The Series 2026 Bonds are not secured by a debt service reserve fund. The Series 2026 Bonds are not general obligations of the State of North Dakota or the Board and are not payable from any revenues or assets of the Board,

except as pledged pursuant to the Indenture. The Board has no taxing power. See “SECURITY FOR THE SERIES 2026 BONDS” in this Official Statement.

- Purpose** Proceeds of the Series 2026 Bonds, together with other available funds, will be used to (i) finance the construction and equipping of two new apartment-style buildings as Phase II of the University Village replacement on the University campus and related improvements (the “Project”), and (ii) pay the costs of issuance of the Series 2026 Bonds. See “PLAN OF FINANCE” in this Official Statement.
- Parity Bonds** The Series 2026 Bonds are issued on a parity basis with the following bonds previously issued by the Board: (i) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2012A; (ii) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2014A; (iii) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2015A; (iv) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2015B; (v) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2016A; (vi) North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2017A; and (vii) North Dakota State University, Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2017B (collectively, the “Parity Bonds”). See “THE SERIES 2026 BONDS – Outstanding Housing and Auxiliary Facilities Bonds” in this Official Statement.
- Tax Exemption** The Series 2026 Bonds are generally exempt from federal and North Dakota income taxes. Interest on the Series 2026 Bonds is not a preference item for purposes of the alternative minimum tax. The Series 2026 Bonds have not been designated as “qualified tax-exempt obligations.” See “TAX MATTERS” in this Official Statement.
- Trustee** U.S. Bank Trust Company, National Association, St. Paul, Minnesota. See “THE TRUSTEE” in this Official Statement.
- Rating** The Series 2026 Bonds are rated “AA-” by S&P Global Ratings (“S&P”). See “RATING” in this Official Statement.

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OFFICIAL STATEMENT

\$50,625,000*

**STATE BOARD OF HIGHER EDUCATION OF THE STATE OF NORTH DAKOTA
NORTH DAKOTA STATE UNIVERSITY
HOUSING AND AUXILIARY FACILITIES REVENUE BONDS
SERIES 2026**

INTRODUCTORY STATEMENT

The following is a brief introduction as to certain matters discussed elsewhere in this Official Statement and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced.

General

The State Board of Higher Education of the State of North Dakota (the “Board”) is issuing its North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2026 (the “Series 2026 Bonds”), in the original aggregate principal amount of \$50,625,000* pursuant to an Indenture of Trust, dated as of August 1, 2004, and a Supplemental Indenture of Trust, dated as of March 1, 2026 (collectively, the “Indenture”), between the Board and U.S. Bank Trust Company, National Association, St. Paul, Minnesota, as trustee (the “Trustee”). Proceeds of the Series 2026 Bonds, together with other available funds of the Housing and Auxiliary Facilities System, will be used to (i) finance the construction and equipping of two new apartment-style buildings as Phase II of the University Village replacement on the University (defined below) campus and related improvements (the “Project”), and (ii) pay the costs of issuance of the Series 2026 Bonds. See “PLAN OF FINANCE – Use of Proceeds” in this Official Statement.

Brief descriptions of the Board, North Dakota State University of Agriculture and Applied Science, commonly known as North Dakota State University (the “University”), the Housing and Auxiliary Facilities System, the Project and the Series 2026 Bonds are included in this Official Statement. The form of the Continuing Disclosure Agreement to be entered into in connection with the issuance of the Series 2026 Bonds is included as APPENDIX D to this Official Statement. The Annual Financial Report of the North Dakota University System for the fiscal year ended June 30, 2025, is included as APPENDIX B to this Official Statement. Summaries of certain provisions of the Indenture are included in APPENDIX C to this Official Statement. All references in this Official Statement to such documents are qualified in their entirety by reference to such documents, and references in this Official Statement to the Series 2026 Bonds are qualified in their entirety by reference to the form thereof included in the Indenture and the information with respect thereto included in such documents, all of which are available upon request from the Municipal Advisor during the period of the offering and thereafter for inspection in the office of the Trustee. All information relating to the Board, the University and the Housing and Auxiliary Facilities System has been furnished by the Board and the University.

All capitalized terms used in this Official Statement, not defined in the text of this Official Statement, are defined in “APPENDIX C – SUMMARY OF INDENTURE – Certain Definitions” to this Official Statement.

Limited Obligations of the Board

The Series 2026 Bonds are not obligations, general, special or otherwise, of the State of North Dakota (the “State”), do not constitute a debt, legal, moral or otherwise, of the State, and are not enforceable against the State, nor shall payment thereof be enforceable out of any funds of the Board or the University other than the Pledged Revenues (defined herein) pledged for the payment of the Debt

Service Requirements thereof by the Indenture. The Indenture does not pledge or mortgage any property constituting any part of the University. The Board does not have any taxing powers.

NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION

The Board, a constitutional body of the State of North Dakota, is responsible for the management of the institutions of higher education of the State of North Dakota, including the University. The eight-person Board includes seven citizen members appointed by the Governor who serve four-year terms and one student member appointed by the Governor for a one-year term. In addition, a non-voting faculty advisor is selected by the Council of College Faculties and a non-voting staff advisor is selected by the North Dakota University System Staff Senate. The Board exercises jurisdiction over the financial, educational and other policies of the University and over its relations with State and federal government agencies. Execution of plans and policies, together with the internal government and administration of the University, is the responsibility of the President, faculty, and other officers of the University.

The eleven institutions under the governance of the Board are (i) the University, (ii) University of North Dakota, (iii) Dickinson State University, (iv) Mayville State University, (v) Minot State University, (vi) Valley City State University, (vii) Dakota College at Bottineau, (viii) North Dakota State College of Science at Wahpeton, (ix) Lake Region State College, (x) Williston State College, and (xi) Bismarck State College. The Board also oversees the North Dakota State University Extension Service and Agricultural Research Stations, Northern Crops Institute, State Forest Service and the Upper Great Plains Transportation Institute.

The Board appoints a State Commissioner of Higher Education to serve as the chief executive of the Board and the North Dakota University System.

The offices of the Board are located in the State Capitol in Bismarck, North Dakota.

NORTH DAKOTA STATE UNIVERSITY

The University (North Dakota State University of Agriculture and Applied Science, commonly known as North Dakota State University) is a land grant university originally established in 1890 and located in Fargo, North Dakota. The University offers academic programs of study and research conducted in the Colleges of: Agriculture, Food Systems and Natural Resources; Arts and Sciences; Business; Engineering; Health and Human Sciences; and the Graduate School. Consistent with its land-grant mandate, the University has an obligation to serve the people of the State and therefore promotes active programming of off-campus educational services. The University is a member of the Association of Public and Land-Grant Universities and is accredited by the Higher Learning Commission. The University is a member of the Metro College Alliance, a partnership between Minnesota State University Moorhead, Concordia College, and Minnesota State Community and Technical College in Moorhead, Minnesota; North Dakota State College of Science in Wahpeton, North Dakota; and the University. See “APPENDIX A – NORTH DAKOTA STATE UNIVERSITY” in this Official Statement for a more complete description of the University and its operations.

Financial Statements of the North Dakota University System for the fiscal year ended June 30, 2025, are included in APPENDIX B to this Official Statement. The University has neither requested nor obtained the consent of the State Auditor to include its Independent Auditor’s Report, dated December 11, 2025, in this Official Statement.

PLAN OF FINANCE

Use of Proceeds

The proceeds of the Series 2026 Bonds in the original aggregate principal amount of \$50,625,000*, together with other available funds of the Housing and Auxiliary Facilities System, will be used for the following purposes: (i) to construct and equip the Project, and (ii) to pay the costs of issuance of the Series 2026 Bonds.

The Project

A portion of the Series 2026 Bond proceeds will be used to construct and equip the Project which will consist of two new apartment-style buildings and related improvements at University Village. University Village was originally constructed in 1969 to provide additional housing for married students on campus. University Village currently consists of 180 apartment units in 20 buildings. The Project will include the demolition of 20 buildings containing the 180 apartment units and rebuilding with two new buildings geared to the apartment-style living sought by today's students. Unit types will consist of studio, one-bedroom, and two-bedrooms, with approximately 206 units. A common interior corridor will be included for safety and security, which is typical in apartment-style complexes. Wood construction will be used to be consistent with other market rate apartment construction in the campus area. The Project will also include a new maintenance garage, clubhouse, upgrades to utilities, landscaping, and increased parking. Construction of the Project is expected to commence in May 2026 with the first new apartment building opening at the end of 2027 with the total Project being completed by the end of 2028.

Construction Manager. The University is beginning negotiations for construction manager at-risk delivery of the Project to be managed by Kraus-Anderson Construction Company ("Kraus-Anderson"), based in Minneapolis, Minnesota, pursuant to the Owner amended AIA contract A133-2019 Standard Form of Agreement Between Owner and Construction Manager as Constructor. If negotiations are successful, the intent is for the contract to be executed by the University and Kraus-Anderson on or about March 2026. Kraus-Anderson will oversee the subcontractors pursuant to the contract. Kraus-Anderson was founded in 1897 and has extensive experience in providing construction services in the education, housing and healthcare sectors on large and complicated construction projects.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds in connection with the issuance of the Series 2026 Bonds are as follows:

Sources:*	
Par Amount of Series 2026 Bonds	\$50,625,000
Premium Offering Price	<u>1,608,835</u>
Total Sources:	\$52,233,835
Uses:*	
Project Costs	\$51,502,585
Costs of Issuance ⁽¹⁾	<u>731,250</u>
Total Uses of Funds:	\$52,233,835

⁽¹⁾ Includes legal fees, printing, and Rating Agency's fees and expenses, Underwriter's discount, Trustee's fees, and other miscellaneous issuance costs.

THE SERIES 2026 BONDS

Description of the Series 2026 Bonds

The Series 2026 Bonds will be initially dated the date of delivery, will bear interest at the rates and will mature, subject to the redemption provisions described below, in the amounts and on the dates set forth on the inside cover page of this Official Statement. Interest on the Series 2026 Bonds will be payable on October 1, 2026*, and semiannually thereafter on April 1 and October 1 (the “Interest Payment Dates”) of each year thereafter until maturity or redemption of the Series 2026 Bonds. Interest on the Series 2026 Bonds will be calculated on the basis of a 360-day year composed of twelve 30-day months. The Series 2026 Bonds are issuable as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2026 Bond certificate will be issued for each maturity as set forth on the inside cover page of this Official Statement each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “APPENDIX F – THE DEPOSITORY TRUST COMPANY” in this Official Statement for more information on the book-entry only system.

Redemption Provisions

Optional Redemption. The Series 2026 Bonds maturing in the years 20__ and thereafter are subject to redemption at the option of the Board on April 1, 20__, and any date thereafter at a redemption price of par plus accrued interest. Redemption may be in whole or in part, and if in part, in such order as the Board shall determine. If less than all Series 2026 Bonds of a maturity are called for redemption, the Board will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. The Board shall cause notice of the call for redemption to be mailed to the registered owners of any Series 2026 Bonds to be redeemed at their addresses as they appear on the bond register at least 30 days prior to the designated redemption date.

Extraordinary Redemption. In the event of damage, destruction or condemnation of any of the facilities which are part of the Housing and Auxiliary Facilities System, Outstanding Bonds may be redeemed by the Board, in whole or in part, on any date for which timely notice of redemption can be given, at a Redemption Price equal to the principal amount to be redeemed, plus accrued interest to the redemption date in an amount equal to any insurance or condemnation proceeds deposited with the Trustee for the purpose of redemption.

Mandatory Sinking Fund Redemption. The Series 2026 Bonds maturing on April 1, 20__, are subject to mandatory sinking fund redemption prior to maturity on April 1 in the years and amounts set forth on the following page, together with interest to the redemption date:

\$ _____ Series 2026 Term Bond, maturing April 1, 20____

Redemption Date (April 1)	Principal Amount	Redemption Date (April 1)	Principal Amount
------------------------------	---------------------	------------------------------	---------------------

⁽¹⁾Stated Maturity.

\$ _____ Series 2026 Term Bond, maturing April 1, 20____

Redemption Date (April 1)	Principal Amount	Redemption Date (April 1)	Principal Amount
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⁽¹⁾Stated Maturity.

Notices of Redemption; Provisions Relating to Redemption.

(a) In the event any of the Bonds (as defined in the Indenture) are called for redemption, the Trustee shall give notice, in the name of the Board, of redemption (i) to the respective Owners of the Bonds designated for redemption at their addresses as shown on the registration books of the Trustee, and (ii) to Moody’s (if the Bonds are then rated by Moody’s) and to S&P (if the Bonds are then rated by S&P). Each notice of redemption shall state (A) the date of such notice and date of mailing thereof to Owners of Bonds to be redeemed, (B) the Bonds to be redeemed, including the CUSIP numbers of Bonds to be redeemed, the original issue date for the Bond, and the interest rates and maturity dates for the Bonds to be redeemed, (C) the redemption date, (D) the Redemption Price and the place or places where amounts due upon such redemption will be payable (which shall be the address of the Principal Office of the Trustee); (E) where less than all of the Bonds are to be redeemed, the CUSIP numbers of the Bonds of such maturity, and if part of the principal portions of the Bonds are to be redeemed only, the principal portions of the Bonds so to be redeemed. Each such notice shall also state that on the redemption date designated in the notice, and upon the satisfaction of any condition stated therein, there will become due and payable on each of the Bonds, the Redemption Price thereof (which shall equal the principal amount thereof to the redemption date and premium, if any, payable in connection therewith), and in case any Bond is to be redeemed in part only, the specified portion of the principal amount to be redeemed and that from and after such redemption date interest thereon shall cease to accrue and shall require that each Bond being redeemed, in whole or in part, be surrendered at the address of the Trustee specified in the notice. Each notice of redemption shall be given by mail by the Trustee, at the expense of the Board, not less than 30 nor more than 60 days prior to the date fixed for redemption to the Owners of the Bonds to be redeemed. If a notice of redemption shall not be conditional, or if the conditions of a conditional notice of redemption shall have been satisfied, then upon presentation and surrender of the Bonds so called for redemption at the place or places of payment, such Bonds shall be redeemed.

(b) Any Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with the Indenture shall cease to bear interest on the specified redemption date.

(c) Neither the failure of any Owner to receive any notice of redemption nor any defect in any such notice shall affect the validity of the proceedings for such redemption or the cessation of accrual of interest from and after the applicable redemption date as provided in the Indenture.

(d) Bonds to be redeemed as provided in the Indenture which are not delivered by the Owners thereof to the Trustee on the date on which such Bonds are to be redeemed shall nonetheless be deemed to have been delivered by the Owners thereof for redemption and to have been redeemed from Funds prescribed therefor. The principal amount of Bonds redeemed shall be paid to the Owner as of the Record Date next preceding the date of redemption of such Bonds if such date of redemption is an interest payment date in the same manner as if such Bonds were not being redeemed. If the date of redemption is not an interest payment date, such principal amount shall be paid to the Owner in whose name such Bond is registered on the Business Day next preceding such date of redemption.

Outstanding Housing and Auxiliary Facilities Bonds

On the date of issue of the Series 2026 Bonds, the Board will also have seven prior series of Outstanding Bonds pursuant to the Indenture, as supplemented (the “Parity Bonds”). The Parity Bonds have an equal and ratable claim on the Pledged Revenues with the Series 2026 Bonds. The Parity Bonds are described below:

Parity Bonds	Maturity Date (April 1)	Interest Rates	Original Principal	7/1/2025 Balance
H&A Facilities Revenue Refunding Bonds, Series 2012A	2027	2.00-3.00%	\$ 5,730,000	\$ 885,000
H&A Facilities Revenue Refunding Bonds, Series 2014A	2034	2.00-4.00	8,340,000	4,400,000
H&A Facilities Revenue Refunding Bonds, Series 2015A	2036	3.00-5.00	21,195,000	5,665,000
H&A Facilities Revenue Bonds, Series 2015B	2035	2.00-5.00	9,355,000	5,615,000
H&A Facilities Revenue Refunding Bonds, Series 2016A	2037	2.00-4.00	10,405,000	6,675,000
H&A Facilities Revenue Bonds, Series 2017A	2045	3.00-5.00	48,770,000	42,330,000
H&A Facilities Revenue Refunding Bonds, Series 2017B	2039	3.00-5.00	22,755,000	16,960,000
Total Parity Bonds:			\$126,550,000	\$82,530,000

Source: *The University*.

The Series 2012A Bonds were issued to refund the Series 2002 Bonds which were issued to finance the construction of a residence hall. The Series 2014A Bonds were issued to refund the Series 2004 Bonds which were issued to finance the construction of Bison Court, a 120-bed student apartment facility and related facilities. The Series 2015A Bonds were issued to (i) refund the Series 2005 Bonds which were issued to expand and renovate Memorial Union, (ii) refund the Series 2006A Bonds which were issued to construct an addition to the Wellness Center, and (iii) refund the Series 2006B Bonds which were issued to refund Series 1999 Bonds which financed construction of the Wellness Center. The Series 2015B Bonds were issued to finance the construction of an aquatic center on the University campus. The Series 2016A Bonds were issued to advance refund the Series 2007 Bonds which were used to finance the construction and equipping of student apartments and the renovation of an administration building. The Series 2017A Bonds were issued to finance the construction and equipping of a new residence hall and of Phase I of the University Village Replacement. The Series 2017B Bonds were issued to refund the Series 2009 Bonds

which were issued to finance the construction and equipping of the Niskanen student apartments and the construction of an addition to and renovation of the West Dining Center.

The Parity Bonds are secured by and payable, on a parity basis, with the Series 2026 Bonds from Pledged Revenues. See “APPENDIX A – NORTH DAKOTA STATE UNIVERSITY” for the Annual Debt Service on the Series 2026 Bonds and the Parity Bonds.

Additional Bonds

The Board has reserved the right to issue Additional Bonds as more fully described in “APPENDIX C – SUMMARY OF INDENTURE – Additional Bonds” in this Official Statement. With certain exceptions, debt service coverage tests must be met before Additional Bonds may be issued by the Board under the Indenture.

In connection with the issuance of Additional Bonds, the Indenture will be supplemented and any such Additional Bonds issued by the Board under the Indenture will be secured in the same manner as, and will rank on a parity, as to the payment of the Debt Service Requirements thereof, with the Outstanding Parity Bonds.

The Board and the University have reserved the right, as shall be determined from time to time by the Board and the University, whether or not in connection with the issuance of Additional Bonds, to pledge additional revenues received by the Board and the University to the payment of Bonds then Outstanding and any Additional Bonds proposed to be issued.

SECURITY FOR THE SERIES 2026 BONDS

Limited Obligations

The Series 2026 Bonds (as to payment of the principal thereof, premium, if any, and interest thereon) are special, limited obligations of the Board and are issued on a parity basis with the Board’s Outstanding Parity Bonds. The Debt Service Requirements of the Parity Bonds, the Series 2026 Bonds, and that of any Additional Bonds, are payable exclusively from the Pledged Revenues (defined below).

The Series 2026 Bonds are not obligations, general, special or otherwise, of the State, do not constitute a debt, legal, moral or otherwise, of the State, and are not enforceable against the State, nor shall payment thereof be enforceable out of any funds of the Board or the University other than the Pledged Revenues pledged for the payment of the Debt Service Requirements thereof by the Indenture. The Indenture does not pledge or mortgage any property constituting any part of the University. The Board does not have any taxing powers.

Provisions of the Indenture Relating to Security for Bonds

Pledged Revenues. The pledge of the Pledged Revenues in the Indenture will not prohibit the University or the Board from applying the Pledged Revenues in such manner and to such purposes as they deem appropriate, so long as there is no default under the terms of the Indenture with respect to the payments of the Debt Service Requirements of the Parity Bonds, the Series 2026 Bonds and any Additional Bonds. The Board has covenanted that the Debt Service Requirements on the Parity Bonds, the Series 2026 Bonds and any Additional Bonds hereafter authorized to be issued from time to time are equally and ratably secured by the lien created on such Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues regardless of the time or times of the issuance of the Parity Bonds, the Series 2026 Bonds and any Additional Bonds. “Pledged Revenues” generally include (a) the Net Housing and Auxiliary Facilities System Pledged Revenues, (b) the Pledged Fees, and (c) the earnings

on all funds and accounts created under the Indenture, as supplemented (excluding any Escrow Funds and the Rebate Fund). The Net Housing and Auxiliary Facilities System Pledged Revenues are defined under the Indenture as the amount by which the Gross System Revenues of the Housing and Auxiliary Facilities System exceeds the Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System, exclusive of General Allocated Administrative Expenses (as such terms are defined in the Indenture). Under the Indenture, the General Allocated Administrative Expenses are paid only after the required deposit of Pledged Revenues in the Debt Service Fund.

The “Operation and Maintenance Expenses” of the Housing and Auxiliary Facilities System generally include all current expenses and costs of operation, maintenance, repair and replacement with respect to the Housing and Auxiliary Facilities System and which may include expenses not annually recurring. See “APPENDIX C – SUMMARY OF THE INDENTURE – Certain Definitions” to this Official Statement.

Sources of Pledged Revenues. Payment of the Debt Service Requirements of the Parity Bonds, the Series 2026 Bonds and any Additional Bonds issued under the Indenture in the future, are secured by a pledge of the Pledged Revenues. The Pledged Revenues consist of (a) the Net Housing and Auxiliary Facilities System Pledged Revenues, consisting of all moneys received by the Board and the University from the ownership and operation of the Housing and Auxiliary Facilities System (the “Gross System Revenues,” as defined in the Indenture), after payment of the Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System; (b) the Pledged Fees; and (c) the earnings on all Funds and Accounts created under the Indenture (excluding the Rebate Fund).

The Gross System Revenues received by the University from the Housing and Auxiliary Facilities System will be first applied each year to payment of Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System (excluding General Allocated Administrative Expenses), the remaining Net Housing and Auxiliary Facilities System Pledged Revenues, together with the other Pledged Revenues, will be applied to payment of the Debt Service Requirements on the Parity Bonds, the Series 2026 Bonds and any Additional Bonds then Outstanding, then to payment of General Allocated Administrative Expenses and to making up deficiencies in the Repair and Replacement Fund, if any. The Indenture provides that after making the foregoing deposits and payments, the Board and the University may use the balance of the Pledged Revenues accounted for in the Revenue Fund and/or deposited to and held in the Repair and Replacement Fund (as permitted by the Indenture) for (i) redemption or open market purchase of Outstanding Bonds for cancellation prior to maturity, (ii) refinancing, refunding, or advance refunding of any Outstanding Bonds, (iii) maintenance, renovation, improvement, expansion, or cost of operation of the Housing and Auxiliary Facilities System, (iv) planning, development, purchase, construction or operation of Additional Facilities, the revenues of which are pledged as part of the Pledged Revenues under the Indenture, or (v) for any lawful capital expenditures as the Board or the University may direct.

Application of Gross System Revenues and Pledged Revenues. Pursuant to the Indenture, all Gross System Revenues and other Pledged Revenues shall be accounted for and maintained by the University in the Revenue Fund, and shall be expended and used only in the manner and order of priority specified below:

- (a) As a first charge and lien on the Gross System Revenues, the Board and the University shall cause to be paid from time to time, as the Board and the University shall determine, the Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System (exclusive of General Allocated Administrative Expenses) as the same become due and payable, and thereupon such expenses shall be promptly paid, and, subject to the making of the payments and deposits to the Debt Service Fund required by (b) below, then to the payment of General Allocated Administrative Expenses, as the same become due and payable, whereupon such General Allocated Administrative Expenses shall be promptly paid.

(b) As a first charge and lien on the Pledged Revenues, including the Net System Revenues, the Board and the University shall, not later than two (2) Business Days prior to each principal and Interest Payment Date for the Bonds transfer and deposit into the Debt Service Fund, from the Revenue Fund, sums which shall be sufficient, when added to the existing balance in the Debt Service Fund and to additional monies which may have theretofore been or shall then be deposited therein by the Board and the University, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such payment date as the same become due and payable, including mandatory sinking fund payments of principal of Bonds.

(c) As a second charge and lien on the Pledged Revenues in the event the balance in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement, the Board and the University shall deposit to the Repair and Replacement Fund not less than annually by June 30, commencing in the Fiscal Year such deficiency arises and in each year thereafter, from the Revenue Fund and from other available revenues, if any, after the payments required by subsections (a) and (b) above shall have been made, monies sufficient to replenish the Repair and Replacement Fund in five equal annual installments until there is on deposit in the Repair and Replacement Fund, an amount equal to or greater than the Repair and Replacement Reserve Requirement for Bonds then Outstanding. Subject to the provisions of the following subsection (e), this provision is not intended to limit, and shall not limit, the right of the Board and the University to deposit such additional moneys in the Repair and Replacement Fund from time to time as the Board and the University may determine, or to increase or decrease the amount of the Repair and Replacement Reserve Requirement from time to time; provided, however, that if the amount of the Repair and Replacement Reserve Requirement shall be decreased, adequate provision shall be made or shall have been made for maintaining the Housing and Auxiliary Facilities System in good repair and operating condition. *There is not currently any Repair and Replacement Reserve Requirement under the terms of the Indenture.*

(d) As a third charge and lien on the Pledged Revenues, the Board and the University shall deposit to the Rebate Fund, not less than every fifth Bond Year, the amounts required to be deposited thereto (i.e. the Rebate Amount) by the provisions of the Indenture and the amounts required to be deposited to the Rebate Fund shall be rebated to the United States of America in the manner required by the Indenture.

(e) Subject to making the foregoing required payments and deposits, the Board and the University may use the balance of the Pledged Revenues accounted for in the Revenue Fund and/or deposited to and held in the Repair and Replacement Fund for (i) redemption or open market purchase of Outstanding Bonds for cancellation prior to maturity, (ii) refinancing, refunding, or advance refunding of any Outstanding Bonds, (iii) maintenance, renovation, improvement, expansion, furnishing, equipping, and capital repair or replacement expenditures to or for any part of the Housing and Auxiliary Facilities System, any Additional Facilities or any other University properties or facilities, (iv) planning, development, purchase, construction or operation of Additional Facilities or any other University properties the revenues of which are pledged as part of the Pledged Revenues under the Indenture, or (v) for any lawful expenditures as the Board or the University may direct.

Repair and Replacement Fund. The Indenture provides for the discretionary establishment, funding and maintenance of the Repair and Replacement Fund by the University. No additional funds will be deposited in the Repair and Replacement Fund in connection with the issuance of the Series 2026 Bonds. Funds on deposit in the Repair and Replacement Fund may be used for the purpose of paying, with respect to the Housing and Auxiliary Facilities System, the cost of unusual or extraordinary maintenance or repairs or the cost of any renewals, renovations or replacements, or the cost of planning, development, construction

and operation of the Housing and Auxiliary Facilities System, or the cost of any replacement of furnishings, furniture and equipment, to the extent the same are not paid as part of the ordinary and normal expenses of the operation of the Housing and Auxiliary Facilities System and for various other lawful purposes described in the Indenture. However, to the extent of any deficiency in the Debt Service Fund, funds on deposit in the Repair and Replacement Fund shall be transferred immediately to eliminate the deficiency in the Debt Service Fund. The Indenture provides that in the event the balance in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement, the Board and the University shall deposit to the Repair and Replacement Fund not less than annually by June 30, commencing in the Fiscal Year such deficiency arises and in each year thereafter, from the Revenue Fund and from other available revenues, if any, and after making provision for payment of the Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System and for payment of debt service on Outstanding Bonds, monies sufficient to replenish the Repair and Replacement Fund in five equal annual installments until there is on deposit in the Repair and Replacement Fund an amount equal to or greater than the Repair and Replacement Reserve Requirement for Bonds then Outstanding. The Indenture further provides that nothing in the Indenture is to be construed to limit, and shall not limit, the right of the Board and the University to deposit such additional moneys in the Repair and Replacement Fund from time to time, as the Board and the University may determine, or to increase or decrease the amount of the Repair and Replacement Reserve Requirement from time to time, provided, however, that if the amount of the Repair and Replacement Reserve Requirement shall be decreased, adequate provision shall be made or shall have been made by the Board and the University for maintaining the Housing and Auxiliary Facilities System in good repair and operating condition. See “APPENDIX C – SUMMARY OF INDENTURE – Funds – *Repair and Replacement Fund*” to this Official Statement.

Rate Covenant. In the Indenture, the Board covenants that it will establish and maintain, so long as any of the Bonds remain Outstanding, such rental rates, fees and charges for the Housing and Auxiliary Facilities System, and such rules as are required with respect thereto to assure maximum occupancy and/or utilization and optimum use of the same and the services afforded thereby, to pay Operation and Maintenance Expenses thereof and to provide sufficient Pledged Revenues for payment of the Debt Service Requirements of the Parity Bonds, the Series 2026 Bonds and any Additional Bonds Outstanding under the Indenture and to fund any deficiencies that may have occurred in the Repair and Replacement Fund. See “APPENDIX C – SUMMARY OF INDENTURE – Covenants of the Board – *Rate Covenant*” to this Official Statement.

THE HOUSING AND AUXILIARY FACILITIES SYSTEM

The Facilities

Under the Indenture, the income-producing facilities of the Housing and Auxiliary Facilities System from which a portion of the Pledged Revenues are derived after payment of Operation and Maintenance Expenses from Gross System Revenues of the Housing and Auxiliary Facilities System, are set forth below. The Housing and Auxiliary Facilities System on the campus of the University is under the control of the Vice President for Student Affairs. The Housing and Auxiliary Facilities System is composed of the following facilities:

- (a) Housing. The University currently has 13 residence hall facilities, with capacity to house 3,398 students. The Housing and Auxiliary Facilities System also includes the following apartment complexes for undergraduate students, graduate students, and families: (i) University Village Apartments has 180 units; (ii) Bison Court has 103 units; (iii) Niskanen Apartments has 182 units; and (iv) Apartment 1701 has 86 units. A portion of the proceeds of the Series 2026 Bonds

will be used to construct and equip two new apartment-style buildings with capacity to house 407 students and replace 180 units in University Village Apartments with 206 new units.

- (b) Dining Facilities. The University currently has two dining centers: West Dining Center and Residence Dining Center. These units combined have a capacity to serve more than 9,000 meals per day. The University had a third dining center located in the Memorial Union that was renovated and converted to The Union Market effective Fall 2025. There are four additional retail operations located in Memorial Union including Burgers at the U, Chick-fil-A, Panda Express, Twisted Taco, and Caribou Coffee. The University also has two additional retail sites including the Minard Coffee Shop (serving Starbucks) and the Micro Market at Barry Hall. A full-service catering operation catered approximately 1,700 events for 2025. Bakery and commissary operations are located in the lower level of the West Dining Center.
- (c) Parking Facilities. The parking facilities have a capacity of approximately 8,950 vehicles in various locations on the University campus. The current locations of the parking facilities are shown on the map of parking facilities included in APPENDIX H to this Official Statement. Certain of the parking facilities are dedicated to student parking, certain are dedicated to faculty/staff parking, and some of the spaces consist of time zones, metered parking, motorcycle, handicapped, State of North Dakota and Federal Government Fleet, loading/unloading, service vehicle, childcare drop-off and special spaces. In fiscal year 2025 revenue from parking permits, fees, and fines accounted for \$2,191,156, total expenditures for the parking system accounted for \$658,377, with a net operating income of \$1,532,779. After other transfers, additions, and deductions, the parking system saw a total decrease of \$440,581 in fiscal year 2025. See “Parking Revenues” below in this Official Statement.
- (d) Memorial Union. The Memorial Union was dedicated in 1953, and additions were constructed in 1958, 1964, 1989 and 2005. The Memorial Union contains 20 meeting and event spaces including a 10,000-square foot ballroom and 300-seat theater, along with the NDSU Bookstore, Dining Services, the Union Market and Food Court, Caribou Coffee, One Stop, Good for the Herds Food Pantry, the Office of Student Engagement, Global Programs and Services, the Center for Community and Belonging, Student Government, Design and Sign print and graphic services, Art Gallery, Bison Information Network, KNDS Radio, the Spectrum student newspaper, and U.S. Bank. The Memorial Union also provides leadership development programs, campus programming, various services to nearly 300 student organizations, as well as multiple community service opportunities. Recreational activities provided by the Memorial Union include Esports, bowling and billiards.
- (e) Wellness Center. The 140,979-square foot Wallman Wellness Center opened in 2001 and underwent expansions in 2007, 2010, and 2016. The facility houses two departments: the Wellness Center and Student Health Service. The Wellness Center offers a wide range of amenities, including strength and cardiovascular equipment, 33-foot climbing wall, four racquetball courts, three basketball courts, 3 studios for group fitness, personal training, and cycle classes, multi-purpose gym, suspended walking and running track, and aquatic facilities featuring a six-lane, 25-yard lap pool, a leisure pool with space for basketball and volleyball, vortex circle, and a wet classroom. Additional amenities include locker rooms, sauna, gas fire pit, and the North Dakota Bright and Early Level 3 Child Care Center, which is licensed for up to 32 children and exclusively serves NDSU students with children. Student Health Service is accredited by the Association for Ambulatory Health Care and provides preventive, acute, and chronic care to enrolled students. Services include access to physicians, nurse practitioners,

nurses, a dietitian, pharmacists, medical laboratory scientists, radiologic technologists, and health promotion programs.

- (f) Recent Capital Improvements. The Board and the University have a capital plan for the Housing and Auxiliary Facilities System that has resulted in meaningful capital improvements that have been made over the last few years through a mixture of funds from the State and funds on hand at the University. Below is a description of the capital improvements (and the dollar amount of such improvements) that have been made to the Housing and Auxiliary Facilities System over the last six (6) years:

Housing and Auxiliary Facilities System Capital Improvements

CAPITAL PROJECTS

Facility	Timeline	Cost
Catherine Cater Hall	Opened Fall 2019	\$38,534,925
Memorial Union Basement	Updates included redesign of the Memorial Union Dining Center and renovation to convert to the Union Market including a centralized checkout, mobile and kiosk ordering, enhanced seating space, addition of dining options from Greens & Grains, Marketplace Grille and Deli, Comfort Cuisine, The Breakfast Nook, Grab-N-Go. Remodeling of Thunder's Game Room which includes pool tables, bowling, shuffleboard table, and additional gaming area. Remodeling of the Food Court seating area and addition of a Chick-fil-A. Opened Fall 2025	5,000,000
Pavek Hall	Updates included plumbing and electrical systems, adding cooling system, renovation and updating of suites, restrooms/showers, common spaces, elevators, lighting, HVAC, and Hall Director apartment; Opened Fall 2025; project close-out in progress	20,500,000
Seim Hall	Updates include plumbing and electrical systems, adding cooling system, renovation and updating of suites, restrooms/showers, common spaces, elevators, lighting, HVAC, Hall Director apartment and extensive asbestos abatement renovation; Construction in progress	23,500,000 (budget)

MAINTENANCE PROJECTS

Facility	Project	Timeline	Cost
South Weible	Bathroom restoration & repair	Summer 2019	\$1,341,077
Johnson Hall	Elevator replacement	Summer 2020	292,581
Dinan Hall	2 nd /3 rd floor maintenance & repairs	Summer 2021	395,291
Seim Hall	Elevator replacement (1)	Summer 2021	256,881
Pavek Hall	Elevator replacement (1)	Summer 2021	268,600
North Weible Hall	Bathroom restoration & repair; window replacement	Spring 2022	3,243,611
Thompson Hall	Elevator replacement (1)	Summer 2022	288,748
Sevrinson Hall	Elevator replacement (1)	Summer 2022	283,218
Johnson Hall	Update stack of rooms (1)	Summer 2022	439,818
Johnson Hall	West side maintenance updates	Summer 2023	333,556

Utilization

The following tables set forth the number of students accommodated in the University’s housing facilities as well as the projected occupancy of the University’s housing facilities through 2030. The information provided is for the Fall semester in the calendar years shown.

Housing Utilization – Historical Occupancy Data

	2023		2024		2025	
	#	%	#	%	#	%
Residence Halls	3,406 ⁽¹⁾	88.2%	3,406	88.9%	3,398	89.3%
Unfurnished Apartments	551	98.7	551	98.4	551	96.9

⁽¹⁾One of four residence halls will be offline over seven years through 2029 for renovations until all are complete.

Source: The University.

Housing Utilization – Projected Occupancy Data

	2026		2027		2028		2029		2030	
	#	%	#	%	#	%	#	%	#	%
Residence Halls ⁽¹⁾	3,398	90.0%	3,382	90.0%	3,382	90.0%	3,382	90.0%	3,638 ⁽⁴⁾	85.0%
Unfurnished Apartments	479 ⁽²⁾	98.0	578 ⁽³⁾	90.0	578	95.0	578	95.0	578	95.0

⁽¹⁾One of four residence halls will be offline over seven years through 2029 for renovations until all are complete.

⁽²⁾72 University Village apartments removed as will be demolished and rebuilt.

⁽³⁾107 University Village apartments removed and added 206 new apartments.

⁽⁴⁾All residence hall renovations complete.

Source: The University.

Fees and Charges

For the 2025-2026 academic year, residence hall charges for housing range from \$4,400 to \$5,700 per student per academic year, with rates varying on the basis of single or double occupancy. Rent for apartment units ranges from \$605 to \$ 1,344 per month for unfurnished studio, one-, two- or three-bedroom apartments. The charge for board during the 2025-2026 academic year is \$2,488 per semester for the 5-day meal plan and \$2,797 per semester for the 7-day meal plan. For Fall 2025, 2,011 students are on the 7-day plan and 167 students are on the 5-day plan. University policy requires most freshman students reside on campus and purchase a meal plan.

Pledged Fees

The Pledged Fees include the following: Wellness Center student fee of \$15.74 per semester for full-time students supports Wellness Center bond retirements and operations. The Memorial Union student fee of \$3.85 per semester for full-time students supports the repayment of the Series 2015A Bonds which mature in 2036. Currently the fee is being utilized towards renovations. In addition, students, faculty and staff who own or operate a motor vehicle on campus pay a parking fee of \$185 per year. The table on the following page sets forth information relating to the Pledged Fees for each of the last three fiscal years and projected Pledged Fees for each of the next three fiscal years.

Historical Pledged Fees for the Fiscal Years Ending June 30

	<i>Actual</i>			<i>Projected</i>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Memorial Union Bond Fee	\$1,025,261	\$ 997,340	\$ 987,568	\$ 980,000	\$ 980,000	\$ 980,000
Wellness Fee	3,502,557	3,582,948	3,690,524	3,600,000	3,600,000	3,600,000
Parking Fees (Student & Employee Permits)	<u>1,533,045</u>	<u>1,540,716</u>	<u>1,552,501</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Totals:	<u>\$6,060,863</u>	<u>\$6,121,004</u>	<u>\$6,230,593</u>	<u>\$6,080,000</u>	<u>\$6,080,000</u>	<u>\$6,080,000</u>

Source: The University

Parking Revenues

The table below reflects the historical parking revenues and expenditures received by the University for the past three fiscal years.

Historical Parking Revenues and Expenditures for the Fiscal Years Ending June 30

	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:			
Parking Permits, Fees and Fines	\$ 2,246,270	\$ 2,249,805	\$ 2,191,156
Total Revenues	<u>\$ 2,246,270</u>	<u>\$ 2,249,805</u>	<u>\$ 2,191,156</u>
Expenditures:			
Salaries and Wages	189,939	205,592	187,587
Fringe Benefits	83,254	94,101	91,779
Operating Expenses	666,733	499,656	379,011
Total Expenditures	<u>\$ 939,926</u>	<u>\$ 799,349</u>	<u>\$ 658,377</u>
Expenditure % of Total Revenues	41.84%	35.53%	30.05%
Net Operating Income	<u>\$ 1,306,344</u>	<u>\$ 1,450,456</u>	<u>\$ 1,532,779</u>
NOI % of Total Revenues	58.16%	64.47%	69.95%
Capital Equipment Purchases	–	–	9,112
Other Transfers, Additions, (Deductions):			
To Parking Lot and Street Construction Projects	\$ (3,715,000)	\$(1,300,000)	\$ (2,600,000)
From Completed Parking Lot Capital Projects	\$320,244	\$ 2,065,961	\$635,752
To Central Admin Fund	(35,012)	(36,062)	–
Red Hawks Parking – From Athletics	12,258	–	–
HEERF Subsidy for 2021 and 2020	–	–	–
Total Transfers	<u>\$(3,417,510)</u>	<u>\$ 729,899</u>	<u>\$(1,964,248)</u>
Net Increase (Decrease)	<u>\$(2,111,166)</u>	<u>\$ 2,180,355</u>	<u>\$ (440,581)</u>
Fund Balance, Beginning of Year	<u>\$ 3,115,267</u>	<u>\$ 1,004,101</u>	<u>\$ 3,184,456</u>
Fund Balance, End of Year	<u>\$ 1,004,101</u>	<u>\$ 3,184,456</u>	<u>\$ 2,743,875</u>

Source: The University.

Outstanding Indebtedness

The table above under the heading “THE SERIES 2026 BONDS – Outstanding Housing and Auxiliary Facilities Bonds” shows the Outstanding Parity Bonds under the Indenture that are payable from the Pledged Revenues of the Housing and Auxiliary Facilities System.

Debt Service on Housing and Auxiliary Facilities System Bonds

The table on the following page sets forth for each fiscal year ending June 30, the estimated amounts payable from Pledged Revenues which are required for the payment of principal of and interest on the Parity Bonds and the Series 2026 Bonds.

Housing and Auxiliary Facilities System Debt - Annual Debt Service

Fiscal Year	2012A Refunding 2002 Bonds	2014A Refunding 2004 Bonds	2015A Refunding 2005 & 2006 Bonds	2015B Aquatic Center	2016A Refunding 2007 Bonds	2017A Revenue Bonds	2017B Refunding 2009 Bonds	Series 2026 Bonds ^{(1)*}	Total
2026	\$465,450.00	\$581,887.50	\$734,868.75	\$683,006.26	\$668,625.00	\$2,781,018.76	\$1,540,075.00	\$1,325,668.25	\$ 8,780,599.52
2027	458,350.00	578,987.50	727,868.75	683,806.26	664,225.00	2,782,518.76	1,543,825.00	3,017,831.26	10,457,412.53
2028		575,237.50	735,268.75	678,806.26	664,225.00	2,780,768.76	1,540,075.00	3,150,581.26	10,124,962.53
2029		580,612.50	737,418.75	682,868.76	663,387.50	2,780,768.76	1,544,075.00	3,152,956.26	10,142,087.53
2030		579,750.00	538,968.75	680,643.76	661,687.50	2,782,268.76	1,540,325.00	3,153,081.26	9,936,725.03
2031		582,775.00	540,918.75	682,250.00	659,100.00	2,780,918.76	1,541,575.00	3,150,956.26	9,938,493.77
2032		580,100.00	542,418.75	679,650.00	665,600.00	2,778,218.76	1,541,762.50	3,146,581.26	9,934,343.77
2033		581,250.00	538,468.75	681,250.00	660,900.00	2,779,168.76	1,540,925.00	3,144,831.26	9,926,793.77
2034		581,000.00	538,625.00	683,375.00	658,800.00	2,778,618.76	1,544,025.00	3,145,456.26	9,929,900.02
2035			538,312.50	679,562.50	661,250.00	2,779,400.00	1,544,337.50	3,143,331.26	9,346,193.76
2036			536,900.00		663,100.00	2,781,225.00	1,541,762.50	3,143,331.26	8,666,318.76
2037					664,350.00	2,781,100.00	1,542,887.50	3,140,331.26	8,128,668.76
2038						2,779,025.00	1,542,550.00	3,139,206.26	7,460,781.26
2039						2,780,075.00	1,542,150.00	3,139,706.26	7,461,931.26
2040						2,778,675.00		3,136,706.26	5,915,381.26
2041						2,779,825.00		3,142,931.26	5,922,756.26
2042						2,778,350.00		3,138,931.26	5,917,281.26
2043						2,779,250.00		3,136,371.88	5,915,621.88
2044						2,782,350.00		3,133,906.25	5,916,256.25
2045						2,777,475.00		3,131,150.00	5,908,625.00
2046						2,779,800.00		3,127,700.00	5,907,500.00
2047						2,778,975.00		3,123,134.38	5,902,109.38
2048								3,118,321.88	3,118,321.88
2049								3,119,115.63	3,119,115.63
2050								3,115,284.38	3,115,284.38
2051								3,111,712.50	3,111,712.50
2052								3,111,481.25	3,111,481.25
2053								3,104,287.50	3,104,287.50
2054								3,101,393.75	3,101,393.75
2055								3,102,325.00	3,102,325.00
2056								3,096,843.75	3,096,843.75
Total:	\$923,800.00	\$5,221,600.00	\$6,710,037.50	\$6,815,218.80	\$7,955,250.00	\$61,159,793.84	\$21,590,362.50	\$95,145,446.56	\$205,521,509.20

⁽¹⁾This column assumes the Series 2026 Bonds bear interest at the rate of ___% per annum.

Source: The University

Housing and Auxiliary Facilities System Financial Information and Debt Service Coverage

The table on the following page presents certain financial information and debt service coverage for the Housing and Auxiliary Facilities System for fiscal years ended June 30, 2023, 2024 and 2025, and projected financial information and debt service coverage for fiscal years ending June 30, 2026, 2027, 2028, 2029, and 2030. The table reflects the flow of Pledged Revenues under the Indenture and excludes General Allocated Administrative Expenses in calculating debt service coverage. The financial information for the University’s Housing and Auxiliary Facilities System is not presented separately in the audited financial statements of the North Dakota University System attached as APPENDIX B to this Official Statement. However, the historical activity of the Housing and Auxiliary Facilities System is included in the University’s financial statements, which are included in the audited financial statements of the North Dakota University System. Each institution, including the University, is required to provide its financial statements and other reports related to the Housing and Auxiliary Facilities System to the Board on a regular basis. The Board consolidates the financial statements and the consolidated financial statements are then audited by independent auditors. Each institution also conducts internal control audits independently. See “APPENDIX A – NORTH DAKOTA STATE UNIVERSITY – FINANCIAL OPERATIONS OF THE UNIVERSITY” in this Official Statement.

The assumptions below related to the financial projections should be read in their entirety. Such assumptions are based on present circumstances and information currently available. Further, such information may be incomplete and may not necessarily disclose all material facts that might affect the

University. Accordingly, prospective investors should carefully evaluate the assumptions in light of the circumstances then prevailing. In addition, projections are only for the five fiscal years ending June 30, 2030, and consequently do not cover the entire period during which the Series 2026 Bonds may be outstanding. The financial projections have not been examined, reviewed, or compiled by independent certified public accountants. The Municipal Advisor (defined herein) and Underwriter (as defined in Appendix C) make no representations or warranties regarding the pro-forma financial projections and disclaim any responsibility therefore. Actual results may vary, possibly significantly, from these projections and such variance could be material and adversely affect the revenues available for payment of debt service on the Series 2026 Bonds. See “INVESTMENT CONSIDERATIONS” in this Official Statement.

Housing and Auxiliary Facilities System Income Statement (Fiscal years Ended/Ending June 30)

	Actual			Projected				
	2023	2024	2025	2026	2027	2028	2029	2030
Gross System Revenues:								
Sales & Services	\$48,767,220	\$49,956,107	\$52,390,204	\$52,496,943	\$52,901,412	\$53,309,926	\$53,722,526	\$54,139,251
Pledged Fees	6,060,863	6,121,004	6,230,593	6,080,000	6,080,000	6,080,000	6,080,000	6,080,000
Total Gross System Revenues:	\$54,828,083	\$56,077,111	\$58,620,797	\$58,576,943	\$58,981,412	\$59,389,926	\$59,802,526	\$60,219,251
Operating & Maintenance Costs:								
Cost of Goods Sold	\$11,315,641	\$11,465,098	\$12,368,738	\$12,577,043	\$12,626,814	\$12,677,082	\$12,727,853	\$12,779,131
Salaries	14,067,308	14,852,316	15,624,589	15,937,081	16,255,822	16,580,939	16,912,558	17,250,809
Operating Expenses	13,451,692	13,164,874	13,542,482	13,813,332	14,082,878	14,357,814	14,638,250	14,924,294
Total Operating & Maintenance Costs:	\$38,834,641	\$39,482,288	\$41,535,809	\$42,327,456	\$42,965,514	\$43,615,835	\$44,278,660	\$44,954,234
Net System Revenues:	\$15,993,442	\$16,594,823	\$17,084,988	\$16,249,487	\$16,015,898	\$15,774,091	\$15,523,865	\$15,265,017
Debt Service on Bonds:								
Principal	\$5,450,000	\$5,395,000	\$4,375,000	\$4,580,000	\$4,760,000	\$4,485,000	\$4,680,000	\$4,665,000
Interest	3,557,500	3,312,132	3,074,257	2,874,959	2,679,582	2,489,382	2,309,132	2,118,644
Total Debt Service on Bonds:	\$9,007,500	\$8,707,132	\$7,449,257	\$7,454,959	\$7,439,582	\$6,974,382	\$6,989,132	\$6,783,644
Debt Service Coverage on Parity Bonds (Net System Revenues divided by total Debt Service):	1.78	1.91	2.29	2.18	2.15	2.26	2.22	2.25

Note: Housing and Auxiliary Facilities System Includes: Residence Life, Dining Services, Bookstore, Parking, Wellness Center, and Memorial Union (with Union Bond Fee).

Source: The University.

Historical Repair and Replacement Reserve Fund Balances

Even though the Indenture does not require that a certain balance is maintained as a Repair and Replacement Reserve Requirement, the University has typically maintained a balance in the Repair and Replacement Reserve Fund. Below is a table that shows the balance on deposit in the Repair and Replacement Reserve Fund as of the end of each of the stated Fiscal Years. Additional repair and replacement funds are also maintained in the other Auxiliaries.

Historical Repair and Replacement Reserve Fund Balances

Fiscal Year ending June 30,	Balance in Repair and Replacement Reserve Fund
2025	\$24,868,384.37
2024	23,694,399.11
2023	20,814,813.35
2022	17,375,859.73

Source: The University.

INVESTMENT CONSIDERATIONS

General

There are a number of factors affecting institutions of higher education in general, including the University, that could have an adverse effect on the University's financial position and its ability to make the payments required under the Indenture. These factors include, but are not limited to, the continuing rising costs of providing higher education services; competition for students from other institutions of higher education; the failure to maintain or increase in the future the funds obtained by the University from other sources, including gifts and contributions from donors, grants or appropriations from governmental bodies and income from investment of endowment funds; adverse results from the investment of endowment funds; increasing costs of compliance with federal or State regulatory laws or regulations, including, without limitation, laws or regulations concerning environmental quality, work safety and accommodating the physically challenged; changes in federal governmental policy relating to the reimbursement of overhead costs of government contracts; any unionization of the University's work force with consequent impact on wage scales and operating costs of the University; and legislation or regulations which may affect student aid and other program funding. The University cannot assess or predict the ultimate effect of these factors on its operations or financial results of operations.

Payment and Security for the Series 2026 Bonds

The Series 2026 Bonds are payable solely from the Pledged Revenues and certain funds and accounts created under the Indenture, all as more fully described in this Official Statement. A number of factors could have an adverse effect on the University and its ability to generate Pledged Revenues in amounts required by the Indenture. Those factors include, but are not limited to, a decline in enrollment at any of the University's campuses, the ability of management to control costs and maintain tuition and fees at competitive levels, the levels of funding from federal and State sources, and the level of contributions and grants from private sources.

No Mortgage, Lien or Security Interests Secure the Series 2026 Bonds

The Series 2026 Bonds are not secured by a mortgage, lien or security interest on or in any of the funds, buildings or other assets of the University other than the funds established by the Indenture; provided, however, that the Rebate Fund established in the Indenture will not secure payment of the Series 2026 Bonds or the Parity Bonds. See "SECURITY FOR THE SERIES 2026 BONDS – Limited Obligations" in this Official Statement. The owners of the Series 2026 Bonds may not look to any funds, buildings or other assets of the University, other than the Pledged Revenues, for payment of debt service on the Series 2026 Bonds.

Under the Indenture, the University is permitted to incur other debt which may be on a parity with the lien of the Series 2026 Bonds. See "APPENDIX C – SUMMARY OF INDENTURE – Additional Bonds" in this Official Statement. Debt service on all parity lien bonds of the University will be payable from Pledged Revenues on a pro rata basis. Accordingly, to the extent that future obligations are issued on a parity with the lien of the Series 2026 Bonds, the security for the Series 2026 Bonds may be diluted.

No Debt Service Reserve Fund

Payment of the principal of and interest on the Bonds is not secured by any debt service reserve fund. Under the Indenture, no Debt Service Reserve Requirement has been established or is funded for the Series 2026 Bonds or any Outstanding Bonds. See "APPENDIX C – SUMMARY OF INDENTURE" in this Official Statement.

Risks Related to University Operations

The ability of the University to meet its payment obligations under the Indenture will depend upon the continued availability to the University of revenues from a variety of sources sufficient to meet such obligations, the University's operating expenses, debt service on other debt, extraordinary costs or expenses which may occur and other costs and expenses. Revenues and expenses of the University will be affected by future events and conditions relating generally to, among other things, the ability of the University to provide educational programs to attract and retain sufficient numbers of students during the time that the Series 2026 Bonds remain outstanding, demographic changes that may affect the number of students who will be attracted to and enroll at the University, the ability of the Board to direct, manage and operate the University, the University's ability to control expenses, the University's ability to maintain or increase rates for tuition and other fees without adversely affecting enrollment, the ability of the University to attract and retain quality faculty members for its educational programs, the investment of the University's endowment and other funds, continued State support of the University and its programs, governmental assistance for student financial aid, and grants and contracts from governmental bodies, agencies and others. No assurances can be given that these or other sources of revenues will be adequate to meet the expenses of the University.

The University operates in a competitive market for students with other educational institutions. The University draws its students primarily from within the states of North Dakota and Minnesota but it must compete for the available students within those states and is working to attract additional out-of-state students. See "APPENDIX A – NORTH DAKOTA STATE UNIVERSITY – NORTH DAKOTA STATE UNIVERSITY – Student Enrollment" in this Official Statement.

Future revenues and expenses of the University will be subject to conditions which may differ from current conditions to an extent that cannot be determined at this time. Descriptions of the University's current operations are contained in "APPENDIX A – NORTH DATOKA STATE UNIVERSITY – ADMINISTRATION'S DISCUSSION" in this Official Statement.

Additional Bonds

As mentioned above, the Board has the right, subject to specified conditions in the Indenture, to issue Additional Bonds payable from the Pledged Revenues on a parity with the lien of the Series 2026 Bonds. The Board has covenanted not to issue Additional Bonds having a lien on the Pledged Revenues which is senior to the Series 2026 Bonds.

Undertaking to Provide Ongoing Disclosure

The University has entered into an undertaking (the "Undertaking") for the benefit of the holders of the Bonds to send certain financial information and operating data to the Electronic Municipal Market Access system maintained by the Municipal Securities Rulemaking Board (the "MSRB") and to provide notice to the MSRB of certain events, pursuant to the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. Part 240, § 240.15c2-12) (the "Rule"). The failure by the University to comply with the Undertaking will not constitute an Event of Default under the Indenture (although Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2026 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2026 Bonds and their market price. See "CONTINUING DISCLOSURE" in this Official Statement and "APPENDIX D – CONTINUING DISCLOSURE AGREEMENT" in this Official Statement.

Special, Limited Obligations; Uncertainty of Pledged Revenues

The Series 2026 Bonds are special, limited obligations of the Board payable and collectible solely out of the Pledged Revenues, which are pledged for that purpose to the extent provided in the Indenture. The registered owners of the Series 2026 Bonds may not look to any general or other fund for the payment of the principal of, premium, if any, or interest on the Series 2026 Bonds, except the Pledged Revenues. The payment of the Series 2026 Bonds will not be secured by an encumbrance, mortgage or other pledge of any property, except the Pledged Revenues. The Series 2026 Bonds will not constitute or become a debt or indebtedness of the State or the Board within the meaning of any constitutional or statutory provision or limitation and will not be considered or held to be general obligations of the Board, but will constitute its special, limited obligations. The Indenture also permits the issuance of additional parity bonds subject to certain conditions and the issuance of subordinate lien bonds.

IRS Tax Exempt Bond Program

The Internal Revenue Service has an active program of conducting examinations of tax-exempt bonds. In recent years, the number of Internal Revenue Service tax-exempt bond examinations has increased, and public statements made by individual Internal Revenue Service officials indicate that the number of Internal Revenue Service examinations of tax-exempt bonds may continue to increase in the future. On the date of issuance of the Series 2026 Bonds, Bond Counsel will render an opinion with respect to the tax-exempt status of interest on the Series 2026 Bonds, as described under the caption “TAX MATTERS” in this Official Statement. However, the University has not sought and is not expected to seek a ruling from the Internal Revenue Service with respect to the tax status of the Series 2026 Bonds. No assurance can be given that the Internal Revenue Service will not examine the Series 2026 Bonds. If the Internal Revenue Service examines the Series 2026 Bonds, such examination, if it occurs, may have an adverse impact on the marketability and price of the Series 2026 Bonds. See “TAX MATTERS” and “APPENDIX E – FORM OF BOND COUNSEL OPINION” in this Official Statement.

Determination of Taxability of the Series 2026 Bonds

A determination of taxability with respect to the Series 2026 Bonds could occur if the University does not comply with the provisions of the Continuing Disclosure Agreement which require the University to satisfy the continuing compliance requirements of the Code.

Future Facilities Utilization

The amount of Pledged Revenues available for the payment of operation and maintenance expenses and the payment of debt service on the Series 2026 Bonds will be affected by the future levels of enrollment and utilization of the University’s facilities and the rates and charges that the Board can reasonably impose in connection with the use of such facilities. The availability of alternative facilities at competitive rates and an increase in distance learning opportunities may have an adverse impact on the level of utilization of the facilities and on the ability of the Board to adjust fees and rates in the future. Several private apartment buildings have been constructed near the campus during the past several years and additional private developments are planned. In addition, private student apartments have been constructed near the downtown campus.

Secondary Market

There is no guarantee that a secondary market will develop for the Bonds. Consequently, prospective purchasers of the Bonds should be prepared to hold their Bonds to the maturity date.

Future Changes in Laws

Various State laws and constitutional provisions apply to the operation of the University, the imposition, collection and pledging of the Pledged Revenues and the financing of the Board's operations in general. Other State and federal laws, constitutional provisions and regulations apply to the obligations created by the issuance of the Bonds. There is no assurance that there will not be any change in, interpretation of or addition to applicable laws, provisions and regulations which would have a material effect, directly or indirectly, on the Board.

Potential Impact of Federal Policy and Executive Action

In recent years, the activities of institutions of higher education, have been subject to increased scrutiny by the federal executive branch. Federal policies and associated executive action on the federal debt ceiling, taxes, foreign trade and tariffs, immigration, climate change, research, federal contracts, diversity equity and inclusion, clean energy and other topics can shift dramatically from one administration to another. From time to time, such changes can result in dramatic shifts in federal and executive priorities and an administration may use the level of federal funding, enforcement actions, and other measures to support or compel observance and compliance with such administration's priorities, leading to unpredictability in future federal funding and potential for adverse action by the federal government, including the executive branch.

Since taking office in January 2025, the Trump administration has considered or moved forward with a range of executive and federal action that affect higher education institutions. Administration actions have been challenged in court and it is not known whether such executive actions will be upheld by courts or potentially legislated by Congress.

The University monitors these changes in federal policies and administrative actions and analyzing the possible impacts on the University. The University will continue to evaluate various scenarios related to executive orders and federal action from the administration and associated court actions. Although such federal actions are preliminary and the full extent of the effect of such actions on the University is yet to be fully understood, there is no assurance that these actions and any future actions will not have an adverse financial impact on the University in the future.

Damage or Destruction of Facilities

The Board insures the University's facilities against certain risks. There can be no assurance that the amount of insurance required to be obtained with respect to the University's facilities will be adequate or that the cause of any damage or destruction to the University's facilities will be as a result of a risk which is insured. Further, there can be no assurance of the ongoing creditworthiness of the insurance companies from which the Board obtains insurance policies. Damage or destruction of the University's facilities may impair the Board's ability to generate sufficient Pledged Revenues.

Environmental Regulation

The University's facilities are subject to various federal, State and local laws and regulations governing health and the environment. In general, these laws and regulations could result in liability to the Board as the owner of the University's facilities for remediating adverse environmental conditions on or relating to the University's facilities, whether arising from preexisting conditions or conditions arising as a result of the activities conducted in connection with the ownership and operation of the University's facilities. Costs incurred by the Board with respect to environmental remediation or liability could adversely impact its financial condition and its ability to own and operate the University's facilities and its ability to produce Pledged Revenues.

Cybersecurity

The University, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, and faces multiple cybersecurity threats including, but not limited to, hacking, phishing, software viruses, malicious software, ransomware and other attacks on its computing and other digital networks and systems. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain unauthorized release of confidential or otherwise protected information, corruption of data, or misappropriation of assets or information. To mitigate the risk of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the University invests in multiple forms of cybersecurity and operational safeguards. While the University's cybersecurity and operational safeguards are periodically tested, no assurances can be given that such measures will ensure against other cybersecurity threats and attacks. Cybersecurity breaches could cause material disruption to the University's finances or operations. The cost of remedying any such damage or protecting against future cybersecurity attacks could be substantial. Further, cybersecurity breaches could expose the University to material litigation and other legal risks, which could cause the University to incur material costs related to such legal claims or proceedings.

The University has had no recent material cyber-events occurring in the past 10 years. NDSU Information Technology ("NDSU IT") defines a material cyber event as (a) an event that has prevented the University from carrying out core business functions or (b) generated legal risk, for which it had real concern, of being sued for monetary damages in excess of \$50,000. This pertains to NDSU IT only. The NDSU IT services are assumed to be excluded. The State government is also assumed to be excluded. The State government hosts the Human Resources and Finance Systems, which are operated by North Dakota University System-Core Technology Services.

Book-Entry

Persons who purchase the Bonds through broker-dealers become creditors of the broker-dealer with respect to the Bonds. Records of the investor's holding are maintained only by the broker-dealer and the investor. In the event of the insolvency of the broker-dealer, the investor would be required to look to the broker-dealer's estate, and to any insurance maintained by the broker-dealer, to make good the investor's loss.

Risk of Loss from Nonpresentment upon Redemption

The rights of the registered owners of the Series 2026 Bonds to receive interest will terminate on the date, if any, on which the Series 2026 Bonds are to be redeemed pursuant to a call for redemption, notice of which has been given under the terms of the Indenture.

Enforceability of Remedies

The remedies available upon an Event of Default under the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing laws and judicial decisions the remedies provided for under the Indenture may not be readily available or may be limited. The Series 2026 Bonds may be subject to general principles of equity which may permit the exercise of judicial discretion; are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State; are subject, in part, to the provisions of the United States Bankruptcy Code and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; and are subject to the exercise by the United States of America of the powers delegated to it by the federal constitution. The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds will be qualified to the extent that the enforceability of certain

legal rights related to the Series 2026 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Forward-Looking Statements

This Official Statement (particularly the information contained under “INVESTMENT CONSIDERATIONS”) contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty and risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should beware that there are likely to be differences between forward-looking statements and actual results; and those differences could be material.

APPROVAL OF LEGAL PROCEEDINGS

On the date for delivery of the Series 2026 Bonds, Bond Counsel, Arntson Stewart Wegner PC, Bismarck, North Dakota, will deliver their opinion, dated the date thereof, that the Series 2026 Bonds and the Indenture are valid and legally binding on the Board, enforceable in accordance with their terms and with regard to the tax-exempt status of interest on the Series 2026 Bonds under existing laws. An Assistant Attorney General for the State of North Dakota and General Counsel for the Board will issue the opinion that the Indenture is a valid and legally binding agreement of the Board, enforceable in accordance with its terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions and equitable principles affecting creditors’ rights generally.

TAX MATTERS

Bond Counsel is of the opinion that under existing law, interest on the Series 2026 Bonds is not includable in the gross income of the Holders thereof for federal income tax purposes and consequently is exempt from present federal income taxes based on gross income. If there is continuing compliance with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”) as described in the following paragraph, Bond Counsel is of the opinion that interest on the Series 2026 Bonds will continue to be exempt from present federal income taxes based on gross income. In the opinion of Bond Counsel, interest on the Series 2026 Bonds is not a specific preference item for purposes of the federal alternative minimum tax applicable to individuals. Interest on the Series 2026 Bonds may affect the alternative minimum tax imposed on corporations.

The Code contains certain requirements that must be satisfied from and after the date of issuance of the Series 2026 Bonds in order to preserve the exemption from federal income taxes of interest on the Series 2026 Bonds. These requirements include, but are not limited to, provisions which prescribe yield and other limits relative to the investment of the proceeds of the Series 2026 Bonds and other amounts and provisions which require that certain investment earnings be rebated periodically to the federal government. The Board has covenanted in the Indenture to comply with the requirements of the Code relating to the exemption from federal income taxes of interest on the Series 2026 Bonds.

In rendering its opinion, Bond Counsel will rely upon a certificate of the Board and the University with respect to certain material facts solely within the Board’s and University’s knowledge relating to the application of the proceeds of the Series 2026 Bonds and the use of the property financed with such

proceeds. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2026 Bonds may affect the tax status of interest on the Series 2026 Bonds.

In the event that the Board or the University fail to comply with the requirements of the Code, interest on the Series 2026 Bonds may become subject to federal income taxation retroactively to the date of issuance. In such event the Indenture does not provide that any additional interest or penalties will be paid to the owners of the Series 2026 Bonds.

In addition to the foregoing, in the opinion of Bond Counsel, interest on the Series 2026 Bonds is exempt from present State of North Dakota income taxes.

Except as summarized above, Bond Counsel expresses no opinion with respect to the income tax treatment of the Series 2026 Bonds, or the collateral federal income tax consequences to certain taxpayers as a result of ownership of the Series 2026 Bonds. Although Bond Counsel has rendered an opinion that interest on the Series 2026 Bonds is excluded from gross income for federal income tax purposes, the accrual or receipt of interest on the Series 2026 Bonds may otherwise affect a Bondholder's income tax liability. The nature and extent of these other tax consequences will depend upon the Bondholder's particular tax status and the Bondholder's other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Purchasers of the Series 2026 Bonds, particularly purchasers that are corporations (including S corporations, United States branches of foreign corporations, and certain corporations subject to the alternative minimum tax), property and casualty insurance companies, banks, thrifts or other financial institutions or recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise entitled to the earned income credit and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations, are advised to consult their tax advisors as to the tax consequences of purchasing or holding the Series 2026 Bonds.

From time to time, there are legislative proposals in Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to above, or adversely affect the market value of the Series 2026 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Series 2026 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved or whether the Series 2026 Bonds or the market value thereof would be impacted thereby. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2026 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation. In addition, there can be no assurance that legislation, regulatory initiatives or litigation that would adversely affect the exclusion of interest on the Series 2026 Bonds from gross income for federal income tax purposes will not be introduced, enacted, announced, proposed, threatened or commenced after the issuance and delivery of the Series 2026 Bonds. Under such circumstances, the Board has no obligation to redeem or to increase the rate of interest paid on the Series 2026 Bonds. Each purchaser of the Series 2026 Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation, regulatory initiatives or litigation.

The Series 2026 Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

RATING

The Series 2026 Bonds have been rated “AA-” (stable outlook) by S&P Global Ratings (“S&P”). Such rating reflects only the view of S&P at the time such rating was given, and the Board makes no representation as to the appropriateness of such credit rating. An explanation of the significance of such rating may be obtained only from S&P. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of S&P, circumstances so warrant. A downward revision or withdrawal of the rating may have an adverse effect on the marketability or market price of the Series 2026 Bonds. The Board has not undertaken to maintain the rating on the Series 2026 Bonds.

MUNICIPAL ADVISOR

Blue Rose Capital Advisors, LLC, Minneapolis, Minnesota (the “Municipal Advisor”), has been retained by the Board to provide certain financial advisory services in connection with the issuance of the Series 2026 Bonds, including limited assistance with the preparation of the Official Statement. The Municipal Advisor is not obligated to conduct, and has not conducted, a detailed investigation of the affairs of the Board or the University to independently verify the completeness or accuracy of the information set forth in this Official Statement and the Appendices hereto. The Municipal Advisor is not a public accounting firm and has not been engaged by the Board to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Municipal Advisor is a municipal advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board in accordance with applicable federal securities laws, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Series 2026 Bonds. The fee to be paid to the Municipal Advisor for services provided in connection with the issuance of the Series 2026 Bonds is partially contingent upon the closing of the Series 2026 Bonds.

The Municipal Advisor is under common ownership with HedgeStar, LLC (“HedgeStar”). HedgeStar provides hedge accounting, fair value accounting, and valuation services for financial instruments including, but not limited to, fixed-income securities and derivatives. HedgeStar currently does not, and in connection with the Series 2026 Bonds is not expected to, provide services to the Board.

NO LITIGATION

The Board is not aware of any litigation pending seeking to restrain or enjoin the issuance or delivery of the Series 2026 Bonds or questioning or affecting the legality of the Series 2026 Bonds or the proceedings and authority under which the Series 2026 Bonds are to be issued, including no litigation pending which in any manner questions the undertaking of the financing by the Board or the validity or enforceability of the Indenture.

FINANCIAL STATEMENTS

Certain financial information relating to the University is included in the audited financial statements of the North Dakota University System for the fiscal year ended June 30, 2025, audited by the North Dakota Office of the State Auditor, and attached as APPENDIX B to this Official Statement. The University has neither requested nor obtained the consent of the State Auditor to include its Independent Auditor’s Report, dated December 11, 2025, in this Official Statement.

CONTINUING DISCLOSURE

The University has covenanted for the benefit of Bondholders and the beneficial owners of the Series 2026 Bonds to provide certain financial information and operating data relating to the University and the Housing and Auxiliary Facilities System by no later than March 31 following the end of its fiscal year, to provide audited financial statements of the North Dakota University System by no later than March 31 following the end of its fiscal year, or if not then available, within 30 days after they are available (the “Annual Report”), and to provide notices of the occurrence of certain enumerated events not later than ten business days after the occurrence of the event. The Annual Report and the notices of certain events will be filed by the Trustee on behalf of the University with the Electronic Municipal Market Access system of the MSRB (“EMMA®”). For a description of the specific nature of the information to be contained in the Annual Report or the notices of certain events, see “APPENDIX D – CONTINUING DISCLOSURE AGREEMENT” in this Official Statement. These covenants have been made in order to assist the Underwriter in complying with the Rule.

The Board implemented a Post-Issuance Compliance Procedure and Operating Protocol on November 17, 2015, which requires all of the institutions under its control, including the University, to monitor each outstanding bond issue and file annual reports with the Board. Pursuant to the Procedure, the University has designated a Compliance Officer who is primarily responsible for ensuring that the University carries out its post-issuance compliance requirements, including compliance with its Continuing Disclosure Agreements. The prior continuing disclosure undertakings of the University required that the University file both unaudited and audited financial statements of the University. During the last five years, the University (i) was required to file its unaudited financial statements for fiscal year 2023 within 180 days of the end of the fiscal year ending June 30, 2023 but did not file such statements until March 8, 2024, likewise, the University was required to file its Audited Financial Statements within 180 days of the end of the fiscal year ending June 30, 2023 or within 30 days after they became available (and which were available on November 26, 2023), but the University did not file its audited financial statements until January 17, 2024, which was approximately 60 days later; (ii) the fiscal year annual report described in (i), which was filed in early March 2024, complied with the University’s continuing disclosure undertakings entered into after 2014 but did not comply with continuing disclosure undertakings entered into before 2014 which required a 180 day timeframe for filing of the University’s annual report; (iii) the University did not file unaudited financial statements for the fiscal year 2024 but such information was included in the 2025 unaudited financial information; and (iv) the audited financial statements of the University were filed on EMMA in January of each of the reporting years 2022 through 2024 (which is outside of the 180 day requirement for continuing disclosure undertakings entered into before 2014 and within the 270 day timeframe for continuing disclosure undertakings entered into after 2014) even though the Auditor provided such audited financial statements to the University the prior December, which was within the 180 day timeframe.

A failure by the University to comply with the Continuing Disclosure Agreement will not constitute an event of default on the Bonds (although the Bondholders will have any available remedy at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price. Potential investors are encouraged to review current EMMA® filings at <http://www.emma.msrb.org/> for each issue.

THE TRUSTEE

The Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy or completeness of the information set forth in

this Official Statement or for the recitals contained in the Indenture or the Series 2026 Bonds, or for the validity, sufficiency or legal effect of any such documents. The Trustee has not evaluated the risks, benefits or propriety of any investment in the Series 2026 Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets pledged or assigned as security for the Series 2026 Bonds, or the investment quality of the Series 2026 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, regardless of whether expressly so stated, including statements of belief and any estimates, are intended as such and not as representations of fact. Prospective purchasers of the Series 2026 Bonds are also cautioned that the information provided in this Official Statement is subject to change without notice and that the accuracy of any demographic or economic information or projections or any other information obtained from sources other than the Board and the University contained in this Official Statement is not guaranteed by the Board or the University and, therefore, potential investors in the Series 2026 Bonds are urged to consult with their own advisors concerning such information and projections. This Official Statement is not to be construed as a contract between the Board or the University and the purchasers of any of the Series 2026 Bonds.

The foregoing summaries do not purport to be comprehensive or definitive and all references to the documents summarized are qualified in their entirety by reference to each such document. All references to the Series 2026 Bonds are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the aforesaid documents. Copies of these documents are available for inspection during the period of the offering at the offices of Blue Rose Capital Advisors, LLC, Minneapolis, Minnesota, and thereafter at the principal office of the Trustee. All information relating to the Board and the University has been derived from information provided by the Board and the University. The Municipal Advisor and the Underwriter make no representations or warranties as to the accuracy or completeness of the information in the Appendices. The Board has approved this Official Statement and has authorized its use and distribution.

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APPENDIX A

NORTH DAKOTA STATE UNIVERSITY

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APPENDIX A

NORTH DAKOTA STATE UNIVERSITY

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NORTH DAKOTA STATE UNIVERSITY

North Dakota State University of Agriculture and Applied Science (the “University” or “NDSU”), established in 1890, is a comprehensive land-grant institution of higher education whose mission is to provide transformational education, create knowledge through innovative research as a leading R-1 research institution and share knowledge through community engagement that meets the needs of North Dakota and the world. NDSU ensures exceptional education is accessible to all, fostering a welcoming environment where individuals collaborate respectfully and responsibly. The University offers academic programs of study and research conducted in the Colleges of: Agriculture, Food Systems and Natural Resources; Arts and Sciences; Business; Engineering; Health and Human Sciences; and the Graduate School.

As the land-grant institution of North Dakota, the University continues to stress agriculture, science, technology, and professional studies in its modern context, but in keeping with the original land-grant mandate, it also promotes studies and scholarly activity in the arts and humanities. Consistent with its land-grant mandate, the University has an obligation to serve the people of the State of North Dakota (the “State”), and therefore promotes active programming of off-campus educational services.

The University also includes the N.D. Agricultural Experiment Station (“NDAES”) and NDSU Extension. The NDAES represents a comprehensive statewide network of University professionals committed to advancing research that underpins the economic vitality and sustainability of North Dakota. Through rigorous scientific inquiry in crop systems, livestock and rangeland management, and value-added agricultural processes, it delivers innovations that enhance productivity and quality of life. Furthermore, these efforts safeguard the state’s land and natural resources, ensuring their preservation for future generations. The main NDAES is located on the University Campus (defined below), with a well-developed network of branch agricultural research stations located throughout the State.

NDSU Extension is a comprehensive public service unit of the University, with staff members serving every county in North Dakota. NDSU Extension serves as a vital resource for North Dakota, providing science-based education that empowers individuals of all ages and backgrounds to enhance their quality of life and strengthen their communities. Through research-driven programs and practical solutions, NDSU Extension fosters informed decision-making and promotes sustainable growth across the state.

In the Fall of 2026, the University will open the Richard Offerdahl ’65 Engineering Complex (the “Engineering Complex”). The University received a \$25 million gift from Richard and Linda Offerdahl, \$59 million in funding from the North Dakota Legislature and leadership gifts from Doosan Bobcat, Mortenson, Marvin, and numerous other benefactors of the University’s College of Engineering in order to fund the construction of this new Engineering Complex. The Engineering Complex has an innovative design which will provide state-of-the-art multi-purpose research and learning spaces that will emphasize teamwork, communication, and interdisciplinary learning to meet the University’s and industry’s evolving needs.

The University offers the largest nursing program in the State and offers the only Pharmacy program and Architectural program in the State.

The University is a member of the Metro College Alliance, a long-standing partnership between Minnesota State University Moorhead, Concordia College, and Minnesota State Community and Technical College in Moorhead, Minnesota; North Dakota State College of Science in Wahpeton, North Dakota; and the University that makes the provision of additional educational opportunities, resources and activities possible to students and faculty at the University.

The University is a member of the Association of Public and Land-Grant Universities and is accredited by the Higher Learning Commission. Individual colleges and schools are accredited in their respective fields or approved by their respective professional organizations and agencies.

The University is located in Fargo, North Dakota, a city of approximately 136,285 on the Red River of the North separating North Dakota and Minnesota. (The metropolitan area population for Fargo and West Fargo, North Dakota, and Moorhead, Minnesota was estimated at approximately 267,793 in 2024.) The University campus currently includes 95 buildings (3.5 million net usable square feet) on 261 acres (the “University Campus”). See “APPENDIX E – Parking Map” in this Official Statement.

In the Fall of 2025, ranked faculty and lecturers, part-time academic staff, graduate assistants and fellows, extension educators, experiment station and other researchers numbered 2,039. Administrators, program administrators and coaches, professional, technical, office, trades and service staff, along with temporary workers (including students) numbered 3,723.

The University's revenues for the fiscal year ended June 30, 2025, were \$514.6 million of which about 29% was derived from State general fund appropriations. Research is performed in many departments of the University with major research efforts in the areas of polymers and coatings, nano technology, agriculture, biological chemistry and microelectronics. Direct expenditures for research exceeded \$31.7 million in fiscal year 2024.

Financial Statements of the North Dakota University System for the fiscal year ended June 30, 2025, are included in APPENDIX B in this Official Statement.

Administration of the University

The current executive officers of the University are:

Dr. David Cook, Ph.D., President. Dr. Cook was named the University's 15th President in May 2022, by the State Board of Higher Education. Prior to joining the University, Dr. Cook held executive leadership roles at the University of Kansas, including vice chancellor for Public Affairs and Economic Development and vice chancellor of the KU Edwards Campus. Dr. Cook also spent 14 years at the University of Kansas Medical Center. Dr. Cook is also involved in the community and serves on a wide range of boards including the Ag Products Utilization Commission, Fargo Moorhead West Fargo Chamber, Greater Fargo Moorhead Economic Development Corp., Red River Valley Fair, Research and Technology Park, Research Foundation, Sanford Medical Center Fargo, State Board of Agricultural Research and Education, and the NDSU Foundation Executive Governing Board.

After leading the University to a more stabilized enrollment, increasing retention rates and increasing graduation rates, Dr. Cook is stepping down from his role as President and has accepted a position with another university effective February 2026. The University has selected Mr. Rick Berg as the Interim President of NDSU. Mr. Berg is the founder and partner of Great States Development, Great States Construction, and Collective. Mr. Berg also served several years in the North Dakota House of Representatives and in the U.S. House of Representatives. Mr. Berg earned a Bachelor degree in Agricultural Economics from NDSU. Mr. Berg will assume the role of Interim President effective February 9, 2026.

Shari R. Veil, Ph.D., Provost. Dr. Veil was selected as the Provost in November 2025 and began the position on January 5, 2026. Dr. Veil brings over 20 years in extensive experience in academic leadership, research, and student success initiatives. Prior to joining the University, Dr. Veil served as Dean of the College of Journalism and Mass Communications at the University of Nebraska, leading transformative efforts in strategic planning, faculty development, fundraising, and experiential learning. Dr. Veil earned a Ph.D. in Communication from the University after completing her MBA and undergraduate studies at the University of Mary, Bismarck, North Dakota.

Greg Lardy, Ph.D., Vice President for Agricultural Affairs. Dr. Lardy was named the Vice President for Agricultural Affairs in 2020. Dr. Lardy joined the faculty at the University in 1997 as extension beef cattle specialist. Dr. Lardy brings 28 years of higher education experience to the University. In addition to his role as the Joe and Norma Peltier Endowed Vice President for Agriculture, Dr. Lardy also serves as the Dean of College Agriculture, Food Systems and Natural Resources, Director of NDAES, and Director of NDSU Extension. Dr. Lardy earned a Bachelor's degree in Animal and Range Science from the University and a Master's and doctorate in Animal Science from the University of Nebraska.

Bruce A. Bollinger, Vice President for Finance and Administration. Mr. Bollinger was named Vice President for Finance and Administration in July 2010, after serving as the interim Vice President. Mr. Bollinger is responsible for the oversight of the division which is comprised of the departments of finance, facilities management, university police and safety, employee services, and auxiliary operations. Prior to his appointment, Mr. Bollinger served in several financial management roles during his 41 years of service to the University, most recently as the director of the Agriculture Budget Office and Agriculture Facilities. Mr. Bollinger's tenure also includes positions as the director of the offices of Restricted Fund Accounting and Cost Accounting and as the assistant to the Controller.

Mr. Bollinger earned a Bachelor's degree with majors in Accounting and Business Administration and a Master's degree in Business Administration from the University.

Marc Wallman, Vice President for Information Technology. Mr. Wallman was named Vice President for Information Technology in October 2014, having served as Interim Vice President for Information Technology since February 2012. As Vice President, Mr. Wallman is responsible for overseeing the Information Technology Division, working with centralized and departmental information technology, and assisting University administration with technology issues. Mr. Wallman joined the University's Information Technology Division in 2002 as a Senior Systems Administrator. In 2006, Mr. Wallman became the Director of Information Technology Infrastructure Services. In 2008, Mr. Wallman assumed the role of Assistant Vice President for Enterprise and Computing Infrastructure. Prior to joining the University, Mr. Wallman worked in the central information technology department at the University of California at Berkeley. Mr. Wallman earned a Bachelor's degree in Physics from Luther College in Decorah, Iowa, a Master's degree in Computer Science from the University and a Master's degree in Theology from Luther Seminary in St. Paul, Minnesota.

Heidi Grunwald, Ph.D., Interim Vice President for Research and Creative Activity. Dr. Grunwald became the Interim Vice President for Research and Creative Activity at the University in August 2025. Dr. Grunwald's role is to facilitate, coordinate and advance research at the University and foster economic development. Prior to becoming the Interim Vice President for Research and Creative Activity, Dr. Grunwald served as the Associate Vice President for Research and Faculty Development at the University. Prior to joining the University, Dr. Grunwald held senior research leadership roles at Temple University where she directed the Institute for Survey Research and co-founded Legal Science, LLC. Dr. Grunwald earned a doctorate in Higher Education from the University of Michigan and holds advanced degrees in statistics and mathematics education.

Laura Oster-Aaland, Ph.D., Vice Provost for Student Affairs and Institutional Equity. Dr. Oster-Aaland is the Vice Provost for Student Affairs and Institutional Equity (SAIE) at the University. A member of President's cabinet, Dr. Oster-Aaland provides senior leadership for the following departments: Administrative Systems, Athletic Academics, Center for Accessibility and Disability Resources, Counseling Center, Dean of Students (Care Team and Case Management), Equal Opportunity and Title IX Compliance, Global Programs and Services, Student Success Programs, Student Engagement, Student Health Service, TRIO Programs (Student Support Services and Upward Bound, and Veterans Educational Training Program. Dr. Oster-Aaland has served in various leadership roles at the University for 28 years. Dr. Oster-Aaland earned a Ph.D. degree in Education from the University.

Brynn Rawlings and Seinquis Leinen, Co-Interim Vice Presidents for Marketing and Communications. A co-leadership structure was chosen for Marketing and Communications with Ms. Rawlings and Ms. Leinen serving as Co-Interim Vice Presidents. The Co-Interim Vice Presidents began their service on January 12, 2026 and will serve through the summer of 2026, or until the next permanent President determines the timeline and process for the division's long-term leadership.

Ms. Rawlings brings more than a decade of strategic communications experience in higher education and the private sector and currently serves as Director of Communications and Media Relations within the Marketing and Communications unit at the University. Ms. Rawlings will provide day-to-day operational oversight for the division and lead executive communication in this role.

Ms. Leinen brings 15 years of experience leading and supporting enrollment management across multiple campuses, including the University, and currently serves as Senior Director for Strategic Enrollment Management. Ms. Leinen will focus on marketing efforts directly supporting enrollment and will also provide oversight of strategic initiatives and other academic and student-success priorities.

The Academic Year

The academic year is divided into two semesters, each approximately 16 weeks in length: the first, beginning near the end of August and ending prior to Christmas; the second, beginning in mid-January and extending to mid-May. A Summer Session begins in May and concludes in August. The University's Summer Session offers a variety of courses, workshops, institutes and special programs of various lengths.

ACT Test Scores

The following table shows the University’s mean ACT scores for freshmen for the past three academic years. The University made the ACT optional in Fall 2021. The majority of freshman applicants who submit a test score, submit an ACT test score instead of an SAT test score.

ACT Scores

<u>Fall Semester</u>	<u>ACT Score</u>	<u>National Average</u>	<u>Percentage Submitting ACT</u>
2025-2026	23.0	19.4	37.2%
2024-2025	22.5	19.4	51.8
2023-2024	22.5	19.5	68.7

Source: The University.

Faculty

The following table shows University employees who are 18 years of age, whose services are not limited in duration, who are filling an approved and regularly funded position, are employed at least 20 hours per week and at least 20 weeks each year of employment and are eligible to receive benefits.

Benefitted Employees

	<u>2025-2026</u>	<u>2024-2025</u>	<u>2023-2024</u>
Staff	1,860	1,868	1,819
Faculty	722	749	755
Total	2,582	2,617	2,574

Source: The University.

No employees of the University are represented by any unions and the University currently believes its employee relations are satisfactory.

The following table presents the number of University full-time faculty members, percentage tenured, and the student/faculty ratio for the past four academic years.

Faculty, Tenure, and Student/Faculty Ratio

<u>Academic Year⁽¹⁾</u>	<u>Full-Time Faculty Members</u>	<u>Percentage of Faculty Tenured or Tenure Track</u>	<u>Total Student/ Total Faculty Ratio</u>
2025-2026	553	45.9%	17:1
2024-2025	574	47.8	16:1
2023-2024	617	47.0	16:1
2022-2023	642	49.1	16:1

⁽¹⁾As of November 1 of each respective academic year.
Source: The University.

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Student Enrollment

The following tables, based on Fall semester registrations, shows enrollments for the past ten academic years as well as enrollments projected by the University for the next three years.

Historical Student Enrollment

<u>Fall Semester</u>	<u>Undergraduate</u>	<u>Professional</u>	<u>Graduate</u>	<u>Total</u>	<u>FTE⁽¹⁾</u>
2025	9,709	213	2,030	11,952	10,455
2024	9,762	210	1,980	11,952	10,442
2023	9,791	216	1,945	11,952	10,552
2022	10,096	244	1,902	12,242	10,700
2021	10,199	300	1,962	12,461	10,861
2020	10,555	344	1,947	12,846	11,252
2019	10,831	378	1,964	13,173	11,704
2018	11,425	391	1,980	13,798	12,394
2017	11,984	337	2,037	14,358	12,783
2016	12,010	340	2,082	14,432	12,783

⁽¹⁾Total Full-Time (FT) and FT Equivalent of Part-Time based on 15 credit hours for undergraduate students and 12 credit hours for graduate students.

Source: The University.

Projected Student Enrollment

<u>Fall Semester</u>	<u>Undergraduate</u>	<u>Professional</u>	<u>Graduate</u>	<u>Total</u>	<u>FTE⁽¹⁾</u>
2026	9,785	215	2,000	12,000	10,497
2027	9,883	215	2,000	12,098	10,583
2028	9,982	215	2,000	12,197	10,669

Source: The University.

During the Fall semester of 2025, approximately 39.2% of the students attending the University were North Dakota residents. Approximately 44.3% of the students came from Minnesota, 7.7% from other states, and approximately 8.8% were international students and permanent residents.

While the University continues to yield a very high percentage of high school graduates from North Dakota, the University expects to recruit more non-resident students through affordable in-person and online programs. Many University programs, particularly in engineering, health sciences, and business are expected to be attractive to out-of-state students. The University's enrollment management operation continues to receive attention from the top levels of the University, including new positions where necessary, specifically to increase undergraduate recruitment in the Midwest.

The University has a high percentage of enrollment from Minnesota due to its location on the border with Minnesota. The University implemented two initiatives in the Fall 2025 which are expected to help grow and sustain enrollment. The first is the development of an Honors College made possible through philanthropic support. The Honors College's first cohort of 30 students will enroll for the Fall of 2026 and will recruit and admit 30 high achieving students each year with annual \$25,000 scholarships, with an estimated enrollment of 120 students by year four. The second initiative is the formal development of the Competitive Club infrastructure. NDSU has long had some Club Sports that were solely managed by the students with no infrastructure support from the University. During Summer 2025, a management structure was established providing oversight of approximately 25 competitive and recreational club sport programs serving 500+ student participants. This initiative includes the development of outdoor field infrastructure to increase on-campus capacity for practices, competitions, and hosted events. These improvements support student engagement and campus experience outcomes that will further strengthen recruitment, enrollment, and retention efforts.

Applications, Acceptances and Enrollments

The tables below reflect the number of student applications made to the University and undergraduate transfers, along with the number of students accepting and matriculating to the University in the past three years.

First-Time/First-Year Applications, Acceptance and Matriculation

<u>Fall Semester</u>	<u>Applications</u>	<u>Acceptances</u>	<u>Matriculants</u>	<u>% Acceptance</u>	<u>% Matriculation</u>
2025	7,684	7,247	2,263	94%	31%
2024	7,228	6,864	2,197	95	32
2023	7,306	6,988	2,214	96	32

Source: The University.

Undergraduate Transfer Applications, Acceptance and Matriculation

<u>Fall Semester</u>	<u>Applications</u>	<u>Acceptances</u>	<u>Matriculants</u>	<u>% Acceptance</u>	<u>% Matriculation</u>
2025	1,148	1,094	574	95%	52%
2024	1,010	977	572	97	59
2023	959	915	530	95	58

Source: The University.

Tuition and Fees

The University charges tuition based upon state of residence. Tuition is charged per credit until a cap at 13 credits. Undergraduate Resident tuition is charged to students from North Dakota or those who meet other qualifications for resident tuition according to North Dakota University System policy. Students from South Dakota, Montana, Illinois, Wisconsin, Manitoba and Saskatchewan are assessed tuition at 120% of the resident rate. Minnesota undergraduate students who have been approved by the State of Minnesota for Reciprocity tuition are charged tuition at 112% of the Resident rate. Undergraduate students from other states are assessed Non-Resident tuition at 150% of the resident rate. Mandatory fees charged to students are not residency-based. These fees are charged to all students, regardless of residency, and are capped at 12 credits. Fees for the 2025-2026 school year are \$69.54/credit. The University increased tuition and fees by 6% and 4.2%, respectively, for the 2025-2026 academic year.

Annual Undergraduate In-State Tuition and Fees

<u>Fiscal Year</u>	<u>Tuition</u>	<u>Fees</u>	<u>Total</u>
2025-2026	\$9,868	\$1,669	\$11,537
2024-2025	9,309	1,601	10,910
2023-2024	9,309	1,548	10,857
2022-2023	9,309	1,483	10,792
2021-2022	8,951	1,450	10,401

Source: The University.

Graduate tuition is also residency-based and is assessed per credit without a capped tuition rate. Resident, Minnesota Reciprocity and Non-Resident rates are assessed to students meeting the same requirements as undergraduates. Minnesota Reciprocity tuition is assessed to graduate students at 127% of Resident tuition. Non-Resident tuition is assessed at 150% of Resident tuition. Mandatory fees charged to students are not residency-based. These fees are charged to all students, regardless of residency, and are capped at 12 credits.

Graduate In-State Tuition and Fees

<u>Academic Year</u>	<u>Tuition</u>	<u>Fees</u>	<u>Total</u>
2025-2026	\$446.67	\$69.54	\$516.21
2024-2025	421.39	66.72	488.11
2023-2024	421.39	64.52	485.91
2022-2023	421.39	61.80	483.19
2021-2022	405.18	60.42	465.60

Source: The University.

General Fund Appropriations for the University by North Dakota Legislature

The table below reflects the historical appropriations made to the University by the North Dakota Legislature for the past 11 years.

State Legislature Appropriations to the University

<u>Fiscal Year</u>	<u>Salaries, Operating and Equipment</u>	<u>Capital Improvements</u>	<u>Yearly Grand Total</u>	<u>Biennial Total</u>
2025	\$80,842,406	\$12,997,402 ⁽¹⁾	\$93,839,808	\$184,509,325
2024	77,672,115	12,997,402 ⁽¹⁾	90,669,517	
2023	69,016,213	14,139,171 ⁽¹⁾	83,155,384	164,184,324
2022	66,889,768	14,139,171 ⁽¹⁾	81,028,939	
2021	65,901,249	30,204,857 ⁽¹⁾	96,106,106	161,553,718
2020	64,081,490	1,366,122	65,447,612	
2019	63,196,991	1,366,122	64,563,113	129,126,235
2018	63,197,000	1,366,122	64,563,122	
2017	71,378,716	4,686,521 ⁽²⁾	76,065,237	172,322,983
2016	72,644,964	23,612,782 ⁽³⁾	96,257,746	
2015	67,839,185	38,315,656 ⁽⁴⁾	106,154,841	176,840,714

⁽¹⁾Includes State Funding for Sugihara (Dunbar) Hall/Agriculture Products Development Center (Peltier Complex).

⁽²⁾Unexpended FY17 Capital Improvements will be carried over to FY18.

⁽³⁾Figure includes state funding for STEM Building Project Carryover: \$15,424,741.

⁽⁴⁾Figure includes state funding for STEM Building Project: \$29,367,709.

Source: The University.

ADMINISTRATION'S DISCUSSION

The University has experienced success in recent years that outpaces not only its own progress over the past decade, but now leads the State in most measures of higher education performance. The University has again been recognized as one of the country's top research institutions by the Carnegie Classification of Institutions of Higher Education. Research expenditures or capital spent conducting research, grew to an all-time high of \$199.8 million for Fiscal Year 2024, the most recently reported fiscal year. The Fiscal Year 2024 expenditures is a 5% increase year over year from Fiscal Year 2023 and is the sixth year in a row of increased expenditures for NDSU. NDSU continues to receive strong support from federal agencies with an overall increase of 9% in federally-funded research expenditures and increases from the USDA at 25.3%, Department of Defense at 18.8%, Department of Energy at 10.5%, and the National Science Foundation at 18.1%. NDSU ranks within the top 100 research universities at 98. Students are taking note of that success with 97% of students enrolled in on-campus programs. The University received 694 awards in fiscal year 2025, \$93.5 million award dollars, and \$67.9 million federal award dollars.

At the same time that enrollment, research, and scholarly productivity are increasing at record levels, so is the impact of the University throughout the local and statewide region. The importance and increasing level of its partnerships with other public colleges and universities in North Dakota is a key to success on that front. Most obvious is the growing relationship between the University and the University of North Dakota. The potentials of that relationship started with the collaborative development and initiation of a graduate program in public health.

As previously noted, the University is a member of the Metro College Alliance, a long-standing partnership between Minnesota State University Moorhead, Concordia College, and Minnesota State Community and Technical College in Moorhead, Minnesota; North Dakota State College of Science in Wahpeton, North Dakota; and the University that makes the provision of additional educational opportunities, resources and activities possible to students and faculty at the University. In an example on the other side of the State, the University's prospering Research and Extension Center in Dickinson has become a central feature of that community. In an additional role as faculty, the center's staff also make possible the undergraduate programs in agriculture and natural resource management at Dickinson State University.

Success has extended to co-curricular areas of achievement. The University's athletic teams won conference championships in football, soccer, baseball and track and field during the 2024-2025 academic year with the football

program earning its 18th national championship and women’s basketball advancing to its third straight WNIT postseason tournament. In the classroom, student-athletes continue to outperform the general student population with 447 athletes combining for a 3.558 GPA during the fall 2025 semester. An impressive 85 percent of student-athletes maintain a cumulative 3.0 GPA or higher, with one in five athletes having a perfect 4.0 GPA.

The combination of the above factors does more than bring increasingly positive attention to the University. The best students, not only in North Dakota but throughout the nation, see the University in the same light as the nation’s finest, as do the best faculty, researchers, entrepreneurs and business leaders, all of whom are as a result increasingly being drawn to North Dakota. That infusion of the “best and the brightest” brings with it new resources that contribute to North Dakota’s demographic and economic future success.

North Dakota’s major industries, oil and gas and agriculture, continue to provide steady resources for state appropriations to higher education. This was demonstrated most recently during the 2023-2025 legislative session; lawmakers appropriated an additional \$24.6 million for the University’s compensation package for the two-year period. In exchange for this increase in state funding, the University was able to hold student tuition steady in that two-year period. In addition, the legislature continues to provide support for ongoing capital building and maintenance projects.

For the 2025-2027 two-year period, the ongoing general funds increased 4% and legislators appropriated \$16 million to the University in support of the New Horizon Initiative. This initiative intends to focus on practical education and driving economic development in the state. New Horizons will address key areas vital to the local economy and workforce through these strategic objectives: 1). Ensuring successful pathways for workforce impact, industry connection, and affordability; 2). Growing the State’s competitive edge through advancements in agriculture, engineering, energy, and manufacturing, leveraging NDSU’s expertise in these fields; 3). Improving North Dakota’s quality of life by expanding and modernizing programs in nursing, pharmacy, clinical trials and health sciences to meet workforce demands and improve healthcare outcomes.

NDSU’s enrollment has stabilized with three consecutive years at 11,952 with continued efforts focused on recruitment and retention. Additionally, management is prioritizing academic and administrative reviews for opportunities and further operational efficiencies.

FINANCIAL OPERATIONS OF THE UNIVERSITY

Financial information related to the University for the years ended June 30, 2025, 2024 and 2023, is set forth below and is taken from the audited financial statements of the North Dakota University System. In addition, the audited financial statements for the fiscal year ended June 30, 2025, of the North Dakota University System, which include all eleven institutions, are attached to this Official Statement as APPENDIX B.

**North Dakota State University
Statement of Net Position
Fiscal Years Ended June 30, 2025, 2024 and 2023**

ASSETS	2025	2024	2023
Current Assets:			
Cash and Cash Equivalents	\$119,982,354	\$199,711,579	\$100,289,351
Short-term Investments	33,000,367	33,000,000	35,001,394
Accounts Receivable, net	5,677,836	6,151,286	6,128,696
Due from Other NDUS Institutions	465,543	284,315	188,270
Due from Component Units	8,211,965	7,198,420	8,039,086
Due from State General Fund	9,023,703	9,779,439	8,008,070
Grants and Contracts Receivable, net	25,734,339	31,923,123	29,567,933
Inventories	1,576,996	1,592,023	1,859,755
Lease Receivable	29,052	27,845	8,065
Notes Receivable, net	243,201	342,706	494,019
Other Assets	3,611,808	3,497,077	3,408,341
Total Current Assets	\$207,557,164	\$293,507,813	\$192,992,980

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	\$101,511,635	\$1,525,000	\$1,742,039
Restricted Investments	6,467	883	20,198
Endowment Investments	459,110	459,110	459,113
Lease Receivable	100,569	129,622	–
Notes Receivable, net	609,839	868,342	1,310,140
Other Long-term Investments	70,472,471	64,580,398	67,540,447
Due from Component Units – Investments held on behalf of the Institution	56,867	56,773	55,145
Other Noncurrent Assets	–	–	–
Capital Assets, net	770,798,319	687,711,374	630,565,352
Total Noncurrent Assets	<u>944,015,277</u>	<u>755,331,502</u>	<u>701,692,434</u>
Total Assets	<u>\$1,151,572,441</u>	<u>\$1,048,839,315</u>	<u>\$894,685,414</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows	<u>\$19,420,517</u>	<u>\$38,193,341</u>	<u>\$56,719,639</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	37,490,411	18,368,651	28,900,643
Due to other NDUS Institutions	578,851	429,033	592,589
Payable to Component Units	281	–	–
Accrued Payroll	14,339,961	14,871,874	14,020,808
Unearned Revenue	17,080,460	112,382,763	10,524,871
Deposits	942,849	857,553	539,871
SBITA Liabilities – Current Portion	1,595,415	603,623	885,570
Long-term Liabilities - Current Portion			
Payable to Component Units	2,108,972	2,065,880	2,075,632
Payable to Others	8,719,902	6,956,639	8,383,788
Total Current Liabilities	<u>82,857,102</u>	<u>156,536,016</u>	<u>65,923,772</u>
Noncurrent Liabilities:			
Pension Liability	52,241,082	54,358,898	80,426,867
OPEB Liability	2,238,700	2,653,290	3,160,547
SBITA Liabilities – Noncurrent Portion	2,665,462	955,086	529,796
Long-term Liabilities			
Payable to Component Units	15,546,195	17,143,839	19,209,721
Payable to Others	120,573,304	108,143,523	114,321,491
Total Noncurrent Liabilities	<u>193,264,743</u>	<u>183,254,636</u>	<u>217,648,422</u>
Total Liabilities	<u>\$276,121,845</u>	<u>\$339,790,652</u>	<u>\$283,572,194</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows	<u>\$25,607,649</u>	<u>\$43,149,617</u>	<u>\$33,590,724</u>
NET POSITION			
Investment in Capital Assets, Net of related debt	660,681,115	574,482,838	507,239,635
Restricted for:			
Nonexpendable:			
Scholarships and Fellowships	518,051	517,957	516,328
Expendable:			
Scholarships and Fellowships	736,718	700,660	596,294
Research	7,183,411	6,380,115	5,776,590
Institutional	1,029,450	2,144,157	2,124,303
Loans	1,343,957	1,862,617	2,652,030
Capital Projects	99,986,635	–	–
Debt Service	1,525,000	1,525,000	1,790,231
Other	–	–	41,629
Unrestricted	96,259,125	116,479,045	113,505,095
Total Net Position	<u>\$869,263,462</u>	<u>\$704,092,389</u>	<u>\$634,242,135</u>

North Dakota State University
Statement of Revenues, Expenses, and Other Changes in Net Position
Fiscal Years Ended June 30, 2025, 2024 and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
REVENUES			
Operating Revenues:			
Student Tuition and Fees	\$101,263,431	\$111,158,652	\$120,451,016
Federal Grants and Contracts	83,274,412	75,256,297	67,382,074
State Grants and Contracts	13,031,673	9,494,842	7,813,261
Private Grants and Contracts	10,839,256	10,402,597	8,711,078
Sales and Services of Educational Departments	43,182,975	39,882,417	40,414,273
Auxiliary Enterprises	49,282,532	47,292,199	45,940,268
Other Operating Revenue	376,985	412,799	350,230
Total Operating Revenues	<u>301,251,264</u>	<u>293,899,803</u>	<u>291,062,200</u>
EXPENSES			
Operating Expenses:			
Salaries and Wages	330,295,890	319,036,000	307,056,593
Operating Expenses	111,451,933	103,381,566	107,150,181
Information Technology	5,749,922	5,591,435	6,261,477
Depreciation Expense	35,411,366	32,309,170	30,894,213
Scholarships and Fellowships	10,076,204	7,940,498	7,450,962
HEERF Act Aid to Students	-	-	-
Cost of Sales and Services	9,248,367	8,977,493	8,419,848
Total Operating Expenses	<u>502,233,682</u>	<u>477,236,162</u>	<u>467,233,274</u>
Operating Income (Loss)	<u>(\$200,982,418)</u>	<u>(\$183,336,359)</u>	<u>(\$176,171,074)</u>
NONOPERATING REVENUES (EXPENSES)			
State Appropriations	149,397,179	144,193,704	126,382,061
Federal Appropriations	8,746,139	7,515,704	6,793,320
Federal Grants and Contracts	14,923,339	11,018,052	9,832,887
Federal Cares Act Stimulus	2,386,472	5,534,103	5,472,495
Gifts	31,576,218	24,534,591	23,499,967
Investment Income	5,589,597	4,923,947	5,323,406
Interest on Capital Asset-related debt	(4,042,198)	(4,392,781)	(4,708,115)
Gain/(Loss) on Capital Assets	(408,721)	(604,604)	133,517
Insurance Proceeds	271,446	269,514	264,989
Tax Revenues	500,000	500,000	500,000
Transfers to Building Authority	-	(248,256)	(236,149)
Other Nonoperating Revenues (Expenses)	(954,329)	312,616	(655,915)
Net Nonoperating Revenues (Expense)	<u>207,985,142</u>	<u>193,566,590</u>	<u>172,602,463</u>
Income (Loss) before Capital Grants, Gifts & Transfers	<u>\$7,002,724</u>	<u>\$10,230,231</u>	<u>(\$3,568,611)</u>
State Appropriations - Capital Assets	72,327,814	42,263,480	42,781,949
Capital Grants and Gifts	18,577,345	17,356,537	25,013,965
Total Other Revenues (Expenses)	<u>90,905,159</u>	<u>59,620,017</u>	<u>67,795,914</u>
Increase (Decrease) in Net Position	<u>97,907,883</u>	<u>69,850,248</u>	<u>64,227,303</u>
NET POSITION			
Net Position - Beginning of Year, as restated	<u>704,092,392</u>	<u>634,242,139</u>	<u>569,741,905</u>
Prior Period Adjustment – GASB 101			
Compensated Absences	(15,452,944)	-	-
Prior Period Adjustment – GASB 87 Lease Accounting	-	-	275,932
Prior Period Adjustment – GASB 84 Fiduciary Activities	-	-	(2,902)
Prior Period Adjustment – NDPERS	-	-	(103)
Prior Period Adjustment – Other	82,716,131	-	-
Net Position - End of Year	<u>\$869,263,462</u>	<u>\$704,092,387</u>	<u>\$634,242,135</u>

UNIVERSITY INDEBTEDNESS

The following table sets forth the principal amount as of June 30, 2025, of all outstanding obligations of the University.

University Indebtedness

BONDS PAYABLE	Maturity Date	Original Issue	6/30/2025 Balance
<u>Housing and Auxiliary Facilities System Revenue Bonds:</u>			
2012A Living Learning Center Refunding	04/01/2027	\$ 5,730,000	\$ 885,000
2014A Bison Court Refunding	04/01/2034	8,340,000	4,400,000
2015A Wellness Center/Memorial Union Refunding	04/01/2036	21,195,000	5,665,000
2015B Aquatic Center	04/01/2035	9,355,000	5,615,000
2016 Refunding (Series 2007 LLCE/Ceres)	04/01/2037	10,405,000	6,675,000
2017A Cater Hall	04/01/2047	48,770,000	42,330,000
2017B Refunding Series 2009 Niskanen/WDC Bonds	04/01/2039	22,755,000	16,960,000
Subtotal - NDSU:		\$126,550,000	\$82,530,000
<u>NDSU Research & Tech Park, Inc.*:</u>			
2016 Taxable Lease Revenue Refunding Bonds	05/01/2032	\$18,790,000	\$7,755,000
Subtotal - NDSU Research & Tech Park, Inc.:		\$18,790,000	7,755,000
Grand Total - Bonds Payable		\$145,340,000	\$90,285,000

**The Bonds under the heading "NDSU Research & Tech Park, Inc." are lease revenue bonds subject to annual appropriation by the University. The revenues of the Housing and Auxiliary Facilities System (the Pledged Revenues) are not pledged or available for the payment of these Bonds.*

NOTES PAYABLE

<u>Lessee</u>	<u>Asset Description</u>	<u>Maturity Date</u>	<u>6/30/2025 Balance</u>
<u>Equipment:</u>			
Bank of America	John Deere Utility Tractor	08/21/2025	\$ 16,443
Bank of America	Plot Combine	08/20/2026	97,070
Bank of America	Extruder TwinLab	03/11/2027	56,430
Bank of America	Caterpillar Wheel Loader 926M	02/10/2028	122,488
Bank of America	Zurn Plot Combine Harvester150	12/01/2027	130,078
Bank of America	Kincaid Plot Combine	05/15/2029	81,806
Bank of America	Case IH Patriot Sprayer	07/17/2029	252,500
Bank of America	Combine Zurn 150 - Z15020230602	08/28/2029	246,664
Bank of America	Almaco Corn Planter	02/24/2030	154,874
<u>Buildings or Leasehold Improvements:</u>			
NDSU Foundation	Renaissance Hall*	10/01/2030	2,060,000
Grand Total - Notes Payable – All Asset Categories			\$3,218,353

**The Notes are obligations of the NDSU Foundation that are payable from lease payments made by the University and to annual appropriation by the University. The revenues of the Housing and Auxiliary Facilities System (the Pledged Revenues) are not pledged or available for the payment of these Notes.*

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CAPITAL LEASES PAYABLE

Lessee	Asset Description	Maturity Date	6/30/2025 Capital Lease Payable Balance Due
<u>Equipment:</u>			
Clear Channel Airports	Lit Tension Display	11/29/2026	\$23,732
Fireside	Wells Fargo – Kyocera Printer/Copier	03/24/2026	1,425
Advanced Business Methods	Ricoh PROC7500	06/30/2029	77,295
Advanced Business Methods	Ricoh PROC7500	01/31/2030	64,733
Subtotal Equipment:			\$167,185
<u>Buildings or Leasehold Improvements:</u>			
NDSU Foundation	Barry and Klai Hall	12/01/2036	\$6,124,557
Bullinger Enterprises	Building	12/31/2027	1,477,915
NDSU Research & Tech Park	Research II Building	05/01/2032	1,204,282
City of Fargo	FargoDome Space	10/09/2035	545,052
NDSU Research & Tech Park	Research I Building	04/30/2028	511,329
Elim Lutheran Church	Parking Lot Space	08/31/2025	4,775
Nueta Hidatsa Sahnish College	Fort Berthold Extension Office Space	08/31/2026	8,181
Selotten Properties, LLC	Warehouse Space	09/30/2025	9,425
Subtotal Buildings:			\$9,885,517
<u>Land:</u>			
Pat Copenhaver	Land	03/31/2027	\$ 8,875
Municipal Airport Authority of the City of Fargo	Land	10/31/2027	112,708
Adams County Airport Authority	Land	03/31/2027	12,592
Fessenden Co-op Association	Land	12/31/2026	13,616
Edwin Linderman	Land	11/30/2027	26,420
Rough Rider Industries	Land	03/31/2028	30,070
Subtotal Land:			\$204,280
Grand Total -- Capital Leases - All Asset Categories:			\$10,256,982

Recent Capital Improvements

The University recently completed construction of a new Agricultural Product Center (the “Peltier Complex”) to replace Harris Hall and the Meats Research Laboratory. The new Peltier Complex joins the University’s food science, meat science and cereal science laboratories along with the Northern Crops Institute, a four-state-focused agency committed to promoting, developing and marketing crops grown in North Dakota, Minnesota, South Dakota, and Montana. The state-of-the-art facility is located in the southwest corner of the campus. The Peltier Complex houses analytical laboratories to support the University’s cereal chemistry and crop quality program and research involving a broad range of agricultural study including food science, meat science, food safety, nutrition and the development of new agricultural products.

The University recently completed construction of a new Science Hall (“Sugihara Hall”) to replace Dunbar Hall which was constructed in 1963 and the Geosciences building. The 106,000 square foot, four-story building contains numerous research labs, separate teaching labs, several classrooms, work space for graduate students, student study spaces, support space for all building activities and office space that is accessible without the need to enter research lab areas. Sugihara Hall also provides for proper chemical storage in labs, a new chemical storage room containing proper ventilation and chemical suppression, an ADA compliant elevator, generator backup to protect sensitive research equipment and extensive upgrades to critical life, health and safety areas common in the current facility.

Future Financing

NDSU is authorized to issue and is considering issuing bonds for the renovation of the Memorial Union in an amount not to exceed \$50 million. These bonds would be issued, if at all, on a parity basis with the Series 2026 Bonds. The Memorial Union project is anticipated to have approximately \$25 million of long-term financing and up to \$25 million of short-term financing that is anticipated to be payable from a capital campaign. The Memorial Union project will only proceed after a successful vote of the student body of the University to approve a new Memorial Union fee.

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) PAYABLE

<u>Lessee</u>	<u>Asset Description</u>	<u>Maturity Date</u>	<u>6/30/2025 SBITA Payable Balance Due</u>
Civitas Learning	Student Impact/Academic Platform	01/31/2030	\$1,425,401
Watermark Insights	SaaS - Data collection and reporting tool	03/14/2028	22,466
Mass Interact Inc	Virtual Tour System	06/30/2026	2,686
Campus Kaizen LLC	Roommate matching software	09/19/2026	6,906
Teamworks Innovations Inc.	Teamworks Module	06/30/2027	236,674
Paciolan LLC	Hosting subscription fee - ticketing software	06/30/2030	293,978
DVSPORT Inc	Football Video/Playbook/Scouting Software	06/30/2026	9,113
DocuSign	eSignature software	07/01/2026	128,255
TargetX	Customer Relationship Management Software	01/22/2028	272,167
Medicat	Electronic Health Records Software	06/30/2029	240,231
Oracle NetSuite	ERP System	06/24/2028	322,545
Zoom	Communication Software	06/24/2027	1,025,994
Freshworks	IT Service Management Software	06/10/2027	123,192
Niche	Recruiting Software	06/30/2027	151,270
Grand Total -- SBITA Payable:			\$4,260,879

Possible Convention Center Participation

The University, in partnership with the Fargo Dome Authority, is in the process of responding to a Request for Proposal (RFP) for selecting a Convention Center project in the City of Fargo. If selected and the project moves forward, the University does not expect to pledge Housing and Auxiliary Facilities revenues to any prospective/potential related financing.

UNIVERSITY RETIREMENT PLANS OR OTHER POST-EMPLOYMENT BENEFITS

Retirement Benefits

NDSU employees participate in one of the following retirement plans:

1. *North Dakota Public Employees' Retirement System (NDPERS)* – defined benefit plan. Employees hired prior to 1/1/2025 who are employed in the Job Bands between 4000-7000 participate in this defined benefit plan. These employees include technical and paraprofessional support, office support, trades, and building and dining services. Effective 1/1/2025 newly hired employees in these Job Bands are participating in this defined contribution plan.
 - a. In 2023, House Bill 1040 was passed, which closed the NDPERS Main System defined benefit plan to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

2. *North Dakota University System Retirement Plan – Defined Contribution Retirement Plan.* All employees hired effective 1/1/2025 participate in this defined contribution retirement plan. Employees hired prior to 1/1/2025 who are employed in the Job Bands between 0000-3000 also participate in this defined contribution retirement plan. The 0000-3000 bands include executive, administrative, managerial, academic, and professional employees.
3. *NDPERS State Public Safety Plan – defined benefit plan.* This plan only includes NDSU’s police officers.

North Dakota Public Employees’ Retirement System (NDPERS)

The following brief description of NDPERS is provided for general information purposes only. Investors should refer to N.D.C.C. Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions for employees hired prior to January 1, 2025. Effective January 1, 2025, new employees are only eligible for the defined contribution plan. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

Pension Benefits. Benefits are set by statute. NDPERS has no provision or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members on or after January 1, 2016, the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00 percent multiplier was replaced with a 1.75 percent multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members’ accumulated contributions plus interest.

Death and Disability Benefits. Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member’s accumulated contributions, plus interest, is paid to the member’s beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member’s accrued normal retirement benefit, or monthly payments in an amount equal to the member’s accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member’s accumulated pension benefits are paid, the balance will be payable to the surviving spouse’s designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition of disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance. Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested

employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently re-employed, they have the option of repurchasing their previous service.

Member and Employer Contributions. Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7 percent and employer contribution rates are 9.26 percent of covered compensation.

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service - Greater of one percent of monthly salary or \$25
- 13 to 25 months of service - Greater of two percent of monthly salary or \$25
- 25 to 36 months of service - Greater of three percent of monthly salary or \$25
- Longer than 36 months of service - Greater of four percent of monthly salary or \$25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the North Dakota University System reported a liability of \$167.7 million for its proportionate share of the net pension liability.

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The North Dakota University System proportion of the net pension liability was based on their share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2024, the proportion for the North Dakota University System was 8.97% and increased 0.05 percent from measurement at June 30, 2023.

For the year ended June 30, 2025, the total recognized pension expense for the University was (\$1,468,753).

For the year ended June 30, 2025, the North Dakota University System recognized pension expense of \$6.2 million. At June 30, 2025, the North Dakota University System reported deferred outflows of resources and deferred inflows of resources related to pensions from the University, as follows:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$7,961,480	\$ -
Changes of assumptions	40,411,057	76,091,168
Net difference between projected and actual earnings on pension plan investments	-	1,533,207
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,645,848	2,870,519
Employer contributions subsequent to the measurement date	6,154,479	-
Total	<u>\$59,172,864</u>	<u>\$80,494,894</u>

Deferred outflows of resources of \$6.2 million are related employer contributions after the measurement date and will be recognized as a reduction of net pension liability in the fiscal year ended June 30, 2026.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the North Dakota University System as follows:

Year ended June 30:	
2026	\$(19,944,546)
2027	3,457,989
2028	(9,894,721)
2029	(1,095,231)
2030	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.5 to 17.75% including inflation
Investment rate of return	6.5%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.9%	5.40%
International Equity	19.1	7.00
Private Equity	7.0	8.50
Domestic Fixed Income	23.0	2.88
International Fixed Income	0.0	0.00
Global Real Assets	19.0	6.10
Cash Equivalents	0.0	0.00

Discount Rate. For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits)

and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50 percent; the municipal bond rate is 3.97 percent; and the resulting Single Discount Rate is 6.50 percent.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Employer’s proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.5%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	5.5%	6.5%	7.5%
Employer’s proportionate share of the net pension liability	\$236,974,540	\$167,703,593	\$110,213,271

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued NDPERS financial report.

North Dakota University System Retirement Plan – Defined Contribution Retirement Plan

Description of Plan. This is a privately administered defined contribution retirement plan which provides individual retirement fund contracts for eligible employees as defined by the State Board of Higher Education in its approved retirement resolution with Teachers Insurance and Annuity Association of America (“TIAA”) as recordkeeper of the plan. All benefits vest immediately to the participant. The State Board of Higher Education has the authority for establishing or amending plan provision and establishing or amending contribution requirements. Further information can be obtained by writing to North Dakota University System Office, 600 East Boulevard, Bismarck, North Dakota 58505.

Participation. Effective January 1, 2025, new employees are only eligible for the defined contribution plan. Prior to January 1, 2025, participation in the defined contribution plan was limited to executive, administrative, managerial, academic, and professional employees.

Funding Policy. The plan requires mandatory enrollment for permanent employees based upon their employment classification. Employee and employer contributions are based upon years of service as per the following schedule.

- Class I: Teaching and research faculty with ranks of professor or associate professor, research personnel with equivalent rank, and executive and administrative staff.
- Class II: Teaching and research faculty with ranks of assistant professor or instructor, research personnel and lecturers with equivalent rank, and professional staff.
- Class III: A closed group of administrative assistants who elected participation in the Plan prior to January 1, 1965.
- Class IV: A closed group of employees as established on June 30, 1980, otherwise eligible for participation in the Plan as Class I or Class II employees, who have elected to continue participation in the Teacher’s Fund for Retirement (TFFR) as provided by the 1979 North Dakota Legislature.

Employment Class	Years of Service	Contributions by the Participant	Contributions by the Institution
I and III	0 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
II	0 thru 2	3.5%	7.5%
	3 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
IV	Closed to new participants	4.0%	12.0%
President/Chancellor (additional employer contribution)	less than 3	0.0%	0.0%
	3 to less than 6	0.0%	4.0%
	6 yrs and over	0.0%	8.0%

Plan contributions are made on a tax-deferred basis in accordance with Section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The North Dakota University System has no further liability once annual contributions are made. The North Dakota University System contributed \$58.2 million to TIAA during the fiscal years ending June 30, 2025.

Post-Employment Benefits

State Group Health Plan. The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits. The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14 percent of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "prefunded credit applied" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long-term care plan premium expense. The benefits

are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2025, the System reported a liability of \$7.2 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on the System's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the System's proportion was 8.33 percent, which was a decrease of 1.62 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the System recognized OPEB expense of \$1.2 million. At June 30, 2025, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as shown on the following page:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 89,296	\$ 55,613
Changes of assumptions	1,100,726	495,384
Net difference between projected and actual earnings on OPEB plan investments	-	270,643
Changes in proportion and differences between employer contributions and proportionate share of contributions	153,341	217,235
Employer contributions subsequent to the measurement date	916,905	-
Total	<u>\$2,260,268</u>	<u>\$1,038,875</u>

Deferred outflows of resources of \$917,000, related to OPEB resulting from employer contributions after the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	
2026	\$271,949
2027	622,181
2028	(403,160)
2029	(186,479)
2030	-
Thereafter	-

Actuarial assumptions. The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	Not applicable
Investment rate of return	5.75%, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103 percent for males and 101 percent for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex distinct, with rates multiplied by 117 percent for males and 112 percent for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92 percent for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	33%	4.00%
Small Cap Domestic Equities	6%	6.00%
Domestic Fixed Income	35%	3.29%
International Equities	26%	7.00%

Discount rate. The discount rate used to measure the total OPEB liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plans as of June 30, 2024, calculated using the discount rate of 5.75 percent, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Employer's proportionate share of the net OPEB liability	4.75%	5.75%	6.75%
	\$9,889,551	\$7,235,792	\$5,000,690

Termination Benefits

Termination benefits are benefits provided to employees who are involuntarily or voluntarily terminated, because of budget reductions. Termination benefits agreements may include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare coverage for a designated period of time or a combination of these benefits. The agreement terms vary by institution. The outstanding liability is measured at the discounted present value and projected increases in health insurance rates.

The North Dakota University System entered into voluntary termination agreements with 19 employees for a cost of \$2.7 million in fiscal year 2025. The terms for these agreements range from one month to two and a half months. The System recorded a liability at June 30, 2025 of \$2.7 million for future payments. The System recorded a liability of \$221,000 for five voluntary termination agreements that were entered into in fiscal year 2025.

For the year ended June 30, 2025, the University entered into 13 voluntary termination agreements and no involuntary agreements. The University recorded a liability of \$160,266.

Source: North Dakota University System Annual Financial Reports FY2025.

UNIVERSITY INSURANCE COVERAGE

The North Dakota University System is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are programs established by the State to address some of these risks and loss exposures.

There have been no significant reductions in insurance coverage from the prior year and settled claims from these risks have not exceeded insurance coverage in any of the past three years.

Risk Management Fund

The Risk Management Fund (N.D.C.C. Ch. 32-12.2) was established by the 1995 North Dakota Legislature as a result of a court decision that eliminated the State's sovereign immunity. The Risk Management Division of the Office of Management and Budget administers the Fund.

The Fund provides liability coverage and defense of a claim/lawsuit brought against the state of North Dakota, its agencies and employees acting within the scope of employment. The statutory caps on State liability will increase each year starting in fiscal year 2023 through fiscal year 2027 as shown on the following page:

- Fiscal year 2023: \$375,000 per person, \$1.0 million per occurrence
- Fiscal year 2024: \$406,250 per person and \$1.625 million per occurrence
- Fiscal year 2025: \$437,500 per person and \$1.75 million per occurrence
- Fiscal year 2026: \$468,750 per person and \$1.875 million per occurrence
- Fiscal year 2027: \$500,000 per person and \$2.0 million per occurrence.

The Fund is a risk retention pool that is funded by contributions paid by all State agencies, boards and commissions. The contributions are calculated by an actuary based on various factors, including the agency's loss history and number of full-time employees.

North Dakota Fire and Tornado and State Bonding Fund

The North Dakota University System also participates in the North Dakota Fire and Tornado Fund and State Bonding Fund. The North Dakota University System pays an annual premium to the Fire and Tornado Fund to cover property damage to personal property. Replacement cost coverage is determined in consultation with the Fire and Tornado Fund. The State Bonding Fund currently provides the North Dakota University System with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Risk Management Workers Compensation Program

The Risk Management Workers Compensation Program (N.D.C.C. § 65-04-03.1) was established by the 2001 North Dakota Legislature and created a single workers compensation account for all state agencies. This cross-agency program is designed to save premium dollars through a deductible program while enhancing recovery of injured employees. The program is administered by the Risk Management Division of the Office of Management and Budget.

Workers' compensation provides money and medical benefits to an employee who has an injury as a result of an accident, injury or occupational disease on-the-job. The question of negligence or fault is usually not at issue.

Workforce Safety & Insurance (WSI) continues to determine the level of compensation an injured worker and his or her care provider are entitled to receive; and will determine experience rates, dividends, assessments, and the premiums payable by State entities for workers' compensation coverage. Effective July 1, 2001, workers' compensation premiums are paid to the Risk Management Division rather than to WSI.

Source: North Dakota University System Annual Financial Reports FY2025.

STATE OF NORTH DAKOTA ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

Based on figures from the U.S. Census Bureau, the population of the State of North Dakota for the past three census years and an estimate for 2025 is presented in the following table.

Population	
<u>Year</u>	<u>Population</u>
2025 (Est.)	804,089
2020	779,094
2010	672,591
2000	642,200

Labor Force Statistics

The following table presents annual average unemployment statistics for the State and for the United States for the years 2010 through 2024.

Unemployment Statistics		
<u>Year</u>	<u>United States</u>	<u>North Dakota</u>
2024	4.1%	1.9%
2023	3.8	2.9
2022	3.5	2.2
2021	3.9	2.9
2020	6.7	3.1
2019	3.6	2.6
2018	3.9	2.8
2017	4.1	2.9
2016	4.9	3.2
2015	5.3	2.8
2014	6.2	2.7
2013	7.4	2.9
2012	8.1	3.1
2011	8.9	3.5
2010	9.6	3.8

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE NORTH DAKOTA
UNIVERSITY SYSTEM FOR FISCAL YEAR
ENDING JUNE 30, 2025**

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Annual Financial Report

June 30, 2025

NORTH DAKOTA UNIVERSITY SYSTEM

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INDEPENDENT AUDITOR'S REPORT

Members of the Legislative Assembly

State Board of Higher Education

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the North Dakota University System, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the North Dakota University System's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the North Dakota University System, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units. These statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely presented component units, are based solely on the report of other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the North Dakota University System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matters

Reporting Entity

As discussed in Note 1, the financial statements of the North Dakota University System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities and the aggregate discretely presented component units of the North Dakota University System that is attributable to the transactions of the North Dakota University System. They do not purport to, and do not, present fairly the financial position of the state of North Dakota, as of June 30, 2025, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

Also, as discussed in Note 1, the North Dakota University System adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Error Correction

As discussed in Note 1 to the financial statements, the 2024 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Dakota University System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for

one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the North Dakota University System's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the North Dakota University System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions for pensions, the Schedule of Employer's Share of Net OPEB Liability and the Schedule of Employer Contributions for OPEB be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic

financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively compare the North Dakota University System's basic financial statements. The Combining Financial Statements, Statement of Financial Position – Non-Major Component Units, Statement of Activities – Non-Major Component Units, and Schedule of Bonds Payable and Certificates of Participation - Primary Institution are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Financial Statements, Statement of Financial Position – Non-Major Component Units, Statement of Activities – Non-Major Component Units, and Schedule of Bonds Payable and Certificates of Participation - Primary Institution are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Financial Information for Revenue Producing Buildings but does not include the basic financial statements and our auditor's report, thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and consider whether a material inconstancy exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2025, on our consideration of the North Dakota University System's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and

compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Dakota University System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the North Dakota University System's internal control over financial reporting and compliance.

/S/

Joshua C. Gallion
State Auditor
Bismarck, North Dakota
December 11, 2025

NORTH DAKOTA UNIVERSITY SYSTEM MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

The North Dakota University System's (NDUS) discussion and analysis (MD&A) provides an overview of the System's financial activities for the year ended June 30, 2025 and should be read in conjunction with the accompanying financial statements and notes to the financial statements. The financial statements, notes, and the MD&A are the responsibility of management.

Activities from the eleven public post-secondary institutions, the North Dakota University System Office, and the component units are included in the accompanying financial statements. For a detailed listing of these entities, refer to Note 1 of the accompanying financial statements.

UNDERSTANDING THE FINANCIAL STATEMENTS

The Statement of Net Position reports the assets, deferred outflows, liabilities, deferred inflows and net position at a point in time. The Statement of Revenues, Expenses, and Changes in Net Position reports revenue and expense information. The Statement of Cash Flows summarizes transactions affecting cash and cash equivalents during the fiscal year. It also provides information about the ability of the NDUS to generate future cash flows necessary to meet its obligations and to evaluate its potential for additional financing.

Other non-financial factors, such as the condition of the campuses' infrastructure, changes in legislative funding and changes in student enrollments need to be considered in order to assess the overall health of the NDUS.

The Statement of Net Position is a financial snapshot of the NDUS at June 30, 2025. The statement aids readers in determining the assets available to continue operations; the liabilities owed to vendors, employees and lenders, and the net position of the NDUS.

Assets and liabilities are classified as current or noncurrent. Current assets can be converted to cash within one year of the statement date and are available to satisfy current liabilities. They include cash and cash equivalents, short-term investments and accounts receivable. Noncurrent assets are not convertible to cash within one year and include long-term investments and property, equipment and intangibles. Current liabilities are obligations that are due within one year. Noncurrent liabilities consist of long-term debt and other obligations with maturities greater than one year.

Net position is reported in three categories: investment in capital assets, restricted net position (both nonexpendable and expendable); and unrestricted net position. Net investment in capital assets consists of capital assets less the outstanding debt incurred during the construction or improvement of those assets. Restricted net position is limited in use due to constraints imposed by donors or by law. Unrestricted net position is assets that do not qualify as either invested in capital assets or restricted net position but may have Board or other campus designated restrictions on use.

Unrestricted net position encompasses core operational functions of the campuses. The balances consist of cash, investments, accounts receivable, inventories, and other non-liquid assets less liabilities for these functions. Operating cycles can create balance fluctuations during the fiscal year. Therefore, although some funds are not yet expended as of a particular point in time, they are generally designated for specific uses.

The Statement of Revenues, Expenses, and Changes in Net Position presents total operating and nonoperating revenues and expenses of the NDUS during the year.

Operating revenues include tuition and fees, grants and contracts, sales and services of educational departments and auxiliary enterprise revenues. Operating expenses include, salaries and wages, operating expenses, depreciation, scholarships and fellowships and cost of sales and services.

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

Nonoperating revenues and expense are derived from non-exchange transactions and include state appropriations, non-operating grants and contracts, and institutional aid, insurance proceeds, investment income, gifts, interest on capital asset-related debt and gains or losses on capital assets. State appropriations are classified as nonoperating revenues although they are used to fund operating expenses in accordance with Government Accounting Standards Board (GASB) standards. Other nonoperating items include capital related appropriations, gifts, grants, and transfers.

The Statement of Cash Flows presents cash receipts and payments during the fiscal year. The statement presents sources of cash coming into the NDUS, how cash was expended, and the change in the cash balance during the year.

State appropriations are included in cash flows from noncapital financing activities in accordance with GASB standards, even though the campus budgets depend on this revenue for operations. Other noncapital financing activities includes gifts received from endowment and charitable gift annuities.

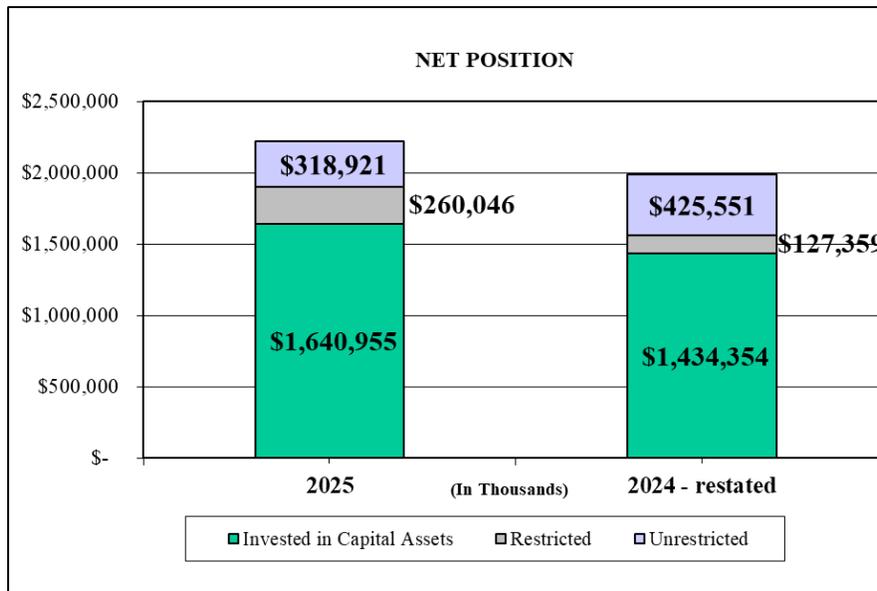
Cash flows from capital and related financing activities include all plant funds and related long-term debt activities (except depreciation and amortization), as well as capital gifts, grants and appropriations.

Purchases and sales of investments and income earned on investments are included in cash flows from investing activities.

FINANCIAL HIGHLIGHTS

Total assets and deferred outflows of resources were \$3.4 billion and total liabilities and deferred inflows were \$1.2 billion, resulting in a net position of \$2.2 billion. Net position increased \$232.7 million from fiscal year 2024.

The following graph illustrates the net position breakdown for fiscal years ending June 30, 2025 and 2024, as restated:



MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Invested in capital assets is the largest category of net position due to the significant size of the NDUS' physical infrastructure. Additional information explaining the increase in fiscal year 2025 from fiscal year 2024 is explained in the Capital Assets and Intangibles section on pages 13 and 14 of this MD&A.

STATEMENT OF NET POSITION

The following table shows the Condensed Statement of Net Position at June 30, 2025 and 2024, as restated:

	June 30 (in thousands)		Dollar Change	Percent Change
	2025	2024-restated		
Current assets	\$ 730,702	\$ 862,218	\$ (131,516)	-15%
Capital assets, net	2,264,796	2,043,232	221,564	11%
Other noncurrent assets	359,789	153,367	206,422	135%
Total assets	3,355,287	3,058,817	296,470	10%
Deferred outflows of resources	63,837	121,269	(57,432)	-47%
Current liabilities	230,211	213,869	16,342	8%
Noncurrent liabilities	886,584	841,410	45,174	5%
Total liabilities	1,116,795	1,055,279	61,516	6%
Deferred inflows of resources	82,407	137,544	(55,137)	-40%
Invested in capital assets	1,640,955	1,434,354	206,601	14%
Restricted	260,046	127,359	132,687	104%
Unrestricted	318,921	425,551	(106,630)	-25%
Total Net Position	\$ 2,219,922	\$ 1,987,264	\$ 232,658	12%

Capital assets, net increased \$221.6 million or 11 percent and are discussed in more detail in a later section of this MD&A.

The increase in other noncurrent assets of \$206.4 million is mainly attributed to an increase of \$26.7 million at BSC, a \$73.6 million in restricted cash and cash equivalents at UND and an increase of \$99.9 million in restricted cash and cash equivalents at NDSU. BSC issued housing and auxiliary facilities revenue bonds in fiscal year 2025 and invested the proceeds in restricted investments. The investment balance at June 30, 2025 for these proceeds was approximately \$25.0 million. UND's restricted cash increased \$57.4 million due to funding received from the North Dakota Strategic Investment and Improvements Fund (SIIF) for a science, engineering and national security corridor. UND Alumni Association and Foundation issued \$31.5 million in revenue bonds and \$16.6 million of the proceeds is recorded in restricted cash and cash equivalents. NDSU's restricted cash increased \$99.9 million due to funding received from North Dakota SIIF for the center for engineering and computational sciences and the agricultural field lab. Cash balances at year-end may also fluctuate from year-to-year depending on operational needs and the accounts payable payment cycles.

Additionally, NDSU invested an additional \$6.0 million in certificates of deposit at the Bank of North Dakota and UND transferred \$3.1 million from gifts to investments managed by UND Alumni Association and Foundation on behalf of UND.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Deferred outflows of resources and deferred inflows of resources decreased \$57.4 million and \$55.1 million, respectively, due to changes in actuarial assumptions related to the pension liability. The amounts are actuarially determined each year by actuaries commissioned by the North Dakota Public Employees Retirement System (PERS).

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The following table shows a Condensed Statement of Revenues, Expenses and Changes in Net Position for the fiscal years ended June 30, 2025 and 2024.

	June 30 (in thousands)		Dollar Change	Percent Change
	2025	2024		
Operating revenues	\$ 933,516	\$ 870,520	\$ 62,996	7%
Operating expenses	1,573,686	1,460,212	113,474	8%
Operating loss	(640,171)	(589,692)	(50,479)	9%
Nonoperating revenues, net of expenses	632,984	661,270	(28,286)	-4%
Income (loss) before capital grants, gifts, and transfer	(7,187)	71,578	(78,765)	-110%
Capital appropriations, grants and gifts	239,845	218,713	21,132	10%
Increase (loss) in net position	\$ 232,658	\$ 290,291	\$ (57,633)	-20%

Operating revenues and expenses fluctuations are discussed in later sections of this MD&A analysis.

Revenues

The following table shows revenues by source for the fiscal years ended June 30, 2025 and 2024:

	June 30 (in Thousands)		Dollar Change	Percent Change
	2025	2024		
Operating revenues				
Student tuition and fees	\$ 365,852	\$ 370,739	\$ (4,887)	-1%
Grants and contracts	329,956	281,637	48,319	17%
Sales and services of education departments	112,480	103,175	9,305	9%
Auxiliary enterprises	124,329	114,001	10,328	9%
Other	899	968	(69)	-7%
Total operating revenues	933,516	870,520	62,996	7%
Nonoperating revenues, capital gifts and grants				
State appropriations	\$ 482,640	\$ 479,448	\$ 3,193	1%
Federal appropriations	8,746	7,516	1,230	16%
Federal grants and contracts	77,479	118,743	(41,264)	-35%
Gifts	77,789	64,041	13,748	21%
Endowment and investment income	21,456	17,782	3,674	21%
Insurance proceeds	1,578	620	958	155%
Tax revenues	6,515	6,620	(105)	-2%
State appropriations-capital assets	201,259	176,200	25,059	14%
Capital grants and gifts	38,586	42,513	(3,927)	-9%
Total	916,048	913,483	2,566	0%
Total Revenues	\$ 1,849,564	\$ 1,784,003	\$ 65,562	4%

Operating grants and contracts increased mainly due to increases at NDSU and UND. NDSU's awards increased \$4.7 million in the FARMS Innovation Engine, \$1.0 million for the North Dakota Forest Service and \$1.6 million

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

for the AG Experient Station, AG and Biosystems Engineering and Plant Science. UND EERC’s awards increased 81 percent in fiscal year 2025.

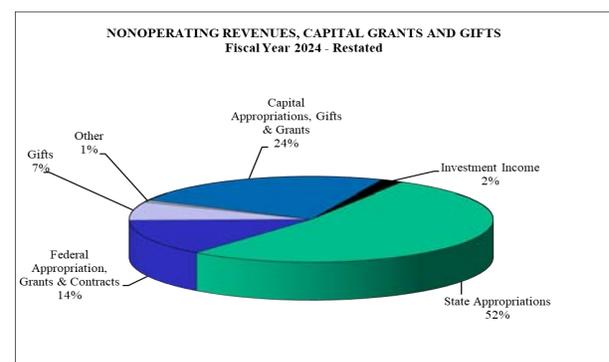
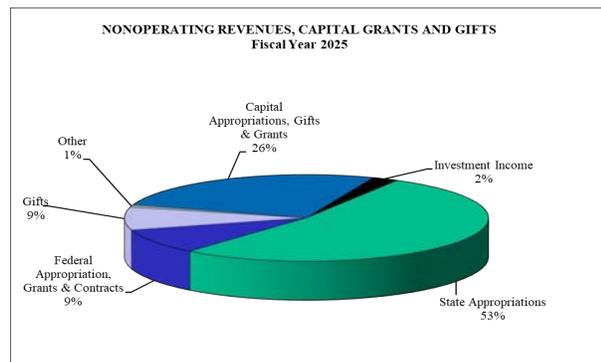
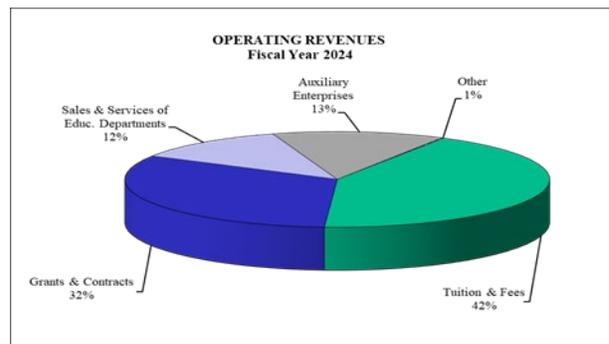
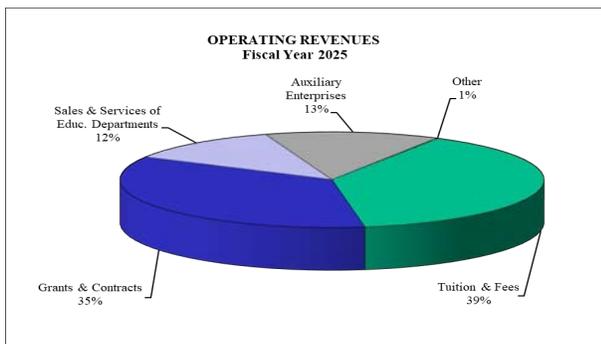
The increase in auxiliary revenue of \$10.3 million was the result of increased enrollments at BSC, NDSCS, NDSU and UND. The increase at BSC (\$825,000), NDSCS (\$1.5 million) and UND (\$4.3 million) are primarily the result of increased enrollments. The increase at NDSU (\$2.0 million) are primarily the result of increased rates for room and board as well as increased bookstore sales.

Federal grants and contracts (nonoperating revenues) decreased \$41.3 million or 35 percent due to a decrease in the Covid related stimulus grant revenue of \$54.3 million. In fiscal year 2025, \$24.8 million was recognized for these grants compared to \$79.1 million in fiscal year 2024. The fiscal year 2024 balance included \$25.0 million for the BSC Polytechnic Building, \$26.2 million for the MiSU Hartnett Hall remodel project and \$29.0 for the UND Merrifield project. The fiscal year 2025 decrease in nonoperating federal grants and contracts was partially offset by increases in Pell Grant revenue at NDSCS, NDSU and UND and increases in Pell Grant and Federal Supplemental Educational Opportunity Grant (SEOG) revenues at BSC and MiSU.

Gifts increased \$13.7 million or 21 percent, mainly due to the following:

- NDSCS: increase of \$2.5 million in departmental gifts and Challenge Grants activity, specifically the new Aviation program.
- NDSU: increase of \$4.4 million in gifts from the NDSU Foundation for student scholarships and \$901,000 for NDSU athletics.
- UND: increase of \$2.8 million in gifts from the UND Foundation and Alumni Association for student scholarships.

The following graphs depict sources of operating and nonoperating revenues for fiscal year 2025 and 2024:



MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Expenses

The following table shows expenses by natural classification for the fiscal years ended June 30, 2025 and 2024.

	June 30 (in Thousands)		Dollar Change	Percent Change
	June 30, 2025	June 30, 2024		
Operating expenses				
Salaries and wages	\$ 954,167	\$ 912,268	\$ 41,899	5%
Operating expenses	404,451	349,452	54,999	16%
Information technology	21,073	19,943	1,130	6%
Depreciation expense	107,365	100,268	7,097	7%
Scholarships and fellowships	58,657	51,786	6,871	13%
HEERF Act Aid to Students	-	(7)	7	-100%
Cost of sales and services	27,973	26,503	1,469	6%
Total operating expenses	1,573,686	1,460,212	113,474	8%
Nonoperating expenses				
Interest on capital asset related debt	23,103	23,056	47	0%
Loss on sale of capital assets	1,011	3,708	(2,697)	-73%
General and special grant expenditures	11,695	23,060	(11,365)	-49%
Transfers to North Dakota Industrial Commission	5,096	6,343	(1,247)	-20%
Other nonoperating expense (revenue), net	2,315	(22,667)	24,982	-110%
Total nonoperating expenses	43,220	33,499	9,721	29%
Total expenses	\$ 1,616,906	\$ 1,493,712	\$ 123,194	8%

Operating expenses increased \$55.0 million or 16 percent in fiscal year 2025. The increase is primarily due to:

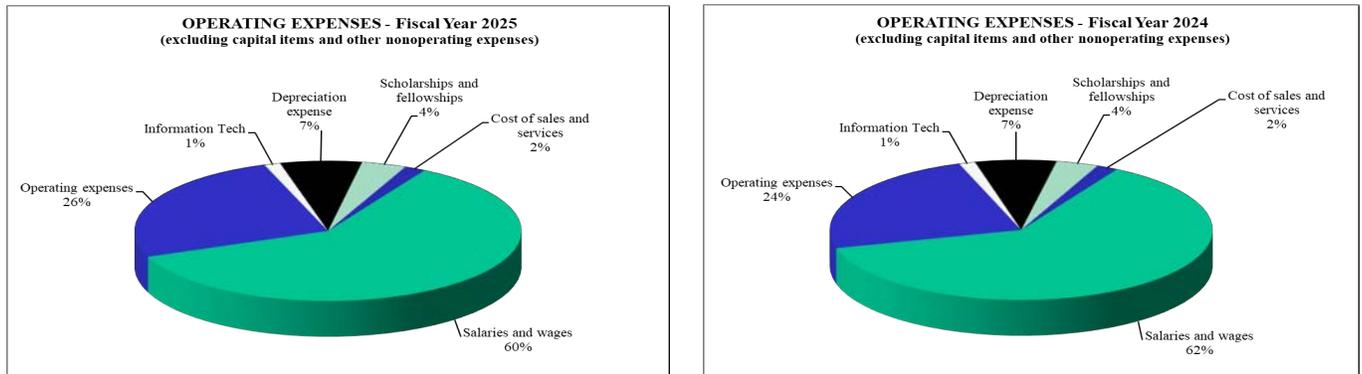
- Subcontracts expense increased \$24.5 million due to an increase in subcontracts at UND EERC.
- Contract services increased \$8.1 million as a result of:
 - Increased contract payments by the UND School of Medicine to the Rough Rider Network. The Rough Rider Network rural healthcare services throughout North Dakota,
 - Additional contract services for Enrollment Management and Academic departments at NDSCS,
 - Increased contract services at DSU for Dining, Residence Halls, the Nursing Program and the Agriculture and Athletic Departments.
- Team travel expense increased \$2.2 million. The increase is mostly due to additional team travel expense at NDSU. NDSU football had more regular season flights based on opponents' location in fiscal year 2025. Additionally, the team advanced to the FCS Championship in fiscal year 2025 and upon winning the championship, they traveled to Washington D.C. for a visit to the White House. In fiscal year, 2024, the team advanced to the semifinals. The baseball team, women's basketball, soccer, women's golf, wrestling, softball and men and women's track teams incurred additional flights due to opponents or tournament locations in fiscal year 2025.
- Non-capitalized equipment expenses increased \$4.0 million. The increase is mainly the result of increased equipment purchases at NDSU for residence life facilities.
- Other repairs expense at UND increased \$2.9 million due to increased Aerospace activities. Also, in fiscal year 2025, UND performed more maintenance on aircraft in house.
- Other operating expenses increased \$1.3 million in fiscal year 2025. The increase is primarily due to increased costs incurred by the North Dakota Forest Service for outside fire work professionals to assist with fire suppression efforts, fuels work and a pine tree project.

General and special grant expenditures decreased \$11.4 million or 49 percent in fiscal year 2025. Fiscal year 2024 experienced increased expenditures in the North Dakota Challenge Grant and Nursing Education Consortium payments, which typically are spent primarily in the first fiscal year of the biennium.

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

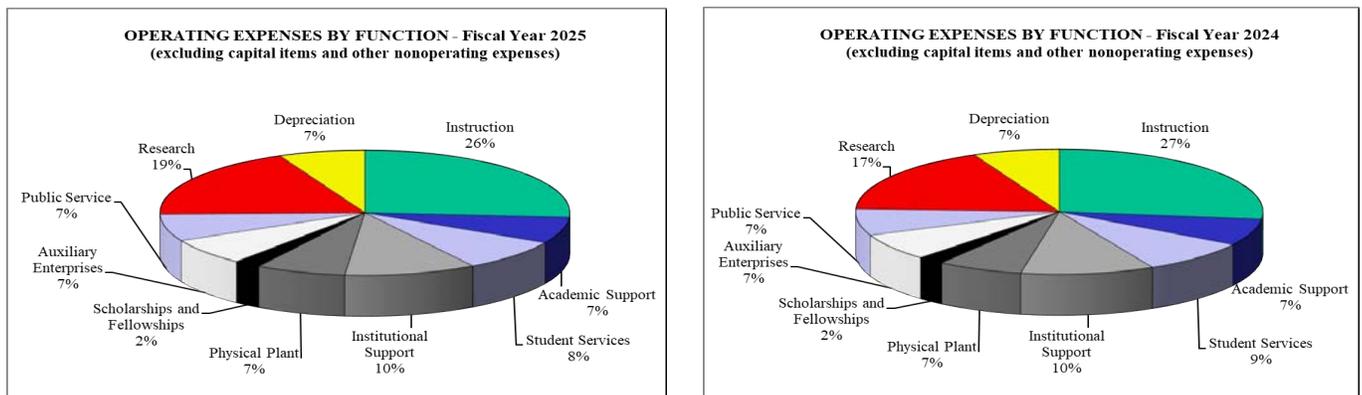
Other nonoperating expenses (revenue) decreased \$25.0 million or 110 percent in fiscal year 2025 compared to fiscal year 2024. In fiscal year 2024, the 2023 Legislative Assembly established a Capital Building Fund for \$24.0 million.

The following chart depicts the uses of operating funds according to natural classification for fiscal years 2025 and 2024:



The allocation of operating expenses among the natural classification categories has not changed significantly from fiscal year 2024.

The following chart illustrates operating expenses by function for fiscal years 2025 and 2024:



The allocation of expenses to functional areas has not changed significantly from the prior year.

Instructional expenses continue to represent the largest expenditure category. The instructional function includes all expenses related to instruction (e.g. classroom, distance education and continuing education) and instructional support.

Academic support includes libraries, academic deans, and other departments that directly support the academic unit of the campuses. Student services include all offices that provide a specific service to students, including career services, registration, admissions and counseling.

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2025

Institutional support includes staff that supports the institution as a whole (e.g. business office, IT support and president's office).

The physical plant function includes upkeep, maintenance and utilities for campus facilities.

Scholarships and fellowships include aid provided to students.

Auxiliary enterprises are self-supporting activities of the campuses, such as bookstore, food service and housing.

Depreciation represents the non-cash expense of capitalized assets over time.

Public service includes expenses for activities established primarily to provide non-instructional services that are beneficial to individuals and groups external to the institution.

All activities specifically organized to produce research, which is mostly federally funded, are included in the research function.

STATEMENT OF CASH FLOWS

The Condensed Statement of Cash Flows for the fiscal years ended June 30, 2025 and 2024 is shown below:

	June 30 (in thousands)	
	2025	2024
Cash flows from operating activities	\$ (515,782)	\$ (447,659)
Cash flows from noncapital financing activities	608,064	574,291
Cash flows from capital and related financing activities	(19,547)	21,847
Cash flows from investing activities	(16,955)	(79,232)
Increase in cash and cash equivalents during the year	<u>\$ 55,780</u>	<u>\$ 69,247</u>

Consistent with accounting standards, cash flows from state appropriations (excluding capital assets) are included in noncapital financing activities, even though they provide funding for operating activities. Cash received from state appropriations, excluding capital assets, was \$475.6 million in fiscal year 2025 and \$480.3 million in fiscal year 2024. If these amounts are added to the cash flows from operating activities, the result is a cash outflow of \$40.2 million in fiscal year 2025 and a cash inflow of \$32.6 million in fiscal year 2024.

CAPITAL ASSET AND LONG-TERM LIABILITIES HIGHLIGHTS

CAPITAL ASSETS AND INTANGIBLES

On June 30, 2025, the NDUS had \$2.3 billion invested in net capital assets and intangibles, which represents a net increase of \$225.6 million or 11 percent during the fiscal year.

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

	June 30 (in thousands)	
	2025	2024-restated
Land	\$ 22,647	\$ 22,647
Land improvements/infrastructure	305,451	301,192
Buildings	2,447,520	2,258,703
Furniture, fixtures, and equipment	455,806	432,755
Library materials	81,464	81,626
Construction in progress	296,916	227,121
Capitalized software	24,391	24,381
Right-of-use on long-term leases	57,572	43,930
SBITAs	41,422	38,591
Other intangibles	2,291	2,273
Total	3,735,480	3,433,219
Total accumulated depreciation and amortization	(1,470,684)	(1,390,064)
Capital assets, net	\$ 2,264,796	\$ 2,043,155

Total additions to depreciable capital assets and intangibles in fiscal year 2025 were \$135.5 million.

Construction in progress for other projects underway totaled \$297.0 million at June 30, 2025. Major projects and their total project costs through June 30, 2025 include:

- BSC
 - Athletic Facility - \$15.0 million
- DSU
 - Ag Building and Rodeo Arena - \$10.5 million
- MaSU
 - Old Main Renovation - \$12.7 million
- MiSU
 - Hartnett Hall renovation - \$25.2 million
- NDSCS
 - Precision Ag Tech Center - \$13.1 million
- NDSU
 - Agriculture Products Development Center - \$82.8 million
 - AES Filed Lab Facility - \$39.7 million
 - Richard Offerdahl Engineering Complex - \$29.5
- UND
 - EERC MATEX Facility Construction - \$16.4 million
 - Stem Building - \$2.9 million
- WSC
 - Healthcare Training Facility - \$25.8 million

Outstanding commitments for these and other capital projects as of June 30, 2025 totaled \$237.2 million. More information about the System’s capital assets is presented in Note 5 and Note 18 to the financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025

LONG-TERM LIABILITIES

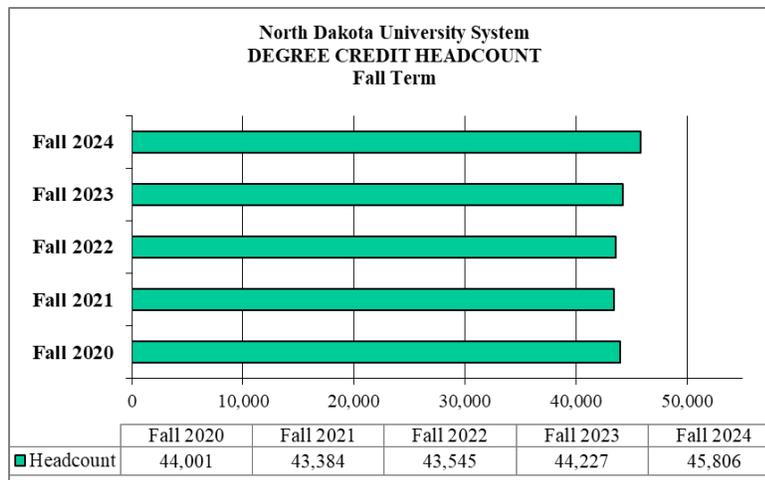
	<u>2025</u>	<u>2024 - restated</u>
Bonds payable	\$ 331,092	\$ 280,871
Certificates of participation	247,193	249,180
Notes payable	17,824	20,583
Leases payable	42,629	32,700
Special assessments	17,653	17,245
Compensated absences	76,561	73,009
Total Long-term liabilities	<u>\$ 732,952</u>	<u>\$ 673,588</u>

Long-term liabilities added in fiscal year 2025 totaled \$86.0 million and retirements totaled \$26.6 million.

OTHER HIGHLIGHTS

STUDENT ENROLLMENTS -

As illustrated in the chart below, Annual Degree Credit Headcount enrollment for fall 2024 increased by 1,579 or 3.6 percent compared to fall 2023 and increased by 1,805 or 4.1 percent compared to fall 2020.



Source: 2024 Fall Enrollment Report: Table 1-Total Headcounts, Full Time Equivalencies & Scheduled Credit Hours

Additional detailed enrollment data is contained in the 2024 NDUS Fall Enrollment Report.

STATE FUNDING

The 2023 Legislative Assembly approved a state general fund appropriation for all entities of the North Dakota University System of \$989.2 million for the 2023-25 biennium. This is an increase of \$176.2 million above the 2021-23 original appropriation. Of the total increases, \$117.4 million was base funding and \$58.8 million was changes in one-time funding items.

FINANCIAL CONTACT

The System’s financial statements are designed to present users with a general overview of the System’s finances and to demonstrate accountability. If you have questions about the report or need additional financial information, contact the System’s Director of Financial Reporting at www.ndus.edu or State Capitol, 600 E. Boulevard, Department 215, Bismarck, ND 58505-0230.

NORTH DAKOTA UNIVERSITY SYSTEM
Financial Statements
June 30, 2025

STATEMENT OF NET POSITION

	Primary Institutions
ASSETS	
Current assets	
Cash and cash equivalents	\$ 281,477,127
Investments	288,783,256
Accounts receivable, net	37,343,149
Due from component units - investments held on behalf of the institutions	403,716
Due from component units	18,879,986
Due from State general fund	14,899,407
Grants and contracts receivables, net	72,936,470
Inventories	8,402,531
Lease receivable	33,285
Notes receivable, net	1,002,760
Other assets	6,540,075
Total current assets	730,701,762
Noncurrent assets	
Restricted cash and cash equivalents	218,237,942
Restricted investments	27,542,278
Endowment investments	575,525
Lease receivable	733,870
Notes receivable, net	8,947,372
Other long-term investments	74,830,096
Due from component units - investments held on behalf of the institutions	28,268,721
Due from component units	653,571
Other noncurrent assets	(246)
Capital assets, net	2,264,795,744
Total noncurrent assets	2,624,584,873
Total assets	3,355,286,635
Deferred outflows of resources	
Deferred outflows of resources	63,837,041
LIABILITIES	
Current liabilities	
Checks issued in excess of restricted cash	9,019,120
Accounts payable and accrued liabilities	85,755,858
Due to component units	755,576
Accrued payroll	50,422,642
Unearned revenue	39,070,744
Deposits	7,366,807
SBITA liabilities current portion	5,912,704
Long-term liabilities - current portion	
Due to component units	4,121,963
Due to others	27,785,400
Total current liabilities	230,210,814
Noncurrent liabilities	
Pension liability	167,703,593
OPEB liability	7,235,924
SBITA liabilities noncurrent portion	10,592,836
Other noncurrent liabilities	7,802
Long-term liabilities	
Due to component units	51,951,116
Due to others	649,092,953
Total noncurrent liabilities	886,584,224
Total liabilities	1,116,795,038
Deferred inflows of resources	
Deferred inflows of resources	82,406,627
NET POSITION	
Net investment in capital assets	1,640,955,136
Restricted for:	
Nonexpendable:	
Scholarships and fellowships	21,243,191
Expendable:	
Scholarships and fellowships	5,767,579
Research	11,922,820
Institutional	11,214,772
Loans	17,185,766
Capital projects	185,687,789
Debt service	4,765,143
Other	2,258,538
Unrestricted	318,921,275
Total net position	\$ 2,219,922,009

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL STATEMENTS
JUNE 30, 2025

STATEMENT OF FINANCIAL POSITION

FASB Basis	Component Units
ASSETS	
Current assets	
Cash and cash equivalents	\$ 95,379,810
Investments	93,315,921
Accounts receivable, net	2,134,631
Notes receivable	3,533,875
Grants receivable	1,831,485
Receivable from primary institution	3,626,626
Unconditional promises to give, net of allowance	33,907,052
Inventories	1,565,691
Current portion of net investment in direct financing leases	939,426
Other assets	35,426,925
Total current assets	<u>271,661,442</u>
Noncurrent assets	
Restricted cash and cash equivalents	22,466,191
Investments	
Investments, net of current portion	1,105,142,632
Investments, restricted	6,325,704
Investments held in trust	33,267,036
Beneficial interest in trust	20,685,804
Charitable gift annuity investments	6,493,568
Charitable remainder trust account investments	13,802,758
Real estate and equipment held for investment, net of accumulated depreciation	23,293,613
Other long-term investments	41,004,147
Total investments	<u>1,250,015,262</u>
Contracts for deed and notes receivable, net of current portions	381,972
Long term pledges receivable/ unconditional promises to give	65,217,458
Other receivables	9,834,451
Receivable from primary institution	46,942,485
Notes receivable, net	6,437,922
Net investment in direct financing leases, net of current portion	7,114,008
Other noncurrent assets	6,943,263
Capital assets, net	204,708,378
Total noncurrent assets	<u>1,620,061,390</u>
Total assets	<u>1,891,722,832</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	8,048,559
Payable to primary institutions	11,565,548
Accrued payroll	1,928,872
and life income agreements	2,775,486
Deferred revenue	14,191,738
Other current liabilities	1,785,299
Long-term liabilities--current portion	21,143,086
Total current liabilities	<u>61,438,588</u>
Noncurrent liabilities	
Deposits	23,268,824
Payable to primary institutions	1,056,723
Investments held on behalf of Institutions	4,159,935
Gift annuities and life income agreements, net of current portion	17,086,403
Obligations under split-interest agreement	8,593,939
Other noncurrent liabilities	1,088,674
Long-term liabilities	123,061,650
Total noncurrent liabilities	<u>178,316,148</u>
Total liabilities	<u>239,754,736</u>
NET ASSETS	
Without donor restrictions	326,038,546
With donor restrictions	1,325,929,550
Total net assets	<u>1,651,968,096</u>
Total liabilities and net assets	<u>\$ 1,891,722,832</u>

NORTH DAKOTA UNIVERSITY SYSTEM
Financial Statements
June 30, 2025

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	<u>Primary Institution</u>
OPERATING REVENUES	
Student tuition and fees (net of scholarship allowances of \$108.1 million and bad debt allowance of \$1.9 million)	\$ 365,852,016
Federal grants and contracts	231,679,749
State grants and contracts	53,148,820
Nongovernmental grants and contracts	45,127,162
Sales and services of educational departments (net of bad debt allowance of \$266,000)	112,480,076
Auxiliary enterprises (net of scholarship allowances of \$1.6 million and bad debt allowance of \$608,000)	124,329,092
Other (net of bad debt allowance of \$212,000)	898,822
Total operating revenues	<u>933,515,737</u>
OPERATING EXPENSES	
Salaries and wages	954,167,090
Operating expenses	404,451,468
Information Technology	21,073,287
Depreciation expense	107,365,331
Scholarships and fellowships	58,656,678
Cost of sales and services	27,972,502
Total operating expenses	<u>1,573,686,356</u>
Operating income (loss)	<u>(640,170,619)</u>
NONOPERATING REVENUES (EXPENSES)	
State appropriations	482,639,708
Federal appropriations	8,746,139
Federal grants and contracts (net of bad debt allowance of \$23,000)	52,708,181
Federal grants and contracts stimulus	24,771,300
Local appropriations	-
Gifts	77,789,481
Endowment and investment income	21,456,367
Interest on capital asset - related debt	(23,102,858)
Gain (loss) on disposal of capital assets	(1,011,409)
Insurance proceeds	1,577,807
Tax revenues	6,514,729
General and special grant expenditures	(11,694,716)
Transfers to North Dakota Industrial Commission	(5,096,244)
Other nonoperating revenues (expenses)	(2,314,706)
Net nonoperating revenues (expenses)	<u>632,983,780</u>
Income (loss) before capital grants, gifts, and transfers	(7,186,840)
State appropriations - capital assets	201,259,059
Capital grants and gifts	38,585,523
Total other revenue	<u>239,844,582</u>
Increase (decrease) in net position	<u>232,657,743</u>
NET POSITION	
Net position - beginning of year, as restated	1,987,264,266
Net position - end of year	<u>\$ 2,219,922,009</u>

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL STATEMENTS
JUNE 30, 2025

STATEMENT OF ACTIVITIES

FASB BASIS	Component Units
Support and revenue	
Gifts and contributions	\$ 113,446,302
Investment income	57,401,559
Grant revenue	37,418
Net realized and unrealized gains (losses) on investment securities	38,734,762
Program and event income	70,292,863
Other income	12,791,559
Total support and revenue	<u>292,704,463</u>
Expenses	
Program services	89,109,303
Supporting services	62,316,581
Fundraising expense	9,367,676
Total operating expenses	<u>160,793,560</u>
Change in net assets	131,910,903
Net assets, beginning of year, as restated	<u>1,520,057,193</u>
Net assets, end of year	<u>\$ 1,651,968,096</u>

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL STATEMENTS
JUNE 30, 2025

STATEMENT OF CASH FLOWS

	Primary Institution
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 366,938,035
Grants and contracts	329,697,031
Payments to suppliers	(434,205,585)
Payments to employees	(952,295,146)
Payments for scholarships and fellowships	(58,656,684)
Loans issued to students	(1,437,921)
Collection of loans to students	1,805,651
Auxiliary enterprise charges	123,969,121
Sales and service of educational departments	110,718,247
Cash received/(paid) on deposits	1,287,011
Other receipts (payments)	(3,601,829)
Net cash used by operating activities	<u>(515,782,069)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	475,551,949
Federal appropriations	8,689,206
Grants and gifts received for other than capital purposes	127,498,632
Grants given for other than capital purposes	(11,694,717)
Federal stimulus revenues	6,110,195
Direct lending receipts	201,184,549
Direct lending disbursements	(200,694,360)
Transfers to Industrial Commission	(5,096,245)
Tax revenues	6,514,730
Net cash flows provided by noncapital financing activities	<u>608,063,939</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of debt	64,566,835
Capital appropriations	197,478,566
Capital grants and gifts received	43,358,744
Federal stimulus revenue capital	18,661,105
Proceeds from sale of capital assets	234,148
Proceeds from lease receivables	31,879
Purchases of capital assets	(287,363,718)
Insurance proceeds	1,577,809
Principal paid on capital debt and leases	(33,807,696)
Deposits with capital debt payment trustees	19,724
Interest paid on capital debt and lease	(24,304,102)
Net cash used by capital and related financing activities	<u>(19,546,706)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	147,479,448
Interest on investments	20,075,568
Purchase of investments	(184,509,597)
Net cash provided by investing activities	<u>(16,954,581)</u>
Net increase (decrease) in cash	55,780,583
CASH - BEGINNING OF YEAR	\$ 443,934,486
CASH - END OF YEAR	<u>\$ 499,715,069</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (640,170,619)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities	
Depreciation and amortization expense	107,365,331
Other nonoperating revenues (expenses)	(7,237,896)
Change in assets, deferred outflows, liabilities and deferred inflows	
Checks issued in excess of restricted cash	9,019,120
Accounts receivable adjusted for interest receivable	(257,233)
Grant & contract receivables	(269,811)
Inventories	390,298
Notes receivable	434,223
Other assets	2,738,429
Accounts payable and accrued liabilities adjusted for interest payable	7,211,588
Pension liability	(4,123,272)
OPEB liability	(1,132,654)
Net change in deferred outflows	57,231,784
Net change in deferred inflows	(55,098,858)
Accrued payroll	1,529,766
Compensated absences	3,476,279
Unearned revenue	1,824,442
Deposits	1,287,014
Net cash provided (used) by operating activities	<u>\$ (515,782,069)</u>
SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS	
Assets acquired through long-term leases	\$ 15,059,890
Assets acquired through note payable	(227,226)
Assets acquired through long-term software based IT arrangements	9,362,207
Assets acquired through special assessments	1,178,220
Gifts of capital assets	203,037
Net increase (decrease) in value of investments	17,571,419
Total non-cash transactions	<u>\$ 43,147,547</u>

NORTH DAKOTA UNIVERSITY SYSTEM
Financial Statements
JUNE 30, 2025

STATEMENT OF FINANCIAL POSITION- MAJOR COMPONENT UNITS

FASB BASIS	BSC		MISU		NDSU		NDSU		UND		UND Alumni	
	Foundation		Development		Foundation		Foundation		Aerospace		Association & UND	
	June 30, 2025	June 30, 2025	June 30, 2025	June 30, 2025	June 30, 2025	December 31, 2024	June 30, 2025	June 30, 2025	June 30, 2025	December 31, 2024	June 30, 2025	December 31, 2024
Assets												
Current assets												
Cash and cash equivalents	\$ 713,919	\$ 627,224	1,007,585	\$ 10,869,015	\$ 174,275	\$ 45,983,834	\$ 22,154,086					
Investments	586,548	-	36,656,489	26,550,791	488,000	-	-					
Accounts receivable, net	11,680	14,751	-	26,837	22,057	1,103,301	-					
Notes Receivable	-	14,802	1,767,629	67,647	-	1,500,000	-					
Grants Receivable	-	-	1,831,485	-	-	-	-					
Receivable from primary institution	52,839	-	-	133,118	-	813,044	495,000					
Unconditional promises to give, net of allowance	2,536,260	454,056	455	15,820,643	-	-	9,788,102					
Inventories	-	-	-	-	-	962,473	1,600					
Current portion of net investment in direct financing leases	-	-	-	-	939,426	-	-					
Other assets	57,192	47,184	8,969	362,929	202,535	1,027,191	32,909,697					
Total current assets	<u>3,958,438</u>	<u>1,158,017</u>	<u>41,272,612</u>	<u>53,830,980</u>	<u>1,826,293</u>	<u>51,389,843</u>	<u>65,348,485</u>					
Noncurrent assets												
Restricted cash and cash equivalents	-	-	-	21,877,604	-	-	-					
Investments												
Investments, net of current portion	46,041,792	45,973,742	-	537,145,309	719,315	-	443,992,917					
Investments, restricted	-	-	-	-	-	-	-					
Investments held in trust	5,838,277	4,159,935	-	-	-	-	23,268,824					
Beneficial interest in trust	1,597,067	-	-	-	-	-	19,088,737					
Charitable gift annuity investments	-	-	-	-	-	-	6,493,568					
Charitable remainder trust account investments	-	-	-	-	-	-	13,802,758					
Real estate and equipment held for investment, net of accumulated depreciation	192,960	-	-	23,100,653	-	-	-					
Other long-term investments	46,606	-	-	17,878,457	-	424,991	13,249,743					
Total investments	<u>53,716,702</u>	<u>50,133,677</u>	<u>-</u>	<u>578,124,419</u>	<u>719,315</u>	<u>424,991</u>	<u>519,896,547</u>					
Contracts for deed and notes receivable, net of current portions	-	-	-	381,972	-	-	-					
Long term pledges												
receivable/unconditional promises to give	1,541,219	1,009,895	2,145,784	29,910,205	-	284,000	27,873,955					
Other receivables	-	-	-	-	-	-	9,834,451					
Receivable from primary institution	365,790	-	-	-	-	-	30,835,000					
Notes receivable, net	-	437,922	-	-	6,000,000	-	-					
Net investment in direct financing leases, net of current portion	-	-	-	-	6,545,803	-	568,205					
Other noncurrent assets	158,391	1,312,651	49,224	1,241,535	490,280	2,047,264	-					
Capital assets, net	11,987,762	11,317,440	36,882,608	3,492,433	6,874,031	68,835,463	15,462,052					
Total noncurrent assets	<u>67,769,864</u>	<u>64,211,585</u>	<u>39,077,616</u>	<u>635,028,168</u>	<u>20,629,429</u>	<u>71,591,718</u>	<u>604,470,210</u>					
Total assets	<u>71,728,302</u>	<u>65,369,602</u>	<u>80,350,228</u>	<u>688,859,148</u>	<u>22,455,722</u>	<u>122,981,561</u>	<u>669,818,695</u>					
LIABILITIES												
Current liabilities												
Accounts payable and accrued liabilities	187,469	203,448	1,803,756	895,659	70,114	513,607	781,132					
Payable to primary institution	121,155	332,513	631,048	3,999,368	5,449	1,078,574	632,133					
Accrued payroll	-	-	-	-	86,293	1,126,699	715,749					
Current portion of gift annuities and life income agreements	353,385	101,240	-	942,013	-	-	1,378,848					
Deferred revenue	-	-	65,613	-	20,000	5,205,161	2,346,625					
Other current liabilities	1,034	-	-	1,300,029	-	151,516	-					
Long-term liabilities-current portion	235,309	3,991,797	7,258,783	2,166,812	1,024,407	1,923,197	4,405,982					
Total current liabilities	<u>898,352</u>	<u>4,628,998</u>	<u>9,759,200</u>	<u>9,303,881</u>	<u>1,206,263</u>	<u>9,998,754</u>	<u>10,260,469</u>					
Noncurrent liabilities												
Deposits	-	-	-	-	-	-	23,268,824					
Payable to primary institution	-	403,152	653,571	-	-	-	-					
Investments held on behalf of institutions	-	4,159,935	-	-	-	-	-					
Gift annuities and life income agreements, net of current portion	2,755,825	396,933	431,492	-	-	-	13,502,153					
Obligations under split-interest agreement membership units	82,426	-	-	8,511,513	-	-	-					
Other noncurrent liabilities	459,014	-	-	-	43,373	586,287	-					
Long-term liabilities	3,647,639	737,610	-	29,813,216	13,002,927	3,690,302	60,930,696					
Total noncurrent liabilities	<u>6,944,904</u>	<u>5,697,630</u>	<u>1,085,063</u>	<u>38,324,729</u>	<u>13,046,300</u>	<u>4,276,589</u>	<u>97,701,673</u>					
Total liabilities	<u>7,843,256</u>	<u>10,326,628</u>	<u>10,844,263</u>	<u>47,628,610</u>	<u>14,252,563</u>	<u>14,275,343</u>	<u>107,962,142</u>					
NET ASSETS												
Without donor restrictions	10,291,166	9,418,565	2,972,545	34,815,288	8,203,159	96,863,023	84,148,922					
With donor restrictions	53,593,880	45,624,409	66,533,420	606,415,250	-	11,843,195	477,707,631					
Total net assets	<u>63,885,046</u>	<u>55,042,974</u>	<u>69,505,965</u>	<u>641,230,538</u>	<u>8,203,159</u>	<u>108,706,218</u>	<u>561,856,553</u>					
Total liabilities and net assets	<u>\$ 71,728,302</u>	<u>65,369,602</u>	<u>80,350,228</u>	<u>\$ 688,859,148</u>	<u>\$ 22,455,722</u>	<u>\$ 122,981,561</u>	<u>\$ 669,818,695</u>					

NORTH DAKOTA UNIVERSITY SYSTEM
Financial Statements
JUNE 30, 2025

STATEMENT OF FINANCIAL POSITION - MAJOR COMPONENT UNITS - Continued

FASB BASIS	RE Arena, Inc UND Arena Services, Inc. UND Sports Facilities, Inc. Arena Holdings Charitable LLC & Affiliates May 31, 2024	Total Major Component Units	Non-major Component Units	Reclassifications	Total Component Units
ASSETS					
Current assets					
Cash and cash equivalents	\$ 7,013,770	\$ 88,543,708	\$ 6,836,102	\$ -	\$ 95,379,810
Investments	1,155,414	65,437,242	27,878,679	-	93,315,921
Accounts receivable, net	953,106	2,131,732	2,899	-	2,134,631
Notes receivable	-	3,350,078	183,797	-	3,533,875
Grants receivable	-	1,831,485	-	-	1,831,485
Receivable from primary institution	-	1,494,001	23,653	2,108,972	3,626,626
Unconditional promises to give, net of allowance	-	28,599,516	5,307,536	-	33,907,052
Inventories	595,413	1,559,486	6,205	-	1,565,691
Current portion of net investment in direct financing leases	-	939,426	-	-	939,426
Other assets	313,658	34,929,355	497,570	-	35,426,925
Total current assets	<u>10,031,361</u>	<u>228,816,029</u>	<u>40,736,441</u>	<u>2,108,972</u>	<u>271,661,442</u>
Noncurrent assets					
Restricted cash and cash equivalents	36,961	21,914,565	551,626	-	22,466,191
Investments:					
Investments, net of current portion	-	1,073,873,075	31,269,557	-	1,105,142,632
Investments, restricted	6,325,704	6,325,704	-	-	6,325,704
Investments held in trust	-	33,267,036	-	-	33,267,036
Beneficial interest in trust	-	20,685,804	-	-	20,685,804
Charitable gift annuity investments	-	6,493,568	-	-	6,493,568
Charitable remainder trust account investments	-	13,802,758	-	-	13,802,758
Real estate and equipment held for investment, net of accumulated depreciation	-	23,293,613	-	-	23,293,613
Other long-term investments	9,177,709	40,777,506	226,641	-	41,004,147
Total investments	<u>15,503,413</u>	<u>1,218,519,064</u>	<u>31,496,198</u>	<u>-</u>	<u>1,250,015,262</u>
Contracts for deed and notes receivable, net of current portions	-	381,972	-	-	381,972
Long term pledges					
receivable/unconditional promises to give	-	62,765,058	2,452,400	-	65,217,458
Other receivables	-	9,834,451	-	-	9,834,451
Receivable from primary institution	-	31,200,790	195,500	15,546,195	46,942,485
Notes receivable, net	-	6,437,922	-	-	6,437,922
Net investment in direct financing leases, net of current portion	-	7,114,008	-	-	7,114,008
Other noncurrent assets	148,793	5,448,138	1,495,125	-	6,943,263
Capital assets, net	53,312,202	208,163,991	14,199,554	(17,655,167)	204,708,378
Total noncurrent assets	<u>69,001,369</u>	<u>1,571,779,959</u>	<u>50,390,403</u>	<u>(2,108,972)</u>	<u>1,620,061,390</u>
Total assets	<u>79,032,730</u>	<u>1,800,595,988</u>	<u>91,126,844</u>	<u>-</u>	<u>1,891,722,832</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	3,098,099	7,553,284	513,646	(18,371)	8,048,559
Payable to primary institution	4,646,073	11,446,313	100,864	18,371	11,565,548
Accrued payroll	-	1,928,741	131	-	1,928,872
Current portion of gift annuities and life income agreements	-	2,775,486	-	-	2,775,486
Deferred revenue	6,554,339	14,191,738	-	-	14,191,738
Other current liabilities	332,720	1,785,299	-	-	1,785,299
Long-term liabilities--current portion	-	21,006,287	136,799	-	21,143,086
Total current liabilities	<u>14,631,231</u>	<u>60,687,148</u>	<u>751,440</u>	<u>-</u>	<u>61,438,588</u>
Noncurrent liabilities					
Deposits	-	23,268,824	-	-	23,268,824
Payable to primary institution	-	1,056,723	-	-	1,056,723
Investments held on behalf of institutions	-	4,159,935	-	-	4,159,935
Gift annuities and life income agreements, net of current portion					
Obligations under split-interest agreement membership units	-	17,086,403	-	-	17,086,403
Other noncurrent liabilities	-	8,593,939	-	-	8,593,939
Long-term liabilities	-	1,088,674	-	-	1,088,674
Total noncurrent liabilities	<u>-</u>	<u>111,822,390</u>	<u>11,239,260</u>	<u>-</u>	<u>123,061,650</u>
Total noncurrent liabilities	<u>-</u>	<u>167,076,888</u>	<u>11,239,260</u>	<u>-</u>	<u>178,316,148</u>
Total liabilities	<u>14,631,231</u>	<u>227,764,036</u>	<u>11,990,700</u>	<u>-</u>	<u>239,754,736</u>
NET ASSETS					
Without donor restrictions	64,401,499	311,114,167	14,924,379	-	326,038,546
With donor restrictions	-	1,261,717,785	64,211,765	-	1,325,929,550
Total net assets	<u>64,401,499</u>	<u>1,572,831,952</u>	<u>79,136,144</u>	<u>-</u>	<u>1,651,968,096</u>
Total liabilities and net assets	<u>\$ 79,032,730</u>	<u>\$ 1,800,595,988</u>	<u>\$ 91,126,844</u>	<u>\$ -</u>	<u>\$ 1,891,722,832</u>

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL STATEMENTS
JUNE 30, 2025

STATEMENT OF ACTIVITIES, Major Component Units

FASB BASIS

	BSC	MiSU	NDSCS	NDSU	NDSU	UND	UND Alumni
	Foundation	Development	Foundation	Foundation	Research &	Aerospace	Association &
	June 30, 2025	Foundation	June 30, 2025	June 30, 2025	Technology	Foundation	Foundation
	June 30, 2025	June 30, 2025	June 30, 2025	December 31, 2024	Park	June 30, 2025	December 31, 2024
	June 30, 2025	June 30, 2025	June 30, 2025	December 31, 2024	June 30, 2025	June 30, 2025	December 31, 2024
Support and revenue							
Gifts and contributions	\$ 4,097,743	\$ 2,610,677	\$ 3,822,596	\$ 65,671,893	\$ 10,000	\$ 4,437,524	\$ 25,122,596
Investment income	5,461,300	4,506,311	3,992,103	30,188,057	441,715	1,580,682	3,218,750
Grant revenue	-	37,418	-	-	-	-	-
Net realized and unrealized gains (losses) on investment securities	-	-	-	20,113,680	-	-	17,430,973
Program and event income	46,043	-	12,483,512	-	-	37,686,112	6,168,170
Other income	477,528	1,720,863	234,008	2,562,965	1,345,681	522,300	-
Total support and revenue	10,082,614	8,875,269	20,532,219	118,536,595	1,797,396	44,226,618	51,940,489
Expenses							
Program services	3,307,214	3,889,685	7,034,971	40,584,813	1,524,583	-	19,247,767
Supporting services	879,092	784,753	1,507,100	6,858,431	779,223	29,916,744	1,994,028
Fundraising expense	97,981	560,536	91,200	5,356,736	-	86,866	2,376,328
Total expenses	4,284,287	5,234,974	8,633,271	52,799,980	2,303,806	30,003,610	23,618,123
Change in net assets	5,798,327	3,640,295	11,898,948	65,736,615	(506,410)	14,223,008	28,322,366
Net Assets, beginning of year, as restated	58,086,719	51,402,679	57,607,017	575,493,923	8,709,569	94,483,210	533,534,187
Net assets, end of year	\$ 63,885,046	\$ 55,042,974	\$ 69,505,965	\$ 641,230,538	\$ 8,203,159	\$ 108,706,218	\$ 561,856,553

NORTH DAKOTA UNIVERSITY SYSTEM
FINANCIAL STATEMENTS
JUNE 30, 2025

STATEMENT OF ACTIVITIES, Major Component Units - Continued

	RE Arena, Inc UND Arena Services, Inc. UND Sports Facilities, Inc. Arena Holdings Charitable LLC & Affiliates May 31, 2025	Total Major Component Units	Non-Major Component Units	Total Component Units
Support and revenue				
Gifts and contributions	\$ -	\$ 105,773,029	\$ 7,673,273	\$ 113,446,302
Investment income	914,340	50,303,258	7,098,301	57,401,559
Grant Revenue	-	37,418	-	37,418
Net realized and unrealized gains (losses) on investment securities	-	37,544,653	1,190,109	38,734,762
Program and event income	10,138,043	66,521,880	3,770,983	70,292,863
Other income	2,876,654	9,739,999	3,051,560	12,791,559
Total support and revenue	13,929,037	269,920,237	22,784,226	292,704,463
Expenses				
Program services	822,737	76,411,770	12,697,533	89,109,303
Supporting services	13,779,117	56,498,488	5,818,093	62,316,581
Fundraising expense	484,598	9,054,245	313,431	9,367,676
Total expenses	15,086,452	141,964,503	18,829,057	160,793,560
Change in Net Assets	(1,157,415)	127,955,734	3,955,169	131,910,903
Net Assets, Beginning of Year, as restated	65,558,914	1,444,876,218	75,180,975	1,520,057,193
Net Assets, End of Year	\$ 64,401,499	\$ 1,572,831,952	\$ 79,136,144	\$ 1,651,968,096

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies, as summarized below, and the financial statements for the North Dakota University System (System) are in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles.

REPORTING ENTITY

The North Dakota State Board of Higher Education (SBHE) is the governing body for North Dakota’s eleven publicly supported colleges and universities. In addition to these eleven institutions, the SBHE also oversees the Agricultural Research Centers, Agronomy Seed Farm, North Dakota Cooperative Extension Service, Northern Crops Institute, School of Medicine and Health Sciences, the State Forest Service, and the Upper Great Plains Transportation Institute. The SBHE was established in 1939 when the voters of North Dakota approved an initiated measure to add Article VIII to the State Constitution. The SBHE consists of ten members. The Governor, with the advice and consent of the Senate, appoints seven of the eight voting members. The eighth member is a full-time resident student appointed by the Governor. A ninth member is a faculty member (non-voting) selected by the state-wide Council of College Faculties. A tenth member is a staff member (non-voting) selected by the statewide Staff Senate. The SBHE is an entity of the executive branch of the government of the State of North Dakota. The colleges and universities governed by the SBHE are collectively known and referred to as the North Dakota University System hereafter referred to as the System. The Board appoints a Commissioner of Higher Education (Chancellor) to serve as the chief executive officer of the Board and of the System. The Chancellor and the Chancellor’s staff must have their principal office in the State Capitol per the North Dakota Constitution. This office is referred to as the System Office or NDUSO. The North Dakota Legislature appropriates funds it deems necessary and as required by law for those agencies and institutions authorized to exist by the constitution and statutes. Separate general ledgers are maintained for the System Office and each institution on the PeopleSoft Finance Module. The financial statements presented here are also included in the comprehensive annual financial report of the State of North Dakota.

The System includes the following entities that were created by the North Dakota Constitution and/or North Dakota Century Code (NDCC). As stated above these entities are under the control and administration of the SBHE. Each entity receives a separate appropriation from the North Dakota Legislature as provided by North Dakota Constitutional Article VIII, S 6(6)(e) and state statute.

North Dakota University System Entities (Primary Institution)

North Dakota University System Office (NDUSO). Includes the NDUS System Office and Core Technology Services (CTS).

Bismarck State College (BSC)

Dakota College of Bottineau (DCB)

Dickinson State University (DSU)

Lake Region State College (LRSC)

Mayville State University (MaSU)

Minot State University (MiSU)

North Dakota State College of Science (NDSCS)

North Dakota State University (NDSU)

Agricultural Experiment Stations:

North Dakota State University Main Research Center

Dickinson Research Extension Center

Central Grasslands Research Extension Center

Hettinger Research Extension Center

Langdon Research Extension Center

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North Central Research Extension Center
Williston Research Extension Center
Carrington Research Extension Center
Agronomy Seed Farm
Northern Crops Institute
Upper Great Plains Transportation Institute
North Dakota State University Cooperative Extension Service
North Dakota Forest Service
University of North Dakota (UND)
School of Medicine and Health Sciences
Valley City State University (VCSU)
Williston State College (WSC)

Component Units

The process of evaluating potential component units involved the application of criteria set forth in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. In accordance with GASB Statement No. 14, a financial reporting entity consists of the primary institution, organizations for which the primary institution is financially accountable and other organizations for which the nature and significance of their relationship with the primary institution are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The definition of the reporting entity is based primarily on the criteria of financial accountability. The primary institution is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and it is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary institution. Governmental Accounting Standards Board (GASB) Statement No. 39, Determining Whether Certain Organizations Are Component Units, modifies and clarifies previously existing criteria of determining whether an organization should be reported as a component unit and how that component unit should be reported in the financial statements. The nature and significance of the organization's relationship and the extent of financial integration with the primary institution are now considered when determining potential component units. Governmental Accounting Standards Board Statement No. 61 amends the requirements established by GASB Statement No. 14 and GASB Statement No. 39 for inclusion of component units in the financial reporting entry. GASB Statement No. 61 requires a financial benefit or burden relationship in addition to a fiscal dependency.

As required by generally accepted accounting principles, the accompanying financial statements present the System (the primary institution) and its component units. The component units are included in the System's reporting entity because of the significance of their operational or financial relationships with the System.

The component units' financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain amounts reported on the primary institution financial statements (receivables from and payables to component units) are not reflected on the component units' financial statements. A reclassification column has been added to the consolidating component unit's statement of financial position to reflect material inter-entity balances between the primary institutions and the component units. Certain other amounts have been reclassified for consistent presentation. Detailed component unit financial statements may be obtained at the respective addresses listed below.

Blended Component Units

A component unit whose governing body is substantively the same as the governing body of the primary institution, a financial benefit/burden relationship exists and the entity provides services entirely or almost entirely to the primary institution or exclusively or almost exclusively benefits the primary institution even though it does not

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provide services directly to it, is included in the primary institutions financial statements using the blending method.

North Dakota University System Foundation is considered a blended component unit. Although it is a legally separate, non-profit 501(c)(3) organization, NDUS Foundation is reported as if it were part of the primary institution because its sole purpose is to support the System. Some members of the SBHE serve on the Board of Trustees for the foundation. Complete financial statements may be obtained at the entity's administrative office at 600 E. Boulevard Ave. Dept. 215, Bismarck, ND 58505.

Discretely Presented Component Units

The following component units are legally separate entities; however, a fiscal dependency relationship exists whereby the entity does not have the ability to complete certain essential fiscal events without substantive approval from the primary institution or due to the nature and significance of the relationship to the System, exclusion would render the financial statements incomplete or misleading. Although the primary institution does not control the timing or amount of receipts from the component units, the majority of resources, or income thereon that the entities hold and invest are restricted by the donors to the activities of the primary institution or its constituents. Therefore, these entities are discretely presented in the accompanying financial statements using Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Component units that are significant relative to the other component units and to the primary institution are considered "major" component units and are displayed in separate columns in the component unit section of the accompanying financial statements. Component units that are not significant relative to the other component units and to the primary institution are considered "non-major" component units and are displayed in a combined column in the component unit section of the accompanying financial statements.

Major Component Units

The **Bismarck State College Foundation (BSCF)** is a legally separate, non-profit organization established to assist in the development and advancement of BSC. The foundation acts primarily as a fundraising organization to supplement the resources that are available to the college. The foundation is managed by a 75-member board of directors as well as seven ex-officio members that are officers/employees of BSC. Financial statements may be obtained at their administrative office at 1255 Schafer Street, PO Box 5587, Bismarck, ND 58506-5587.

Minot State University Development Foundation (MiSUDF) is a legally separate non-profit organization established for the purpose of providing financial and other support to MiSU. MiSUDF receives, holds and manages contributions from alumni and private sources.

A board of directors comprising eleven voting members manages the MiSUDF. In addition, there are two ex-officio appointments from the Board of Regents and the Alumni Association, and three ex-officio members who are employees of MiSU. Financial statements for the foundation may be obtained at their administrative office at 500 University Avenue West, Minot, ND 58707.

North Dakota State College of Science Foundation (NDSCSF) is a legally separate non-profit entity established for the purpose of receiving and maintaining funds received from the public for the betterment of NDSCS. NDSCSF is managed by a 22-member board of directors as well as seven ex-officio members that are officers/employees of NDSCS. Financial statements for the foundation may be obtained at their administrative office at 800 Sixth Street North, Wahpeton, ND 58076-0002.

NDSU Foundation (NDSU Foundation) is a legally separate non-profit corporation established to raise, manage, distribute, and steward private resources to support the various priorities of NDSU. The NDSU Foundation engages

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in development and outreach activities on behalf of NDSU. The NDSU Foundation is governed by an Executive Governing Board comprised of eleven voting members as well as two ex-officio members – the president of NDSU and the President/CEO of the foundation.

The NDSU Foundation’s fiscal year-end is December 31. Financial statements and footnote disclosures are presented as of December 31, 2022. Financial statements may be obtained at their administrative office at 1241 N. University Drive, Fargo, ND 58102.

NDSU Research & Technology Park, Inc., (NDSU RTP) is a separate 501(c)3 non-profit organization developed to promote an economic environment dedicated to research and technology discovery for the benefit of NDSU, its faculty, staff and students, and the citizens of North Dakota. The NDSU RTP is governed by a Board of Directors. The President of NDSU serves as the president of the NDSU RTP board of directors. Financial statements may be obtained at their administrative office at 1854 NDSU Research Circle North, Fargo, ND 58102.

UND Aerospace Foundation (UND AF) is a nonprofit entity organized in 1985 to encourage and develop UND’s John D. Odegard School of Aerospace Sciences. The UND AF’s principal activities consist of developing and conducting training programs, research and development, and consulting services related to the aerospace industry. The UND AF’s principal activities are located in Grand Forks, North Dakota and Mesa, Arizona. During fiscal year 2015, the UND AF formed a wholly-owned subsidiary, SunRay Property Holdings, LLC, to support its training programs in Arizona. During fiscal 2022, UND Aerospace Foundation formed a wholly-owned subsidiary, Blue Sky Property, LLC to support its training programs in Arizona.

The UND AF is governed by a board of directors consisting of three to nine voting members, including two or more persons who are active in the aerospace industry and/or graduates of UND with an interest in the aerospace industry, elected by the board. Non-voting members/representatives on the board include a senior manager of the UND AF elected by the board, the dean of the Odegard School of Aerospace Sciences and the president of UND. The UND AF benefits UND, financially and otherwise, through its promotion of the Odegard School and its programs and in the sharing of resources. Complete financial statements for the UND AF may be obtained at the entity’s administrative office at 4275 University Ave Stop 9023, Grand Forks, ND 58202-9023.

The UND Alumni Association and Foundation (UND Foundation) is a nonprofit organization exclusively for the benefit of UND.

The UND Foundation fosters connections, inspires generosity, and advances the University of North Dakota. The organization receives, holds and manages contributions from alumni and private sources and engages in development and engagement activities on behalf of UND. The organization is supported primarily through donor contributions and earnings on investments.

The UND Foundation is governed by a board of directors. The financial statements for the UND Foundation may be obtained at the entity’s administrative office at 3501 University Ave Stop 8157, Grand Forks, ND 58202-8157 or at undalumni.org.

During fiscal year 2025, the UND Foundation elected to change their fiscal year-end from June 30 to December 31.

RE Arena Inc. (REA), UND Arena Services Inc. (UAS), UND Sports Facilities Inc. (UNDSF) and Arena Holdings Charitable LLC (AHC) are related organizations with common board of directors and management organized for the benefit of UND.

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These organizations operate and maintain a multipurpose sports and entertainment complex in Grand Forks, North Dakota. The complex is used primarily for UND athletics and activities. UND Sports Facilities Inc. (UNDSF) is the sole member of Arena Holdings Charitable LLC (AHC). REA conducts day-to-day operations of the arena through a contract with UAS. UAS is the legal manager of AHC. AHC is the lessee of the land from UND and is the titleholder of the complex. At the conclusion of the original 30-year lease (2030), the complex shall vest with UND.

UAS has a seven-member board with one member being the UND Vice President for Finance and Operations/Chief Operating Officer (VPFO/COO). REA has a five-member board with the President being the REA General Manager. The remaining four board members are board members of UAS with no UND employee represented on the board. AHC is a disregarded entity and does not have any board members. UNDSF has three board members, who also serve on the other boards, with one of the board members being UND VPFO/COO. All board members from all three entities have voting rights. A complete combined financial statement for these organizations may be obtained at Ralph Engelstad Arena, One Ralph Engelstad Arena Dr., Grand Forks, ND 58203.

Non-major Component Unit

DSU Heritage Foundation (DSUHF) is a not-for-profit corporation that was established to stimulate and foster support for Dickinson State University (DSU) by securing, managing and disbursing funds to benefit DSU and it's students. DSUHF is managed by a twenty member board of directors. Financial statements for DSUHF may be obtained at their administrative office at 230 8th Avenue West, Dickinson, ND 58601

Williston State College Foundation (WSCF) is a legally separate that receives, holds and manages contributions from alumni and private sources. WSCF is managed by an 11-member board of directors. Financial statements for WSCF may be obtained at their administrative office at 721 East Highland Drive, Suite E, Williston, ND 58801.

INSIGNIFICANT COMPONENT UNITS

The following organizations are component units of the System but they have been deemed insignificant due to small total assets and revenues. Entities in this category had less than 1.0 percent each in total assets compared to total System assets and less than 10 percent in payments to or from the primary institution. Separate boards of directors control these entities. In addition, the institution does not exercise financial or administrative control over these entities and/or the entities' relationship with the primary institutions is not significant enough to warrant inclusion in the reporting entity's financial statements. The related organizations at June 30, 2025 were:

BSC:	Bismarck Innovations Foundation 1200 Edwards Avenue Bismarck, ND 58506-5587	DCB	DCB Foundation 105 Simrall Boulevard Bottineau, ND 58318
	Mystic Athletic Club 1500 Edwards Ave. PO Box 5587 Bismarck, ND 58505-5587		
LRSC:	Lake Region Community College Foundation 1801 College Drive North Devils Lake, ND 58301-1598	MiSU:	MiSU Alumni Association, Inc. Minot State University 500 University Ave W Minot, ND 58707
MaSU:	Mayville Mutual Aid Corporation 330 3 rd Street NE Mayville, ND 58257		Beaver Boosters, Inc Minot State University 500 University Ave W

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		Minot, ND 58707
	Mayville State University Foundation 330 3 rd Street NE Mayville, ND 58257	UND: EERC Foundation Energy & Environmental Research Center 15 N 23 rd St., Ste9018 Grand Forks, ND 58202
NDSU	NDSU Research Foundation 1735 NDSU Research Park Drive Suite 124 Fargo, ND 58102	UND Center for Innovation Foundation 4200 James Ray Drive, Stop 8272 Grand Forks, ND 58203
	NDSU Team Makers Dept 1200 PO Box 6050 Fargo, ND 58102 - 6050	WSC Teton Booster Club PO BOX 100 Williston, ND 58802
VCSU:	VCSU Foundation 101 College Street SW Valley City, ND 58072	TrainND Foundation PO Box 4095 Williston, ND 58802

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, and Statement No. 35, Basic Financial Statements - and Management’s Discussion and Analysis - for Public Colleges and Universities, issued in June and November, 1999, as amended by GASB Statement Nos. 36, 37 and 38. The System follows the “business-type activities” (BTA) reporting requirements of GASB Statement No. 34 that provides a comprehensive one-line look at the System’s activities.

BASIS OF ACCOUNTING

The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

The financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB) and are presented to provide a comprehensive entity-wide perspective of the System’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

FIDUCIARY FUNDS

The System accounts as custodial funds accounts for activities resulting from the System or its institutions acting as an agent or fiduciary for various organizations.

UNRESTRICTED NET POSITION

Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, royalties, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for

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restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at each institution.

RESTRICTED ASSETS

The System, based on certain bond covenants, is required to establish and maintain prescribed amounts of resources that can be used only to service outstanding debt. Also, included are unspent bond proceeds that will be expended for construction of capital assets.

REVENUE AND EXPENSE RECOGNITION

The System presents its revenues and expenses as operating or nonoperating based on recognition definitions from GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. Operating activities are those activities that are necessary and essential to the mission of the System.

Operating revenues include all charges to customers, grants received for student financial assistance, research contracts and grants, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the System. Pell Grant revenues are considered non-operating revenues. Revenues from nonexchange transactions and state appropriations that represent subsidies or gifts to the System, as well as investment income, are considered nonoperating since these are either investing, capital or noncapital financing activities. Operating expenses are expense transactions incurred other than those related to investing, capital or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor nonoperating activities and are presented after nonoperating activities.

BUDGETARY PROCESS

The State of North Dakota operates through a biennial appropriation. Legislation requires the SBHE to present a single unified budget request covering the needs of all the institutions under its control to the Governor through the Director of the Office of Management and Budget (OMB). The Governor is required by legislation to present his budget to the General Assembly at the beginning of each session. The General Assembly enacts the budget of the various institutions through the passage of specific appropriation acts. Before signing the appropriation acts, the Governor may veto or reduce any specific appropriation, subject to legislative override. Once passed and signed, the budget becomes the state's financial plan for the next two years.

The SBHE allocates contingency and capital emergency funding within guidelines provided by the General Assembly. Any funds received by the SBHE and entities of the System pursuant to federal acts, private grants, and other sources not deposited in the operating funds in the state treasury are appropriated for the biennial period. The SBHE has the authority to transfer funds between line items by notifying OMB in writing, with the exception that the SBHE may not approve transfers from any capital assets line item except as specifically provided by the General Assembly.

The North Dakota Constitution prohibits any transfers between institutions, even by the legislature. Institutions within the System do not use encumbrance accounting. The legal level of budgetary control is at the institutional line-item level, with administrative controls established at lower levels of detail in certain instances.

SBHE policy requires each college or university to submit a biennial budget for SBHE approval and annual budgets to be approved by the Chancellor. These budgets are prepared on an accrual basis and include activity relative to current funds and unexpended plant funds. These annual budgets are prepared within the framework of the legislative-approved appropriations and become each institution's financial plan for the coming year. The SBHE allows each institution's discretion in transferring funds between departments.

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NOTES TO FINANCIAL STATEMENTS

CASH AND CASH EQUIVALENTS

This classification includes cash on-hand, cash in-bank, regular and money market savings accounts, and certificates of deposit and time saving certificates (original maturity of 3 months or less). For purposes of the Statement of Cash Flows, the System considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents representing assets of the System's endowment, unspent bond proceeds and cash restricted by bond covenants are included in non-current restricted cash.

INVESTMENTS

Investments consist of certificates of deposit (maturity greater than three months), U.S. Treasuries, bonds, stocks and other securities held by trust departments or broker dealers and investments in real estate. Investments are reported at fair value for year-end financial reporting. Fair value is the amount at which an investment could be exchanged between two willing parties, which for financial reporting purposes is based on quoted market prices. The net increase (decrease) in the fair value of investments is recognized as a part of investment income. Investments are classified as investments, if the maturity date is more than three months to one year, or as Other Long-term Investments, if the maturity date is more than one-year from the date of the financial statements. Investments restricted by bond covenants, invested from bond proceeds or enabling legislation are classified as Restricted Investments. Investments held by endowment funds are classified as Endowment Investments.

Investments are measured at fair value using the hierarchy established by general accepted accounting principles. These levels are:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Fair values are based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

RECEIVABLES

Accounts receivables include tuition, fees, food service, room and board charges and apartment rent; accrued interest on investments; and Family Medicine Center revenues (UND). Grants and contracts receivables include federal and private grants and contracts revenue and state grants and other income due from other state agencies. Loan fund notes receivable represents amounts due from students for Perkins and other federal loans, and other institutional loans. Net receivables are shown on the basic financial statements. The allowances for doubtful accounts/notes are detailed in Note 3.

INVENTORIES

Inventories held for resale in auxiliaries (including food, books and other merchandise) and unrestricted physical plant, aerospace and pharmacy supplies are generally stated at the lower of cost (generally determined on the first-in, first-out, or moving weighted average method) or fair market value.

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NOTES TO FINANCIAL STATEMENTS

CAPITAL AND INTANGIBLE ASSETS

Land, buildings, equipment, and other property are stated at historical cost, with the exception of property acquired prior to the following dates for the various institutions which are stated at appraised values: July 1, 1964 (MiSU, BSC, NDSCS, NDSU); July 1, 1965 (UND); July 1, 1966 (VCSU, DCB); July 1, 1969 (DSU); July 1, 1970 (MaSU); July 1, 1984 (WSC); and July 1, 1987 (LRSC). Professional consultants for the purposes of insurance and financial record keeping evaluated these assets. Library books and periodicals are stated at an estimated inventory value as of the following dates for the following institutions with subsequent additions at cost and deletions at average cost: June 30, 1973 (MaSU, VCSU); June 30, 1974 (UND, NDSCS, NDSU, DCB); June 30, 1976 (DSU); July 1, 1979 (MiSU); June 30, 1985 (BSC, LRSC); and June 30, 1990 (WSC).

Capital assets, including purchased software, with a unit cost of \$5,000 or greater and all library books, are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Infrastructure assets are included in the financial statements and are depreciated. Depreciation is not allocated to the functional categories. Intangible assets, including right-to-use leased assets with a unit cost of \$25,000 and SBITA assets, with a unit cost of \$200,000 or more are recorded at cost at the date of acquisition, or if donated, at fair market value at the date of donation. Internally developed intangible assets with a unit cost of \$50,000 or more are recorded at cost and are amortized.

The composite method is used for library book depreciation. All books purchased during a year are consolidated and depreciated as a group of assets rather than individually. Expenses for construction in progress are capitalized as incurred. Interest expense relating to construction is capitalized, net of interest income earned on resources set aside for the construction or remodeling costs.

Certain reserves have been established by bond indenture for the repayment of revenue bond indebtedness. Such reserves are recorded in the appropriate restricted assets category (cash/investments) and as “net position restricted for debt service” on the Statement of Net Position.

Depreciation and intangible amortization are calculated using the straight-line method over the following estimated useful lives for the System and its component units. All institutions, except UND and NDSU, use the half-year convention.

Land Improvements	10 – 50 years
Infrastructure	20 – 60 years
Buildings	10 – 120 years
Equipment	3 – 20 years
Internally developed software	2 – 10 years
Right-to-use assets	2 – 30 years
Purchased software	3 – 5 years
Other Intangibles	3 – 20 years
Library Books	10 years

DEPOSITS

Money received in advance for the subsequent year’s residence hall, apartment reservations and flight training costs and funds held by an institution in a fiduciary capacity are classified as deposits.

COMPENSATED ABSENCES

The System records compensated absences liabilities in accordance with Governmental Accounting Standards Board (GASB) Statement No, 101, Compensated Absences. An accrual is recorded for leave that 1) is attributable to services already rendered, 2) accumulates, and 3) is more likely than not to be used for time off or otherwise paid

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NOTES TO FINANCIAL STATEMENTS

in cash or settled through noncash means.

Compensated absences include annual leave, sick leave and other forms leave. Annual and sick leave are a part of permanent employees' compensation as set forth in NDCC section 54-06-14. In general, accrued annual leave cannot exceed 30 days at each calendar year end while accrued sick leave is not limited. Employees are entitled to earn leave based on tenure of employment, within a range from a minimum of one working day, to a maximum of two working days per month, established by the rules and regulations adopted by the employing unit. Employees are paid for all unused annual leave upon termination or retirement. Employees who vest at 10 years of credible service are paid one-tenth of their accumulated sick leave upon termination or retirement.

Other forms of leave are sabbatical leave, military, parental, funeral leave and jury duty. Sabbatical leave during which an employee is not required to perform any significant duties for the System is included in compensated absences liability. Military, parental, funeral leave and jury duty leave are recognized when the leave commences.

Compensated absences are measured and disclosed based on criteria, including the consideration of payout likelihood and the inclusion of certain fringe benefits. The System uses a LIFO methodology for sick leave and a Days Used methodology for annual leave.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

OTHER POST-EMPLOYMENT BENEFITS

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the North Dakota Public Employees Retirement System (NDPERS) and additions to/deductions from NDPERS' fiduciary net position have been determined on the same basis as they are reported by NDPERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SCHOLARSHIP ALLOWANCES

Student tuition and fees, and certain other revenues received from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses and Changes in Net Position. Scholarship discounts and allowances are the difference between the System's state rates and charges and the amount actually paid by students and/or third parties making payments on behalf of students. Under this approach, scholarships, waivers and grants are considered as reductions in tuition and fee revenues rather than as expenses. Therefore, student tuition and fees and auxiliary revenues are presented net of scholarships applied to student's accounts.

SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The System has entered into subscription-based information technology arrangements (SBITAs) for:

- Athletic department software for recruiting, performance management and compliance,
- Cloud backup services software and web hosting software,
- Communications and call center software,
- Customer relationship management (CRM) software,
- Data analytics software,

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- Desktop and server software subscriptions,
- Document management software,
- Effort reporting software,
- Electronic health records management software,
- Emergency management system software,
- Events and organizations management software,
- Facilities and heating plant control software,
- Food services operations software,
- Human resources recruiting, performance and compensation management software,
- Information technology security software,
- Intellectual property software,
- Medical residency program and clinical management software,
- Online learning and instructional design software,
- Procurement and contract management software,
- Program evaluation and reporting system,
- Project management software,
- Recreation department management software,
- Research management and compliance software,
- Scholarship funds and awards management software,
- Student, recruitment, engagement, and success software,
- Survey software,
- Transcript software.
- Video creation software,
- Wellness Center software,

SBITA right-to-use assets are recorded as capital assets, net and the corresponding liability is recorded as a SBITA liability in the Statement of Net Position. Additional information is provided in footnotes 5 and 7.

NET POSITION

Net position is classified according to external donor restrictions or availability of assets for satisfaction of System obligations. Restricted Net Position represent funds that have been restricted for specific purposes by donors or granting agencies for scholarships and fellowships, instructional department uses, loan funds, debt service and other. Unrestricted net position is all other funds available at the discretion of the System. Invested in capital assets represents the cost or gifted value of buildings, equipment, land improvements and infrastructure, less accumulated depreciation and related outstanding debt.

RESTATEMENT OF BEGINNING NET POSITION

Net Position, beginning of the year, as previously reported	\$ 1,894,741,567
Change in accounting method	(27,358,023)
Correction of error	119,880,722
Net Position, beginning of the year, as restated	<u>\$ 1,987,264,266</u>

There were two changes in accounting methods in fiscal year 2025. NDUS implemented GASB Statement No. 101, Compensated Absences in the year ended June 30, 2025. GASB Statement No. 101 enhances the accounting and financial reporting requirements for accounting for compensated absences. The adoption of GASB 101 resulted in a restatement to net position of \$35,178,355. UND changed the recognition of bond premium to the effective interest method for a restatement to net position of (\$7,820,332).

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

A correction of error was made to include \$119,880,705 of Strategic Investments and Improvements Funds (SIIF) that should have been recognized in the prior year.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying financial statements include estimates of such items as allowances for uncollectible accounts, scholarship allowances, accrued expenses and other liability accounts.

New Accounting Pronouncements

Accounting Standards Implemented

During fiscal year 2025, the System adopted the following standards:

- GASB Statement No. 101, Compensated Absences.
- GASB Statement No. 102, Certain Risk Disclosures.

Accounting Standards Issued but Not Yet Implemented

The System will implement the following new pronouncements for fiscal years ending after 2025:

- GASB Statement No. 103, Financial Reporting Model Improvements,
- GASB Statement No. 104, Certain Capital Needs

The effect that these GASB Statements will have on future financial statements has not yet been determined.

NOTE 2 – DEPOSITS AND INVESTMENTS

LIMITATIONS

North Dakota Century Code (NDCC) governs the deposit and investment policies of the System. NDCC Section 6-09-07 states, “All state funds...must be deposited in the Bank of North Dakota (BND) ...or must be deposited in accordance with constitutional and statutory provisions.”

In addition, NDCC Section 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota. NDCC Section 15-10-12 allows the System to receive donations, gifts, grants and bequests. These funds must be used for the specific purpose for which they are donated or given and must be deposited in the Bank of North Dakota.

NDCC Sections 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Such proceeds must be invested in the BND, in a separate fund in the State Treasury or in a duly authorized depository for the state funds that is a member of the federal deposit insurance corporation. The SBHE may invest such funds in direct obligations of, or in obligations where the United States of America guarantees the principal and interest, or obligations of the State of North Dakota or any municipality as defined in NDCC Section 21-03-01.

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

DEPOSITS

Cash and cash equivalents are as follows:

	June 30, 2025	
	Carrying Amount	Bank Balance
Cash Deposits at the Bank of North Dakota	\$ 480,614,956	\$ 473,813,485
Cash Deposits at institutions other than the Bank of North Dakota	18,944,141	19,660,698
Certificates of Deposit at the Bank of North Dakota	379,759,697	381,459,697
Certificates of Deposit at institutions other than the Bank of North Dakota	118,230	118,230
Total Bank Deposits	879,437,024	\$ 875,052,110
Cash on hand/petty cash	155,972	
Amounts credit risked as investments but reported as investments	(379,877,927)	
Total Cash and Cash Equivalents	\$ 499,715,069	

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a financial institution failure, the System's deposits may not be returned to it. The System does not specifically address policies concerning custodial credit risk and while the deposits in the Bank of North Dakota are backed by the State of North Dakota, they are deemed to be uninsured and uncollateralized by GASB definition. As of June 30, 2025, \$872.9 million of the System's bank balance of \$875.1 million was exposed to custodial credit risk as follows:

Statement of Net Position:

Uninsured and uncollateralized	\$855.6 million
Uninsured and collateral held by pledging bank not in system's name	\$ 17.3 million

Investments

Investments are reported at fair value (market). The balances at June 30, 2025 are:

Investment Type	Market Value	Maturities	Maturities
		Less than 1 year	1-5 years
US Treasuries	\$ 56	\$ 56	\$ -
Mutual Bond Funds	121,001	-	121,001
Money Market Mutual funds	309,971	309,971	-
Debt Securities Subtotal	\$ 431,028	\$ 310,027	\$ 121,001
Stocks	862,978		
Exchange Transfer Funds (ETF's)	1,035,281		
Certificates of Deposit - BND	379,759,697		
Certificates of Deposit - non-BND	118,231		
Investment in Real Estate	9,523,940		
Equity Securities Subtotal	391,300,127		
Total Investments	\$ 391,731,155		

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value investments. Per NDCC the System is limited to investing funds with the Bank of North Dakota, with the exception of gifts governed by

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

endowment agreements. Accordingly, the System does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Institutions choose terms based on maximizing return within the limits of their cash flow needs. Institutions rely on brokers to provide year-end market values. The investments are held with those brokers.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill their obligation. As of June 30, 2025, the system’s debt portfolio (excluding US Treasuries and US Agencies) included Standard & Poor’s quality ratings as follows:

	Market Value	Credit Quality Rating		
		AAA	BBB	Not Rated
Mutual bond funds	\$ 121,001	\$ -	\$ -	\$ 121,001
Money market mutual funds	309,971	6,835	303,136	-
Total	\$ 430,972	\$ 6,835	\$ 303,136	\$ 121,001

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair Value Hierarchy

In accordance with GASB Statement No. 72, assets are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices in active markets for identical assets or liabilities that the institution has the ability to access at the measurement date.
- Level 2 – Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Fair values are based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The balances of assets measured at fair value on a recurring basis at June 30, 2025 are:

	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Equity securities	\$ 862,978	\$ -	\$ -	\$ 862,978
US Treasuries	-	56	-	56
ETF funds	1,035,281	-	-	1,035,281
Mutual bond funds	121,001	-	-	121,001
Mutual funds	-	-	-	-
Real estate	-	-	9,523,946	9,523,946
Total	\$ 2,019,260	\$ 56	\$ 9,523,946	\$ 11,543,262

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NOTES TO FINANCIAL STATEMENTS

Real estate categorized as Level 3 represents land leases for commercial and residential development and are primarily valued using discounted cash flow techniques.

NOTE 3 – RECEIVABLES

Receivables consist of the following amounts:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Student and general	\$ 45,237,862		\$ 45,237,862
Interest receivable	1,036,075		1,036,075
Allowance for doubtful accounts	<u>(8,930,787)</u>		<u>(8,930,787)</u>
Accounts receivable, net	<u>37,343,149</u>		<u>37,343,149</u>
Grants and contracts receivable	47,972,611		47,972,611
Due from other state agencies	<u>24,963,859</u>		<u>24,963,859</u>
Grants and contracts receivable, net	<u>72,936,470</u>		<u>72,936,470</u>
Student	1,106,865	9,721,129	10,827,995
Allowance for doubtful notes	<u>(104,106)</u>	<u>(773,757)</u>	<u>(877,863)</u>
Notes receivable, net	<u>\$ 1,002,760</u>	<u>\$ 8,947,372</u>	<u>\$ 9,950,132</u>

NOTE 4 – ENDOWMENT FUNDS

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution. NDCC Section 59-21 the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent in a gift instrument, institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a(7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, institutions have differing policies with respect to spending investment income and net appreciation on endowment funds.

NDSU’s endowment principal is held at a steady amount and all gains are recorded in restricted scholarship funds. The spending of endowment earnings is based on an annual evaluation. UND’s distributions for spending from endowments each fiscal year are calculated once annually with the quarter ended December 31 unitized market value and is based on the set spending rate, currently 3.75 percent, applied to the average market value for the preceding twelve quarter average. All endowments in existence at December 31 for one year will receive a distribution spending allocation. The available amount is forecast to UND for planning purposes in February, and these distribution amounts will be available for spending in the upcoming fiscal year. Net appreciation on investments is available for expenditure and consists of the following at June 30, 2025.

		<u>Reflected in net position as:</u>
North Dakota State University	\$ 720,438	Expendable scholarships and fellowships
University of North Dakota	<u>673,914</u>	Non-expendable scholarships and fellowships
Total	<u>\$ 1,394,352</u>	

Endowment funds reported herein do not include the Federal Land Grant Fund held by the Department of Trust Lands. The annual proceeds from assets held by the State Land Commissioner are deposited into each

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

college/university’s operating fund at the State Treasury and are used for current operating purposes. BSC, LRSC and WSC do not participate in the proceeds allocated by the Department of Trust Lands. Total assets held by Department of Trust Lands and proceeds for the fiscal year ended June 30, 2025 are \$293.1 million and \$9.6 million, respectively.

NOTE 5 – CAPITAL AND INTANGIBLE ASSETS –

Capital asset activity for the year ended June 30, 2025 are as follows:

	Beginning				Ending
	Balance	Additions	Retirements	Transfers	Balance
Land	\$ 22,647,265	\$ -	\$ -	\$ -	\$ 22,647,265
Construction in progress	227,121,296	196,552,780	26,393	(126,731,917)	296,915,766
Total non-depreciable capital assets	249,768,561	196,552,780	26,393	(126,731,917)	319,563,031
Land improvements/infrastructure	301,192,224	2,692,973	16,348	1,582,171	305,451,020
Buildings	2,258,702,742	71,990,544	5,503,788	122,330,270	2,447,519,768
Furniture, fixtures, and equipment	432,753,935	33,238,682	13,005,687	2,819,476	455,806,406
Intangibles:					
Computer software	24,381,036	25,920	16,000	-	24,390,956
Websites	966,734	42,017	24,469	-	984,282
Right-of-use on leased assets	43,930,327	16,047,527	2,406,291	-	57,571,563
SBITA right-of-use intangible	37,572,036	10,731,955	7,940,435	885,160	41,248,716
SBITA development in process	1,019,190	39,045	-	(885,160)	173,075
Other	1,306,429	-	-	-	1,306,429
Library materials	81,625,578	696,710	858,171	-	81,464,117
Total depreciable capital assets	3,183,450,231	135,505,373	29,771,189	126,731,917	3,415,916,332
Less accumulated depreciation and amortization					
Land improvements/infrastructure	150,227,661	8,341,811	3,768	-	158,565,704
Buildings	814,393,103	55,370,133	5,200,771	-	864,562,465
Furniture, fixtures, and equipment	292,561,442	24,728,706	11,341,712	-	305,948,436
Intangibles:					
Computer software	23,363,308	114,006	40,468	-	23,436,846
Websites	851,829	29,536	-	-	881,365
Right-to-use leased assets	12,985,186	6,486,825	1,764,126	-	17,707,885
SBITA right-of-use accumulated amortization	18,634,820	11,123,396	7,536,623	-	22,221,593
Other	929,208	42,397	-	-	971,605
Library materials	76,117,372	1,128,521	858,172	-	76,387,720
Total accumulated depreciation and amortization	1,390,063,929	107,365,331	26,745,640	-	1,470,683,619
Total depreciable capital assets, net	1,793,386,302	28,140,043	3,025,549	126,731,917	1,945,232,713
Capital assets, net	\$ 2,043,154,863	\$ 224,692,823	\$ 3,051,942	\$ -	\$ 2,264,795,744

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NOTES TO FINANCIAL STATEMENTS

Construction in progress for the year ended June 30, 2025 was as follows:

	Total Amount Authorized	Expended (CIP Asset)	Capitalized Equipment	Expended (Non capitalized)	Remaining Authorized Balance
Bismarck State College	\$ 40,000,000	\$ 14,973,951	\$ -	\$ -	\$ 25,026,049
Dakota College of Bottineau	150,000	115,000	-	-	35,000
Dickinson State University	37,824,832	13,633,446	-	-	24,191,386
Lake Region State College	-	-	-	-	-
Mayville State University	52,254,901	12,661,930	-	74,448	39,518,523
Minot State University	33,522,003	25,687,161	94,152	1,045,610	6,695,080
North Dakota State College of Science	21,937,000	13,723,464	-	-	8,213,536
North Dakota State University	333,587,800	158,476,402	305,170	162,121	174,644,107
University of North Dakota	179,622,122	25,806,646	-	-	153,815,476
Valley City State University	43,285,461	996,850	-	-	42,288,611
Williston State College	43,913,939	30,840,916	193,339	138	12,879,546
Total	\$ 786,098,058	\$ 296,915,766	\$ 592,662	\$ 1,282,317	\$ 487,307,313

Additional information on SBITA right-of-use asset is provided in Note 7. Additional information on leased right-of-use assets is provided in Note 12.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2025:

	Totals
Accounts payable	\$ 56,277,483
Due to other state agencies	7,198,815
Sales tax payable	38,720
Accrued interest	4,260,892
Contractor payable/retainage	16,008,557
Other liabilities	1,971,391
Total payables and accrued liabilities	\$ 85,755,858

NOTE 7 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGMENTS LIABILITIES (SBITAs)

The future subscription payments under SBITA agreements are as follows.

Fiscal Year	Principal	Interest	Total
2026	5,912,704	671,288	6,583,992
2027	4,854,383	427,537	5,281,921
2028	2,870,001	232,809	3,102,810
2029	1,893,463	116,620	2,010,083
2030	838,961	39,578	878,538
2031 - 2035	136,028	10,948	146,976
	\$ 16,505,540	\$ 1,498,780	\$ 18,004,321

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NOTES TO FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM LIABILITIES

The changes in long-term liabilities during fiscal year 2025 are as follows:

	Beginning			Ending	Current	Non-current
	Balance	Additions	Retirements	Balance	Portion	Portion
Bonds payable	\$ 270,581,094	\$ 34,019,824	\$ 12,099,140	\$ 292,501,778	\$ 12,530,446	\$ 279,971,333
Bonds payable to Component Units	10,290,000	29,775,000	1,475,000	38,590,000	2,000,000	36,590,000
Certificates of participation	249,179,612	-	1,987,108	247,192,504	2,111,936	245,080,568
Notes payable	17,181,794	914,721	3,252,578	14,843,937	2,860,469	11,983,469
Notes payable to Component Units	3,401,307	-	420,967	2,980,340	435,202	2,545,138
Leases payable	23,992,233	8,072,427	3,938,140	28,126,520	2,815,637	25,310,881
Leases payable with Component Units	8,707,539	7,498,794	1,703,592	14,502,741	1,686,761	12,815,978
Special assessments	17,244,944	1,178,220	770,473	17,652,691	683,801	16,968,888
Compensated absences, net	73,009,043	4,538,322	986,444	76,560,921	6,783,111	69,777,814
Total	<u>\$ 673,587,566</u>	<u>\$ 85,997,308</u>	<u>\$ 26,633,442</u>	<u>\$ 732,951,432</u>	<u>\$ 31,907,363</u>	<u>\$ 701,044,069</u>

NOTE 9 – BONDS PAYABLE

Revenue bonds are limited obligations of the System. The principal and interest on the bonds are payable generally from the net income of specific auxiliary activities, designated student fees, interest subsidies and debt service reserve funds. These revenues are generally pledged to the payment of bonds in accordance with the specific terms of the specific indenture. Amounts held by the trustee specifically for payment on bonds are reflected in Net Position, Restricted for Debt Service.

The summary of outstanding obligations of the institutions, as of June 30, 2025, is presented below and the detail is presented in the Supplementary Information section following these notes.

	Original	Interest	Balances
	Balances	Rates	Outstanding
Bismarck State College	\$ 42,441,353	2.0% - 5.25%	\$ 36,757,266
Dakota College at Bottineau	2,610,538	2.0% - 5.0%	2,364,652
Mayville State University	2,800,000	1.25% - 3.25%	1,196,492
Minot State University	7,668,816	0.40% - 3.00%	6,639,592
North Dakota State College of Science	6,506,892	3.00%	5,409,449
North Dakota State University	151,397,818	1.1% - 5.0%	93,868,105
University of North Dakota	219,362,995	0.75% - 5.045%	176,204,906
Valley City State University	5,858,248	3.0% - 4.0%	4,155,316
Williston State College	5,347,000	3.10%	4,496,000
Total Bonds Payable	<u>\$ 443,993,660</u>		<u>\$ 331,091,778</u>

At June 30, 2025, NDSU pledged \$7.8 million of assets as collateral for bonds payable issued for the Research I and Research II buildings, \$2.1 million for Renaissance Hall and \$1.2 million for agricultural equipment leases. UND pledged \$6.5 million for the Tech Accelerator Building, \$859,000 for an airport hangar and \$4.7 million for aircraft simulator and information technology and research equipment leases.

The MiSU and VCSU bonds as well as the BSC bonds contain a provision that in the event of default, outstanding amounts become immediately due if the institutions are unable to make payment.

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NOTES TO FINANCIAL STATEMENTS

DCB and NDSCS contain a provision that the bond owners or a court appointed trustee may pursue any available legal remedy.

The BSC and the MISU bond issues are subject to redemption in the event of any loss, damage or destruction.

The MaSU, NDSU, UND and WSC bonds contain a provision that the bond owners or a court appointed trustee may pursue any available legal remedy.

The NDSU bonds payable to component units are payable through the monies received from the operating lease between the component unit and NDSU. In the event of NDSU's failure to pay the rent under the lease, the component unit may declare all rent due and payable for the remaining term of the lease, subject to available appropriations. The component unit may take possession of the facilities.

Industrial Commission Bonds

For the 2023-2024 biennium, the System Office received an appropriation of \$11.2 million to act as the fiscal agent for the institutions on bond payments to the North Dakota Industrial Commission. During fiscal year 2025, the System Office paid \$5.1 million in general funds to the North Dakota Industrial Commission.

Scheduled Maturities of Bonds Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 14,530,446	\$ 12,456,220	\$ 26,986,666
2027	15,587,604	11,931,190	27,518,794
2028	15,013,951	11,381,358	26,395,309
2029	15,589,350	10,843,132	26,432,482
2030	16,032,421	10,276,812	26,309,233
2031 - 2035	80,294,376	43,092,727	123,387,103
2036 - 2040	62,395,942	29,810,533	92,206,475
2041 - 2045	51,866,011	18,838,939	70,704,950
2046 - 2050	45,292,782	9,098,349	54,391,131
2051 - 2055	14,488,895	1,851,613	16,340,508
	<u>\$ 331,091,778</u>	<u>\$ 159,580,873</u>	<u>\$ 490,672,651</u>

NOTE 10 – CERTIFICATES OF PARTICIPATION

On September 1, 2018, UND entered into a lease-purchase agreement with Johnson Controls PI Project Site Operations, LLC (Johnson Controls) to construct and operate a new steam plant and make other energy conservation improvements. To fund the project, UND issued Series 2018A and 2018B Certificates of Participation through the Bank of North Dakota. The certificates have interest rates ranging from 4.0 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The Series 2018A certificates were issued at a par value of \$76.6 million, with a net premium of \$3.8 million. In fiscal year 2019, UND begin making semi-annual interest-only payments through fiscal year 2040. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment is due in fiscal year 2041. The certificates mature in fiscal year 2057.

The Series 2018B certificates were issued at a par value of \$16.5 million, with no premium or original issue discount. Beginning in fiscal year 2019, UND will make semi-annual interest-only payments through fiscal year 2023. The semi-annual interest-only payments in fiscal years 2019 and 2020 are for capitalized interest paid with bond proceeds. The first principal payment is due in 2024. The certificates mature in fiscal year 2041.

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NOTES TO FINANCIAL STATEMENTS

On July 26, 2021, UND issued tax-exempt Certificates of Participation, Series 2021A, in the amount of \$133,010,000 to fund the costs of a major renovation to student housing facilities; demolition of nine student housing facilities based upon student demand; and the construction of a new 400 and 477-bed student housing facility.

JCP University Housing Services, LLC (JCP USH) and UND entered a lease-purchase agreement in which the institution will initially lease the project from JCP USH. The title to the real estate on which the project is constructed will remain with the institution. The initial term of the lease commenced on June 30, 2023, with extensions through June 30, 2061.

The Series 2021A certificates were issued at a par value of \$133.0 million, with a net premium of \$9.0 million. The certificates have interest rates ranging from 2.5 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The first principal and interest payments were due in fiscal year 2024. The certificates mature in the fiscal year 2061.

The Series 2021B certificates were issued at a par value of \$18.3 million. The certificates have interest rates ranging from 0.42 to 2.34 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations. The first principal payment was due April 1, 2022 and certificates mature in the fiscal year 2034.

On August 22, 2019, WSC entered into a lease-purchase agreement with Johnson Controls, Inc., to fund the costs of certain energy conservation improvements including, but not limited to, renovations to existing heating, ventilation, and air conditioning systems and controls, deferred maintenance improvements. To fund the project, WSC issued Series 2019 Certificates of Participation through the Bank of North Dakota. The certificates have interest rates ranging from 3.0 to 5.0 percent and are subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.

The Series 2019 certificates were issued at a par value of \$7.4 million, with a net discount of \$78,000. In fiscal year 2020, WSC made an interest only payment with semi-annual principal and interest payment beginning fiscal year 2021 through fiscal year 2048.

Scheduled Maturities of Certificates of Participation

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,111,936	\$ 8,760,703	\$ 10,872,639
2027	2,244,327	8,727,653	10,971,980
2028	2,329,837	8,687,322	11,017,159
2029	2,375,705	8,641,264	11,016,969
2030	2,396,946	8,592,207	10,989,153
2031 - 2035	14,260,696	41,911,647	56,172,343
2036 - 2040	20,398,213	39,244,768	59,642,981
2041 - 2045	25,843,042	34,718,818	60,561,860
2046 - 2050	40,133,188	28,261,013	68,394,201
2051 - 2055	62,142,856	18,826,400	80,969,256
2056 - 2060	61,838,073	7,008,800	68,846,873
2061 - 2065	11,117,685	331,950	11,449,635
	<u>\$ 247,192,504</u>	<u>\$ 213,712,545</u>	<u>\$ 460,905,049</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 11 – NOTES PAYABLE

Institution	Original Balance	Maturity Date	Interest Rate	Outstanding Balance June 30, 2025
Lake Region State College	\$ 5,036,548	June 2027 and June 2032	3.27% - 5.15%	\$ 882,030
North Dakota State University	6,755,076	August 2025 through October 2030	Various from 1.00% to 4.74%	3,218,353
University of North Dakota	21,508,814	December 2025 through April 2037	Various from 1.03% to 4.88%	12,047,446
Williston State College	2,500,000	October 2034 and May 2035	5.25%	1,676,448
Total	\$ 35,800,438			\$ 17,824,277

LRSC has a note to Banc of America Public Capital Corp for a wind turbine and a note to Lake Region State College Foundation for an easement related to the wind turbine.

The LRSC note contains a provision that upon default or nonappropriation, the lender may transfer any collateral to the name of the lender, sell or otherwise dispose of any collateral.

NDSU has ten notes payable with Banc of America Public Capital Corp for various purchased and leased equipment and a note with the NDSU Foundation for Renaissance Hall.

The NDSU note to Banc of America Public Capital Corp contains a clause that upon default, the lender may declare all payments immediately due and payable and may retake possession or require return of equipment. The lender may then sell or lease the equipment. The NDSU Foundation for the Renaissance Hall Project note contains a nonappropriation clause. In the event of nonappropriation, NDSU may, upon prior written notice to the Foundation, terminate the lease at the end of the then current biennium. The Foundation may take any available remedy by law to enforce payment of the outstanding bonds.

UND has a note payable with Alerus Bank for a building purchased from the University of North Dakota Research Foundation in fiscal year 2013. UND has a note payable with Wells Fargo for a spectrometer and eight notes payable with Banc of America for aircraft and aircraft simulators. UND also has a notes payable with the UND Aerospace Foundation for an airport hangar and a note payable with for a camera system.

UND has a master agreement with Banc of America Public Capital Corp. In the event of default, the lender may declare all rental payments payable by UND to the end of the current fiscal biennium to be immediately due and payable. The lender may take possession of such equipment or require UND to promptly return such equipment to the lender who may then sell or lease the equipment.

The UND notes contain a provision that in the event of default, outstanding amounts become immediately due if the institution is unable to make payment.

WSC has a note payable to the Bank of North Dakota for construction of the Petroleum Safety and Technology Center and a note payable to the WSC Foundation for a bus.

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Scheduled Maturities of Notes Payable

Fiscal Year	Principal	Interest	Total
2026	\$ 3,295,671	\$ 486,378	\$ 3,782,049
2027	3,380,366	410,803	3,791,169
2028	2,216,983	321,632	2,538,615
2029	1,684,122	265,628	1,949,750
2030	1,671,058	213,931	1,884,989
2031 - 2035	4,397,232	516,564	4,913,796
2036 - 2040	1,178,845	34,257	1,213,102
	<u>\$ 17,824,277</u>	<u>\$ 2,249,193</u>	<u>\$ 20,073,470</u>

NOTE 12 – LEASES PAYABLE

The institutions lease land, office space and equipment from external parties. Institutions record right-to-use assets and lease liabilities based on the present value of expected payments over the term of the leases. The expected payments are discounted using the interest rate charged in the lease, if available, or the System's incremental borrowing rate. The right-to-use assets are amortized over the shorter of the lease term or the underlying asset's useful life.

For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. There are no leases subject to residual value guarantees or commitments under leases before the start of the lease term. Additionally, there were no sales-leaseback or lease-leaseback transactions in fiscal year 2025. NDSU has four subleases with three external parties by which NDSU subleases space in a NDSU Research & Technology Park building. NDSU recognized revenue of \$252,000 for the rent received on these subleases.

Leased assets by major class of underlying assets at June 30, 2025, are as follows:

Asset Class	Cost	Accumulated Amortization
Land	\$ 3,787,330	\$ 224,606
Buildings	6,506,500	1,888,959
Infrastructure	44,483,921	13,862,921
Equipment	2,793,811	1,731,399
	<u>\$ 57,571,563</u>	<u>\$ 17,707,886</u>

Scheduled Maturities of Lease Obligations

Fiscal Year	Principal	Interest	Total
2026	\$ 4,502,398	\$ 1,451,663	\$ 5,954,061
2027	4,243,219	1,295,569	5,538,788
2028	3,897,452	1,146,458	5,043,910
2029	3,783,403	1,007,825	4,791,228
2030	3,675,335	878,833	4,554,168
2031 - 2035	13,536,344	2,674,189	16,210,533
2036 - 2040	3,841,062	1,301,100	5,142,162
2041 - 2045	2,847,753	755,572	3,603,325
2046 - 2050	1,512,155	353,858	1,866,013
2051 - 2055	790,140	36,991	827,131
	<u>\$ 42,629,261</u>	<u>\$ 10,902,058</u>	<u>\$ 53,531,319</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 13 – SPECIAL ASSESSMENTS

The institutions receive special assessments from the city or county for improvements made to roads and infrastructure owned by the city or county that are adjacent to or on institution property.

Scheduled Maturities of Special Assessments

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 683,801	\$ 620,002	\$ 1,303,803
2027	704,732	596,410	1,301,142
2028	713,212	572,061	1,285,273
2029	723,300	546,929	1,270,229
2030	729,942	521,398	1,251,340
2031 - 2035	4,016,656	2,201,797	6,218,453
2036 - 2040	4,580,085	1,456,549	6,036,634
2041 - 2045	5,500,961	609,832	6,110,793
	<u>\$ 17,652,689</u>	<u>\$ 7,124,978</u>	<u>\$ 24,777,667</u>

NOTE 14 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS

Deferred outflows and deferred inflows consist of the following at June 30, 2025:

Deferred Outflows

Pension	\$ 59,172,865
Other post employment retirement benefits	2,260,270
Deferred outflows from debt refunding	2,403,906
	<u>\$ 63,837,041</u>

Deferred Inflows

Pension	\$ 80,494,894
Other post employment retirement benefits	1,038,875
Lease receivable	767,152
Grant amounts received prior to meeting time r	103,775
Deferred inflows from debt refunding	1,931
	<u>\$ 82,406,627</u>

NOTE 15 – RETIREMENT BENEFITS

North Dakota Public Employees Retirement System (Main System)

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDCC Chapter 54-52 for more complete information.

NDPERS is a cost-sharing multiple-employer defined benefit pension plan that covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions. NDPERS provides for pension, death and disability benefits. The cost to administer the plan is financed through the contributions and investment earnings of the plan.

Responsibility for administration of the NDPERS defined benefit pension plan is assigned to a Board comprised of eleven members. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

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NOTES TO FINANCIAL STATEMENTS

Pension Benefits

Benefits are set by statute. NDPERS has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Member of the Main System are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 was replaced with the Rule of 90 with a minimum age of 60. The monthly pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the 2.00% multiplier was replaced with a 1.75% multiplier. The plan permits early retirement at ages 55-64 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the NDPERS in the North Dakota Administrative Code.

Refunds of Member Account Balance

Upon termination, if a member of the Main System is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Member and Employer Contributions

Member and employer contributions paid to NDPERS are set by statute and are established as a percent of salaries and wages. Member contribution rates are 7% and employer contribution rates are 8.12% of covered compensation. For members hired on or after January 1, 2020 member contribution rates are 7% and employer contribution rates are 9.26% of covered compensation

The member's account balance includes the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. The minimum member contribution is \$25 and the maximum may not exceed the following:

- 1 to 12 months of service – Greater of one percent of monthly salary or \$25
- 13 to 24 months of service – Greater of two percent of monthly salary or \$25

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25 to 36 months of service – Greater of three percent of monthly salary or \$25
Longer than 36 months of service – Greater of four percent of monthly salary or \$25

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the System reported a liability of \$167.7 million for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability was based on their share of covered payroll in the Main System pension plan relative to the covered payroll of all participating Main System employers. At June 30, 2024, the System's proportionate share was 8.97percent and increased 0.05 percent from measurement at June 30, 2023.

For the year ended June 30, 2025, the System recognized pension expense of \$6.2 million. At June 30, 2025, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 7,961,480	\$ -
Changes of assumptions	40,411,057	76,091,168
Net difference between projected and actual earnings on pension plan investments	-	1,533,207
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,645,848	2,870,519
Employer contributions subsequent to the measurement date	6,154,479	-
Total	<u>\$ 59,172,864</u>	<u>\$ 80,494,894</u>

Deferred outflows of resources of \$6.2 million are related employer contributions after the measurement date and will be recognized as a reduction of net pension liability in the fiscal year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense by the System as follows:

Year ended June 30:	
2026	\$ (19,944,546)
2027	3,457,989
2028	(9,894,721)
2029	(1,095,231)
2030	-
Thereafter	-

Actuarial assumptions. The total pension liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

Inflation	2.25 percent
Salary increases	3.5 percent to 17.75 percent, including inflations
Investment rate of return	6.5 percent, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the Sex-distinct Pub-2010 table for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.9%	5.40%
International Equity	19.1%	7.00%
Private Equity	7%	8.50%
Domestic Fixed Income	23%	2.88%
International Fixed Income	0%	0.00%
Global Real Assets	19%	6.10%
Cash Equivalents	0%	0.00%

Discount rate. For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments, which is the case for the PERS plan, the use of a municipal bond rate is required.

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

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For the purpose of this valuation, the expected rate of return on pension plan investments is 6.50 percent; the municipal bond rate is 3.97 percent; and the resulting Single Discount Rate is 6.50 percent.

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Employer's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1.0 percent Decrease 5.50 percent	Current Discount Rate 6.50 percent	1.0 percent Increase 7.50 percent
Employer's proportionate share of the net pension liability	\$ 236,974,540	\$ 167,703,593	\$ 110,213,271

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued NDPERS financial report.

NDUS RETIREMENT PLAN

Description of Plan

This is a privately administered defined contribution retirement plan which provides individual retirement fund contracts for eligible employees as defined by the SBHE in its approved retirement resolution with Teachers Insurance and Annuity Association of America (TIAA) as recordkeeper of the plan. All benefits vest immediately to the participant. The SBHE has the authority for establishing or amending plan provision and establishing or amending contribution requirements. Further information can be obtained by writing North Dakota University System Office, 600 E. Blvd, Bismarck, North Dakota 58505.

Funding Policy

The plan requires mandatory enrollment for permanent employees based upon their employment classification. Employee and employer contributions are based upon years of service as per the following schedule.

Class I: Teaching and research faculty with ranks of professor or associate professor, research personnel with equivalent rank, and executive and administrative staff.

Class II: Teaching and research faculty with ranks of assistant professor or instructor, research personnel and lecturers with equivalent rank, and professional staff.

Class III: A closed group of administrative assistants who elected participation in the Plan prior to January 1, 1965.

Class IV: A closed group of employees as established on June 30, 1980, otherwise eligible for participation in the Plan as Class I or Class II employees, who have elected to continue participation in the Teacher's Fund for Retirement (TFFR) as provided by the 1979 North Dakota Legislature.

Employment Class	Years of Service	Contributions by the Participant	Contributions by the Institution
I and III	0 thru 10	4.5%	12.5%
	over 10	5.0%	13.0%
II	0 thru 2	3.5%	7.5%
	3 thru 10	4.5%	12.5%

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	over 10	5.0%	13.0%
IV	Closed to new participants	4.0%	12.0%
President/Chancellor (additional employer contribution)	less than 3	0.0%	0.0%
	3 to less than 6	0.0%	4.0%
	6 yrs and over	0.0%	8.0%

Plan contributions are made on a tax-deferred basis in accordance with Section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The System has no further liability once annual contributions are made. The System contributed \$52.8 million to TIAA during the fiscal years ending June 30, 2025.

NOTE 16 – POST-EMPLOYMENT BENEFITS

STATE GROUP HEALTH PLAN

The following brief description of NDPERS is provided for general information purposes only. Participants should refer to NDAC Chapter 71-06 for more complete information.

NDPERS OPEB plan is a cost-sharing multiple-employer defined benefit OPEB plan that covers members receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Responsibility for administration of the NDPERS defined benefit OPEB plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; three members elected by the active membership of the NDPERS system, one member elected by the retired public employees and two members of the legislative assembly appointed by the chairman of the legislative management.

OPEB Benefits

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14 percent of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as "*prefunded credit applied*" on the Statement of Changes in Plan Net Position for the OPEB trust funds. Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

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Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long-term care plan and any other health insurance plan. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense. The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the System reported a liability of \$7.2 million for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The System's proportion of the net OPEB liability was based on the System's share of covered payroll in the OPEB plan relative to the covered payroll of all participating OPEB employers. At June 30, 2024, the System's proportion was 8.33 percent, which was a decrease of 1.62 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the System recognized OPEB expense of \$1.2 million. At June 30, 2025, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 89,296	\$ 55,613
Changes of assumptions	1,100,726	495,384
Net difference between projected and actual earnings on OPEB plan investments	-	270,643
Changes in proportion and differences between employer contributions and proportionate share of contributions	153,341	217,235
Employer contributions subsequent to the measurement date	916,905	-
Total	<u>\$ 2,260,268</u>	<u>\$ 1,038,875</u>

Deferred outflows of resources of \$917,000, related to OPEB resulting from employer contributions after the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:		
2026	\$	271,949
2027		622,181
2028		(403,160)
2029		(186,479)
2028		-
Thereafter		-

Actuarial assumptions. The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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NOTES TO FINANCIAL STATEMENTS

Inflation	2.25 percent
Salary increases	Not applicable
Investment rate of return	5.75 percent, net of investment expenses
Cost-of-living adjustments	None

For active members, inactive members and healthy retirees, mortality rates were based on the MortalityPub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103 percent for males and 101 percent for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117 percent for males and 112 percent for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92 percent for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC's target asset allocation as of July 1, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Domestic Equities	33%	4.00%
Small Cap Domestic Equities	6%	6.00%
Domestic Fixed Income	35%	3.29%
International Equities	26%	7.00%

Discount rate. The discount rate used to measure the total OPEB liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed plan member and statutory rates described in this report. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Employer's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plans as of June 30, 2024, calculated using the discount rate of 5.75 percent, as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate.

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	1 percent Decrease 4.75 percent	Current Discount Rate 5.75 percent	1 percent Increase 6.75 percent
Employer's proportionate share of the net OPEB liability	\$ 9,889,551	\$ 7,235,792	\$ 5,000,690

NOTE 17 – TERMINATION BENEFITS

Termination benefits are benefits provided to employees who are involuntarily or voluntarily terminated, because of budget reductions. Termination benefits agreements may include contract buyouts, retirement incentives, severance lump-sum payouts and continuing healthcare coverage for a designated period of time or a combination of these benefits. The agreement terms vary by institution. The outstanding liability is measured at the discounted present value and projected increases in health insurance rates.

The System entered into voluntary termination agreements with 19 employees for a cost of \$2.7 million in fiscal year 2025. The terms for these agreements range from one month to two and a half months. The System recorded a liability at June 30, 2025 of \$2.7 million for future payments. The System recorded a liability of \$221,000 for five voluntary termination agreements that were entered into in fiscal year 2025.

NOTE 18 – CONSTRUCTION COMMITMENTS AND FINANCING

The institutions have contracted for various construction projects as of June 30, 2025. Estimated costs to complete the various projects and the sources of anticipated funding are as follows:

Institution	Contracts Awarded	Expended Through June 30, 2025	Total Cost To Complete	Funding for Remaining Costs			
				Federal Sources	State Sources	Institutional Funds	Other Sources
BSC	\$ 41,747,841	\$ 16,216,336	\$ 25,531,505	\$ -	\$ -	\$ 15,531,505	\$ 10,000,000
DCB	-	-	-	-	-	-	-
DSU	30,190,821	13,789,250	16,401,571	-	10,374,126	-	6,027,444
LRSC	-	-	-	-	-	-	-
MaSU	45,478,078	12,367,038	33,111,040	-	33,111,040	-	-
MiSU	26,005,503	25,549,365	456,138	-	321,297	134,841	-
NDSCS	20,336,460	13,418,491	6,917,969	-	5,940,197	-	977,772
NDSU	289,922,714	179,895,357	110,027,357	0	43,333,708	151,211	66,542,438
UND	83,025,163	49,442,327	33,582,836	3,614,018	9,543,760	4,105,875	16,319,183
VCSU	14,365,075	13,560,692	804,383	-	259,400	544,983	-
WSC	40,036,542	29,668,571	10,367,971	-	7,571,324	-	2,796,647
Total	\$ 591,108,197	\$ 353,907,427	\$ 237,200,770	\$ 3,614,018	\$ 110,454,852	\$ 20,468,415	\$ 102,663,484

NOTE 19 – COMPONENT UNITS

Major Component Units Investments

Investments are reported at fair value (market) as follows:

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Investment Type	Market Value	Maturities			
		Less than 1 year	1 year to 5 years	6 years to 10 years	More than 10 years
US Treasuries	\$ 14,236,562	\$ 6,834,242	\$ 6,772,789	\$ 607,204	\$ 22,327
US Agencies	1,503,008	9,994	1,493,014	-	-
Corporate Bonds	60,281,939	14,216,829	41,414,366	2,487,948	2,162,796
Mutual Bond Funds	279,293,989	24,368,556	29,260,496	78,714,104	146,950,833
Money Market Mutual Funds	10,013,247	9,942,536	-	-	70,711
Other	53,470	5,778	44,255	-	3,437
Subtotal	\$ 365,382,215	\$ 55,377,935	\$ 78,984,920	\$ 81,809,256	\$ 149,210,104
Equity Mutual Funds	499,176,559				
Investment in Real Estate	88,781,065				
Commodity Hedge and Limited Partnerships	177,984,614				
Stocks	25,987,013				
Certificate of Deposits	1,029,803				
Other	125,615,037				
Total Investments	\$ 1,283,956,306				

Interest Rate Risk

Bismarck State College Foundation employs multiple investment strategies including capital appreciation, local fixed income, and balanced portfolios.

MiSU Development Foundation's policy states that assets may be invested in a portfolio composed of equity, fixed income, professionally managed funds (mutual funds, variable annuities, etc.), alternative investment and cash equivalent strategies.

The NDSCS Foundation maintains securities with a stock brokerage firm. Securities investments that are bought and held principally for the purpose of selling them in the near term are classified as trading securities.

NDSU Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The University of North Dakota Alumni Association and Foundation's investment strategy incorporates a diversified asset allocation approach and maintains, within defined limits, exposure to the equity, international equity, emerging markets, hedge funds, fixed income, commodities, real estate venture funds, natural resources, global distressed funds and private equity markets.

Custodial Credit Risk

BSC Foundation maintains its cash in bank deposit accounts which exceed federally insured limits. At June 30, 2025, the BSC Foundation had approximately \$408,400 in excess of the FDIC-insured limit of \$250,000.

The MiSU Development Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits as guaranteed by the FDIC. The Foundation has not experienced any losses in such accounts nor does the Foundation believe it is exposed to any significant credit risk in its cash accounts.

The NDSCS Foundation maintains cash balances at several financial institutions, and they may exceed federally insured limits. The Foundation monitors the health of these banking institutions. Historically, the Foundation has not experienced any credit losses.

The North Dakota State University Foundation had approximately \$10.1 million in excess of FDIC-insured limits at December 31, 2024. To date, the Foundation has not experienced losses in any of these accounts.

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

The NDSU Research & Technology Park and Subsidiary maintains its cash accounts and other deposits in various financial institutions and had approximately \$551,300 in excess of FDIC-insured limits at June 30, 2025.

The UND Alumni Association and Foundation places substantially all of their cash and liquid investments with high quality financial institutions and limits the amount of credit exposure to any one financial institution. At December 31, 2024, the Foundation had approximately \$9.1 million in excess of FDIC-insured limits.

REA Arena, Inc.'s cash balances may exceed FDIC limits at various times throughout the year at one financial institution. REA Arena, Inc. has obtained a \$4.0 million letter of credit effective through May 30, 2025, \$7.0 million effective May 30, 2025 through July 8, 2025 and for \$3.0 million effective July 8, 2025 through August 8, 2025 to insure cash balances in excess of FDIC insurance limits at this institution.

The major component units' investments are registered in the name of the component unit.

Major Component Units Capital Assets

Capital asset activity for the major component units for the year ended June 30, 2025 was as follows:

	Beginning			Ending	
	Balance	Additions	Retirements	Balance	
Land	\$ 14,033,521	\$ 64,557	\$ -	\$ 14,098,078	
Construction in progress	20,014,158	18,999,768	440,180	38,573,746	
Total non-depreciable capital assets	34,047,679	19,064,325	440,180	52,671,824	
Land improvements/infrastructure	1,781,167	-	-	1,781,167	
Buildings	231,729,895	1,239,947	21,255	232,948,587	
Furniture, fixtures, and equipment	59,530,302	7,552,977	602,900	66,480,379	
Total depreciable capital assets	293,041,364	8,792,924	624,155	301,210,133	
Less accumulated depreciation					
Land improvements/infrastructure	893,044	33,743	-	926,787	
Buildings	104,128,008	6,804,418	21,255	110,911,171	
Furniture, fixtures, and equipment	30,587,951	3,754,728	462,671	33,880,008	
Total accumulated depreciation	135,609,003	10,592,889	483,926	145,717,966	
Total depreciable capital assets, net	157,432,361	(1,799,965)	140,229	155,492,167	
Capital assets, net	\$ 191,480,040	\$ 17,264,360	\$ 580,409	\$ 208,163,991	

MAJOR COMPONENT UNITS LONG-TERM LIABILITIES SUMMARY

	Beginning			Ending Balance	Current Portion	Noncurrent Portion
	Balance	Additions	Retirements			
Bonds Payable	\$ 48,240,597	\$ 29,775,000	\$ 3,441,036	\$ 74,574,561	\$ 5,440,159	\$ 69,134,402
Notes Payable	48,388,728	1,865,901	8,263,993	41,990,636	14,495,302	27,495,334
Special Assessments	515,957	241,762	37,356	720,363	44,219	676,144
Financed Leases	2,012,949	7,695,112	164,943	9,543,118	1,026,607	8,516,511
Other	6,000,000	-	-	6,000,000	-	6,000,000
Total	\$ 105,158,231	\$ 39,577,775	\$ 11,907,328	\$ 132,828,678	\$ 21,006,287	\$ 111,822,391

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

MAJOR COMPONENT UNITS BONDS PAYABLE

Bonds payable for the major component units at June 30, 2025 are as follows:

Component Unit	Maturity Date (Fiscal Year)	Interest Rate	Balance Outstanding
BSC Foundation	2032-2040	4.27% - 5.30%	\$ 3,882,948
NDSU Foundation	2031-2037	3.00% - 4.00%	8,190,000
NDSU Research & Technology Park, Inc.	2026-2032	2.94% - 3.54%	7,755,000
UND Alumni Foundation	2027-2054	0.75% - 5.05%	54,746,613
Total			\$ 74,574,561

Scheduled Maturities of Major Component Bonds Payable

Fiscal Year	Principal	Interest	Total
2025	\$ 4,199,850	\$ 2,448,007	\$ 6,647,857
2026	6,050,048	2,743,500	8,793,548
2027	6,237,580	2,546,539	8,784,119
2028	5,668,473	2,893,755	8,562,228
2029	5,983,049	2,575,174	8,558,223
2030	6,315,352	2,240,292	8,555,644
2031 - 2035	14,501,891	7,613,024	22,114,915
2036 - 2040	6,138,318	5,569,624	11,707,942
2041 - 2045	5,490,000	4,210,000	9,700,000
2046 - 2050	7,010,000	2,655,250	9,665,250
2051 - 2055	6,980,000	719,250	7,699,250
	\$ 74,574,561	\$ 36,214,415	\$ 110,788,976

MAJOR COMPONENT UNITS NOTES PAYABLE

Detail of notes payable for the major component units is as follows:

Component Unit	Interest Rate	Maturity Date (Fiscal Year)	Balance Outstanding
MiSU Development Foundation	2.60% - 3.0%	2026-2029	\$ 4,729,407
NDSCS Foundation	2.25%	2027	7,258,783
NDSU Foundation	0.95% - 1.50%	2029 - 2034	23,342,000
UND Alumni Association & UND Foundation	2.00% - 4.35%	2036 - 2044	2,319,419
UND Aerospace Foundation	3.25% - 3.90%	2026 - 2032	4,341,027
Total Component Unit Notes Payable			\$ 41,990,636

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

Scheduled Maturities of Major Component Units Notes Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,491,156	\$ 289,637	\$ 1,780,793
2026	17,305,819	619,329	17,925,148
2027	4,856,315	324,735	5,181,050
2028	5,118,520	261,503	5,380,023
2029	3,596,673	206,610	3,803,283
2030	3,443,387	163,721	3,607,108
2031 - 2035	5,103,497	366,399	5,469,896
2036 - 2040	558,847	170,172	729,019
2041 - 2045	516,422	52,654	569,076
	<u>\$ 41,990,636</u>	<u>\$ 2,454,760</u>	<u>\$ 44,445,396</u>

Scheduled Maturities of Major Component Units Lease Obligations

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 856,976	\$ 409,424	\$ 1,266,400
2026	1,074,652	420,336	1,494,988
2027	1,093,412	362,250	1,455,662
2028	1,153,863	301,799	1,455,662
2029	1,217,663	238,000	1,455,663
2030	1,284,996	170,666	1,455,662
2031 - 2035	2,335,712	206,067	2,541,779
2036 - 2040	30,158	91,842	122,000
2041 - 2045	36,253	85,747	122,000
2046 - 2050	43,579	78,421	122,000
2051 - 2055	52,387	69,613	122,000
2056 - 2060	62,974	59,026	122,000
2061 - 2065	75,701	46,299	122,000
2066 - 2070	91,000	31,000	122,000
2071 - 2075	109,392	12,608	122,000
2076 - 2080	24,400	-	24,400
	<u>\$ 9,543,118</u>	<u>\$ 2,583,098</u>	<u>\$ 12,126,216</u>

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

Reconciliation of Component Unit Receivable to and Payable from Primary Institution

A reconciliation of the receivables to and payables from balances between the Component Units and the Institutions is as follows:

Institutions Receivable from		Institutions Payable to	
Component Units - Current	\$ 18,879,986	Component Units - Current	\$ 755,573
Institutions Receivable		Institutions Long Term	
Component Units - Non-Current	653,571	Liability to Component	
Total Due from Component	19,533,557	Unit - Current Portion	4,121,963
Units			
Reconciling Differences:		Institutions Long Term	
Transactions with Component		Liability to Component Unit	
Units having fiscal year ends		- Non-Current Portion	51,951,116
other than June 30, 2025	(1,694,873)	Total Due to Component Units	56,828,655
		Reconciling Differences:	
Transactions in transit		Transactions with Component	
at June 30, 2025	(2,688,216)	Units having fiscal year ends	
		other than June 30, 2025	(5,011,671)
Receivables from insignificant		Transaction with insignificant component	
component units	(2,106,364)	units that are not discretely	
		presented	(145,174)
Other	(421,833)		
Total Component Unit Payable		Transactions in transit	
to Institutions	\$ 12,622,271	at June 30, 2025	(54,884)
		Other	(1,047,815)
		Total Receivable from	
		Institutions	\$ 50,569,111
		Component Unit Current	
		Receivable from	
		Institutions - Current	\$ 3,626,626
		Component Unit Non-Current	
		Receivable from	
		Institutions	46,942,485
		Total Component Unit Receivable	
		from Institutions	\$ 50,569,111

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

RESTATEMENT OF COMPONENT UNITS BEGINNING NET POSITION

Net assets, beginning of the year, as previously reported	\$ 1,489,280,915
Prior period adjustments:	
Change in reporting entity	<u>30,776,278</u>
Net assets, beginning of the year, as restated	<u>\$ 1,520,057,193</u>

SIGNIFICANT TRANSACTIONS AND DEVELOPMENTS

Bismarck State College Foundation (BSCF)

On October 19, 2007, BSC and BSCF entered into a 25-year lease agreement to facilitate the construction of the National Energy Center of Excellence building. Under the agreement, BSC is responsible for payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the \$5.0 million debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for \$100.

BSCF's financial statements include these transactions as a receivable from BSC and a long-term liability. BSC's financial statements include the capitalized assets and a long-term liability due to BSCF.

On September 26, 2014, BSC and Student Housing, LLC (a wholly owned subsidiary of BSCF) entered into a 30-year Ground Lease to facilitate the construction and development of a student apartment housing complex on approximately 4.67 acres of land owned by BSC. Under the agreement, BSC would enter into a separate operating and lease agreement with LLC for the constructed student housing apartment complex for use as a student housing facility. There are no separate rent payments to be paid by LLC during the term of the Ground Lease agreement in exchange for use of the land.

On August 13, 2015, BSC and Student Housing, LLC entered into a five-year lease agreement to operate student housing services in the two newly constructed housing units (Ritchie Hall and Gate City Bank Hall). On September 9, 2025, an agreement was signed to extend the lease term until November 30, 2029. Under the agreement, BSC is responsible for payment of all rent, maintenance, and daily repair/maintenance of the facility, and restrictions of use of the facility as set forth in the lease. Student Housing, LLC is responsible for major repairs/maintenance and property and liability insurance on the facilities. The lease is classified as a lease on BSC financial statements and Student Housing, LLC financial statements include the capitalized asset.

NDSU Research and Technology Park, Inc. (NDSU RTP)

On December 30, 1999, NDSU through the State of North Dakota and the SBHE entered into a ground lease, whereby the NDSU RTP leases 40 acres of land for \$1 per year for the next seventy-five years. On August 18, 2003, the SBHE approved amending the ground lease to add an additional 14.89 acres to the lease. On May 6, 2024, the NDSU RTP and NDSU amended the agreement to remove the vacant land the NDSU RTP was previously leasing and replace it with a separate plot.

On July 1, 2002, NDSU and NDSU RTP entered into an agreement for cooperation and assistance between entities. The agreement is an annual agreement, which automatically extends for one-year periods unless cancelled by either party to the agreement.

During fiscal year 2017, NDSU and NDSU RTP entered into renewed agreements, whereby NDSU leases the Research Buildings I and II through May 1, 2022 and May, 2032. On May 1, 2022, NDSU and NDSU RTP entered into an annual service agreement for Research Building I to continue the services provided as the bonds related to Research Building I have been paid in full and NDSU exercised its option to terminate the Research Building I Lease and purchase Research Building I. During fiscal year 2025, total annual rent of \$402,000 was paid by NDSU

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

for these two buildings, in addition to the \$1.28 million of principal and interest paid by NDSU directly to the bond trustee. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

NDSU Foundation (The Foundation)

Renaissance Hall

The former Northern School Supply building was donated to the Foundation by NDSU alumni in December of 2001. During fiscal years 2003 and 2004, the Foundation renovated the building with the intent to lease the facility to NDSU beginning fall 2004. The Foundation transferred nearly the entire ownership of the building to 650 NP Avenue, LLC and Kilbourne Design Group, LLC, for a five-year period in order to achieve tax credits that would ultimately reduce the cost of the building to NDSU. During the five-year tax credit period, NDSU leased the building from the two LLCs, with the lease payments composed of interest and fees. With the five-year tax credit period ending December 31, 2010 (as extended), and the ownership was transferred back to the Foundation, permanent financing was put in place on December 17, 2010, with the issuance of \$5.65 million of 20-year University Facilities Lease Revenue Bonds, Series 2010 (Renaissance Hall Project). The financing structure involving the five-year temporary ownership transfer resulted in achieving tax credits of \$4.9 million which directly lowered the leasing cost to NDSU.

Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the Foundation incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the Foundation \$422,000 in fiscal year 2025 for debt service under this agreement. As of June 30, 2025, the outstanding balance on the bonds are reflected as "Due to Component Units" by NDSU, is \$2.1 million.

Barry Hall Business Building and Klai Hall Architecture Building

Effective November 28, 2007, NDSU and the Foundation entered into lease agreements for two buildings in downtown Fargo, formerly known as the "Pioneer Mutual Building" and "Lincoln Mutual building". The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of \$18.52 million of twenty-year University Facilities Revenue Bonds issue by the City of Fargo, North Dakota. The city has loaned the bond proceeds to the Foundation for payments equal to the sum of the semi-annual interest payments and installments of varying principal amounts on the variable rate bonds and the semi-annual principal and interest payments on the fixed-rate bonds. The principal payments on the variable rate bonds will be funded from payments on donor pledges restricted for the project. Under the terms of the loan, the Foundation is responsible for the real estate taxes, insurance, repairs and maintenance, and other costs incident to ownership of the property.

The property is included with property in the financial statements and the bonds have been recorded as a direct obligation of the Foundation. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semi-annual interest only payments on the variable term bonds plus the semi-annual principal and interest payments on the fixed-rate bonds for the term of the bonds, plus all the costs incurred by the Foundation incident to ownership of the property.

In May 2012, the Foundation refinanced the original bonds issued in November 2007. As a result, new leases were executed. Under the terms of the new leases, NDSU pays and recognizes a liability for the amount of the previously issued bonds. During fiscal year 2025, NDSU paid \$418,500 to the bond trustee on-behalf of the Foundation under the new leases for debt service on Barry Hall & Klai Hall. NDSU has an option to acquire the property upon full

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

payment of the bonds. As of June 30, 2025, the outstanding balance on the bonds, reflected as “Due to Component Units” by NDSU, is \$6.1 million.

Other Transactions

The Foundation provides meeting space rental and database support service to NDSU for an annually negotiated fee. NDSU paid the foundation \$1.1 million for the fiscal year ending December 31, 2024.

The Foundation’s fiscal year end is December 31, NDSU’s year end is June 30. Timing differences in amounts may occur between entity financial statements, due to different year end dates.

UND Aerospace Foundation (UND AF)

UND AF recorded expenses reimbursed to UND for salaries, building rent, aircraft rental, and goods and services under an operating agreement aggregating \$5.1 million in fiscal year 2025. This operating agreement has no specific term and is intended to memorialize various operating agreements, rate structures, duties, and obligations each party has to the other. Expenses reimbursed to UND represent actual costs incurred and are included in supporting services in the consolidated statements of activities.

UND AF recorded revenue for service and hangar, CRJ, 360-degree tower, and aircraft rental to UND of \$2.7 million in fiscal year 2025, which is included in training and support services in the consolidated statements of activities.

As of June 30, 2025, the UND AF recorded accounts payable to UND of \$1.1 million for reimbursable costs and services. As of June 30, 2025, the UND AF had recorded accounts receivable from UND of approximately \$813,000, which are included in accounts receivable in the consolidated statements of financial position.

UND AF entered into a sublease with UND to lease the aircraft storage hangar/ground support equipment facility. The lease term is for 20 years, commencing on July 7, 2003, until July 6, 2023. The lease was extended in October 2023 for an additional five-year term. For the first fifteen years of the sublease, UND paid UND AF’s monthly minimum payment of \$12,672, beginning on October 1, 2003, subject to actual cost adjustments. At the end of the fifteen years of the sublease, rent will be adjusted based upon the interest rate adjustments of the debt incurred by the UND AF in the construction of the hangar.

RE Arena, Inc. (REA)

REA and UND, entered into an operating agreement from July 1, 2020 to September 30, 2030. The operating agreement sets forth the facility usage, fees and services, ticket administration and revenue allocation, sponsorship sales administration and revenue allocation, and net income disposition. In accordance with this agreement: (i) REA Arena, Inc. collects all ticket revenue from ticketed UND athletic events (hockey, football, men’s and women’s basketball, and volleyball), RE Arena, Inc. retains 52 percent of such ticket revenue and remits 48 percent to UND, and (ii) RE Arena, Inc. collects all sponsorship sales revenue from UND athletic events at the arena, RE Arena, Inc. retains 50 percent of such sponsorship revenue, net of direct costs, and remits 50 percent to UND, net of direct costs. In addition, UND and RE Arena, Inc. jointly utilize the UND and RE Arena, Inc. marketing staff to market and promote UND athletic events.

REA may contract with UND for materials and personnel in service, utility and other areas and will reimburse UND based on separate agreements. Revenue and expense arrangements for all other UND events held at the arena will be negotiated on an event-by-event basis.

In REA’s fiscal year 2025, gross tickets sales were \$5.7 million of which REA recognized revenue of \$2.9 million, with a net paid to UND of \$2.7 million.

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

Gross tickets sales for the next athletic season year are recorded in deferred revenue at gross by REA for a total of \$3.8 million.

REA recognized net sponsorship (advertising) revenue of \$1.4 million and net paid to UND in sponsorship (advertising) income of \$1.4 million. REA allocated \$500,000 of net income to UND athletic department for the year ended May 31, 2025. REA paid \$1.2 million to UND for utilities, maintenance staff, phone service and other.

Amounts are reported on the accrual basis of accounting, which may or may not be the same as that used by UND. REA fiscal year end is May 31 and UND's fiscal year end is June 30. Amounts may differ between entity financial statements because of timing differences due to different year ends

UND Alumni Association and Foundation (UND Foundation)

During the year ended December 31, 2024, UND provided approximately \$1.2 million of institutional support for event and database support, annual giving campaign, career development center and shared positions. The UND Foundation manages UND's endowment investments and charged them \$142,000 in investment management fees during the fiscal year ended December 31, 2024.

In fiscal year ending December 31, 2024, the UND Foundation paid \$4.4 to UND for building projects. On July 24, 2002, the UND Foundation issued \$8.6 million of tax-exempt lease revenue bonds to finance the construction of an office building and the renovation of an existing building for the EERC of UND. The UND Foundation recorded a receivable from UND of \$8.6 million due under the direct-financing lease arrangement. On October 18, 2012, the UND Foundation issued Taxable Refunding Lease Revenue Bonds, Series 2012 in the amount of \$6.4 million to refund its outstanding Lease Revenue Bonds, Series 2002.

The UND Foundation also amended the related lease agreement with UND. Interest accrues on the bonds at rates from 0.75 percent to 4.20 percent, depending upon maturity. Annual principal and semiannual interest payments are due through fiscal year 2027 and as of December 31, 2024 were \$1.7 million. The bonds are secured by a lease with UND.

On March 23, 2021, the UND Foundation financed the build of the College of Business and Public Administration building in part with First International Bank & Trust, in an amount up to \$30.0 million. On July 23, 2023 the UND Foundation modified the University Facilities Bonds, Series 2021 (College of Business and Public Administration Building) to allocate \$13.0 million of the \$30.0 million to finance the building of the Frederick "Fritz" Pollard, Jr. Athletic Center. The bonds are now secured by pledged receivables for both building projects. As of December 31, 2024, the outstanding balance on the bonds is \$23.4 million and the bonds mature on March 5, 2032. UND is not legally obligated for the payment of these bonds.

On August 13, 2024, the Organization issued Taxable Refunding Lease Revenue Bonds, Series 2024A and 2024B in the amounts of \$24,485,000 and \$5,290,000, respectively for the construction of a multi-story building for EERC, renovation of an existing building occupied by EERC, and demolition of an EERC building. Interest accrued on the bonds at rates from 5.0% to 5.05%. An interest only payment is due during 2025, then annual principal and interest payments are due through 2054. The bonds are secured by a lease with the University of North Dakota.

On April 26, 2024, The University of North Dakota Foundation entered into a loan agreement with the City of Grand Forks in an amount of \$2.0 million to assist in the construction of a UND Softball Complex. The interest rate is variable between 2 percent – 4 percent. Annual payments on the loan begin in 2025 and are required through 2034. UND is not legally obligated for the payment of the loan.

In fiscal year 2025, the Foundation changed its fiscal year end to December 31, UND's year end is June 30. Timing

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

NOTE 22 – CONTINGENCIES

Amounts received and expended by the System under various federal and state programs are subject to audit by governmental agencies. In the opinion of management, audit adjustments, if any, will not have a significant effect on the financial position of the System.

In the normal course of its activities, the institutions of the System are party to various legal actions. Because, in the opinion of management and counsel, the risk of material loss in excess of insurance coverage for these items is remote, the outcome of the legal proceedings and claims is not expected to have a material effect on the financial position of the System. Therefore, an estimated liability has not been recorded.

NOTE 23 – RISK MANAGEMENT

The System is exposed to various risks of loss related to torts; theft, damage, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following programs have been established to address some of these risks and loss exposures.

Risk Management Fund

The Risk Management Fund (N.D.C.C. ch.32-12.2) was established by the 1995 North Dakota Legislature as a result of a court decision that eliminated the State’s sovereign immunity. The Risk Management Division of the Office of Management and Budget administers the fund.

The Fund provides liability coverage and defense of a claim/lawsuit brought against the state of North Dakota, its agencies and employees acting within the scope of employment. The statutory caps on State liability will increase each year starting in fiscal year 2023 through fiscal year 2027 as follows:

- Fiscal year 2023: \$375,000 per person, \$1.0 million per occurrence
- Fiscal year 2024: \$406,250 per person and \$1.625 million per occurrence
- Fiscal year 2025: \$437,500 per person and \$1.75 million per occurrence
- Fiscal year 2026: \$468,750 per person and \$1.875 million per occurrence
- Fiscal year 2027: \$500,000 per person and \$2.0 million per occurrence.

The Fund is a risk retention pool that is funded by contributions paid by all State agencies, boards and commissions. The contributions are calculated by an actuary based on various factors, including the agency’s loss history and number of full-time employees.

North Dakota Fire and Tornado and State Bonding Fund

The System also participates in the North Dakota Fire and Tornado Fund and State Bonding Fund. The System pays an annual premium to the Fire and Tornado Fund to cover property damage to personal property. Replacement cost coverage is determined in consultation with the Fire and Tornado Fund. The State Bonding Fund currently provides the System with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

Risk Management Workers Compensation Program

The Risk Management Workers Compensation Program (N.D.C.C. § 65-04-03.1) was established by the 2001 North Dakota Legislature and created a single workers’ compensation account for all state agencies. This cross-agency program is designed to save premium dollars through a deductible program while enhancing recovery of injured employees. The program is administered by the Risk Management Division of the Office of Management and Budget.

June 30, 2025

NOTES TO FINANCIAL STATEMENTS

Workers' compensation provides money and medical benefits to an employee who has an injury as a result of an accident, injury or occupational disease on-the-job. The question of negligence or fault is usually not at issue.

Workforce Safety & Insurance (WSI) continues to determine the level of compensation an injured worker and his or her care provider are entitled to receive; and will determine experience rates, dividends, assessments, and the premiums payable by State entities for workers' compensation coverage. Effective July 1, 2001, workers' compensation premiums are paid to the Risk Management Division rather than to WSI.

NOTE 24 – SUBSEQUENT EVENTS

UND signed a contract on November 4, 2025 to lease space at The Fieldhouse at Memorial Village in Grand Forks, North Dakota, comprising approximately 10,833 square feet for the purpose of operating the campus bookstore (via a separately negotiated contract with Follett). The lease is for an initial term of 120 months and the basic rent starts at \$249,159 per year for the first 36 months, with a two percent annual increase beginning in month 37. The cost of annual rent over the 10-year lease term is \$2,636,842. UND also pays additional rent for its proportionate share of common area and maintenance charges estimated at \$5.00 per square feet for calendar-year 2025 (approximately \$4,515 per month). There is no security deposit, and the lease includes three 5-year extension options at market rate rent. Rental payments are due 90 days after the delivery of the premises to UND, which is expected in the spring of 2026.

North Dakota University System
Required Supplementary Information (RSI)
June 30, 2025

Schedule of the NDUS Proportionate Share of Net Pension Liability - Last 10 Fiscal Years

	NDUS' Proportion of the Net Pension Liability	NDUS' Proportionate Share of the Net Pension Liability	NDUS Covered Employee Payroll	Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	8.97%	\$ 167,703,593	\$ 117,606,033	142.60%	68.02%
2024	8.91%	\$ 171,826,870	\$ 108,970,179	157.68%	65.31%
2023	8.80%	\$ 253,541,017	\$ 102,191,967	248.10%	54.47%
2022	8.70%	\$ 90,645,397	\$ 98,480,254	92.04%	78.26%
2021	8.96%	\$ 281,834,777	\$ 98,822,521	285.19%	48.91%
2020	9.34%	\$ 109,414,127	\$ 97,100,937	112.68%	71.66%
2019	9.61%	\$ 162,113,636	\$ 98,685,274	164.27%	61.89%
2018	9.77%	\$ 157,065,812	\$ 99,755,332	157.45%	61.98%
2017	10.34%	\$ 100,749,199	\$ 104,177,803	96.71%	70.46%
2016	11.08%	\$ 75,351,113	\$ 98,721,150	76.33%	77.15%

Schedule of the NDUS Contributions - Last 10 Fiscal Years

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Excess (Deficiency)	NDUS Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2025	\$ 6,154,480	\$ 6,154,480	\$ -	\$ 130,287,273	4.72%
2024	\$ 5,979,162	\$ 5,979,162	\$ -	\$ 117,606,033	5.08%
2023	\$ 5,712,363	\$ 5,712,363	\$ -	\$ 108,970,179	5.24%
2022	\$ 6,420,524	\$ 6,420,524	\$ -	\$ 102,191,967	6.28%
2021	\$ 6,808,541	\$ 6,808,541	\$ -	\$ 98,480,254	6.91%
2020	\$ 7,175,888	\$ 7,175,888	\$ -	\$ 98,822,521	7.26%
2019	\$ 7,268,591	\$ 7,268,591	\$ -	\$ 97,100,937	7.49%
2018	\$ 7,134,215	\$ 7,134,215	\$ -	\$ 98,685,274	7.23%
2017	\$ 7,546,708	\$ 7,546,708	\$ -	\$ 99,755,332	7.09%
2016	\$ 7,654,994	\$ 7,654,994	\$ -	\$ 104,177,803	7.26%

Notes to Required Supplementary Information for the Year Ended June 30, 2025

Change of benefit Terms

In 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Changes of assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2024 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

North Dakota University System
Required Supplementary Information (RSI)
June 30, 2025

Schedule of the NDUS Proportionate Share of Net OPEB Liability - Last 10 Fiscal Years *

	NDUS' Proportion of the Net OPEB Liability	NDUS' Proportionate Share of the Net OPEB Liability	NDUS Covered Employee Payroll	Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	8.37%	\$ 7,235,924	\$ 86,816,143	8.33%	68.35%
2024	8.37%	\$ 8,368,581	\$ 84,140,480	9.95%	62.74%
2023	8.29%	\$ 9,952,456	\$ 85,602,614	11.63%	56.28%
2022	8.29%	\$ 4,608,336	\$ 90,336,572	5.10%	76.63%
2021	8.49%	\$ 7,143,672	\$ 96,809,287	7.38%	63.38%
2020	8.76%	\$ 7,036,909	\$ 97,762,911	7.20%	63.13%
2019	9.07%	\$ 7,146,894	\$ 99,296,140	7.20%	61.89%
2018	9.31%	\$ 7,365,193	\$ 100,731,452	7.31%	59.78%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Complete data for this schedule is not available prior to 2018.

Schedule of the NDUS Contributions - Last 10 Fiscal Years *

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Excess (Deficiency)	NDUS Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2025	\$ 904,142	\$ 904,142	\$ -	\$ 130,287,273	0.69%
2024	\$ 920,112	\$ 920,112	\$ -	\$ 86,816,143	1.06%
2023	\$ 921,522	\$ 921,522	\$ -	\$ 84,140,480	1.10%
2022	\$ 1,036,573	\$ 1,036,573	\$ -	\$ 85,602,614	1.21%
2021	\$ 1,098,698	\$ 1,098,698	\$ -	\$ 90,336,572	1.22%
2020	\$ 1,157,241	\$ 1,157,241	\$ -	\$ 96,809,287	1.20%
2019	\$ 1,150,435	\$ 1,150,435	\$ -	\$ 97,762,911	1.18%
2018	\$ 1,148,790	\$ 1,148,790	\$ -	\$ 99,296,140	1.16%

*This schedule is intended to show information for 10 years. Additional years will be displayed as they become available. Complete data for this schedule is not available prior to 2018.

Notes to Required Supplementary Information for the Year Ended June 30, 2025

Change of benefit Terms

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become, for the most part, a closed plan. There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2023.

Changes of assumptions

All actuarial assumptions used in the actuarial valuation as of July 1, 2024 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020. There have been no changes in actuarial assumptions since the previous actuarial valuation as of July 1, 2023.

NORTH DAKOTA UNIVERSITY SYSTEM
Supplementary Information
June 30, 2025

COMBINING STATEMENT OF NET POSITION

	North Dakota University System Office	Bismarck State College	Dakota College at Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
ASSETS							
Current assets							
Cash and cash equivalents	\$ 14,456,854	\$ 12,931,028	\$ 3,833,824	\$ 6,222,873	\$ 3,646,141	\$ 8,023,155	\$26,780,341
Investments	-	3,480,000	-	1,500,000	3,210,000	400,000	1,277,400
Accounts receivable, net	9	1,073,900	486,088	419,331	1,358,923	631,178	736,705
Due from component units - investments held on behalf of the institutions	-	-	-	-	-	-	-
Due from component units	-	120,466	2,725	867,127	16,848	1,211,336	260,057
Due from other NDUS institutions	272,089	148,356	707	6,161	203,237	102,716	219,094
Due from State general fund	1,372	-	78,467	-	-	9,551	27,984
Grants and contracts receivables, net	-	2,785,348	575,244	384,556	567,365	894,816	1,648,030
Inventories	-	636,448	132,669	-	301,313	163,715	17,316
Lease receivable	-	-	-	-	-	-	-
Notes receivable, net	-	5,491	4,928	(359,710)	24,200	28,761	146,903
Other assets	1,270,923	170,902	20,887	-	39,750	18,499	17,366
Total current assets	<u>16,001,247</u>	<u>21,351,939</u>	<u>5,135,539</u>	<u>9,040,338</u>	<u>9,367,777</u>	<u>11,483,727</u>	<u>31,131,196</u>
Noncurrent assets							
Restricted cash and cash equivalents	-	-	-	7,966,543	-	10,180,952	556,862
Restricted investments	56	24,982,620	-	-	-	-	-
Endowment investments	-	-	-	-	-	17,000	-
Lease receivable	-	-	-	-	-	-	-
Notes receivable, net	-	2,619	2,013	658,583	12,000	196,650	981,306
Other long-term investments	-	146,000	-	-	-	-	-
Due from component units - investments held on behalf of the institutions	-	-	-	375,904	-	-	4,100,110
Due from component units	-	-	-	-	-	-	-
Other noncurrent assets	-	-	-	-	-	-	-
Capital assets, net	4,587,173	111,727,770	23,416,737	60,887,803	11,182,062	34,471,376	87,314,249
Total noncurrent assets	<u>4,587,229</u>	<u>136,859,009</u>	<u>23,418,750</u>	<u>69,888,833</u>	<u>11,194,062</u>	<u>44,865,978</u>	<u>92,952,527</u>
Total assets	<u>20,588,476</u>	<u>158,210,948</u>	<u>28,554,289</u>	<u>78,929,171</u>	<u>20,561,839</u>	<u>56,349,705</u>	<u>124,083,723</u>
Deferred outflows of resources							
Deferred outflows	1,935,588	3,769,435	441,708	1,040,623	1,727,792	1,580,895	2,802,935
Total deferred outflows of resources	<u>1,935,588</u>	<u>3,769,435</u>	<u>441,708</u>	<u>1,040,623</u>	<u>1,727,792</u>	<u>1,580,895</u>	<u>2,802,935</u>
LIABILITIES							
Current liabilities							
Checks issued in excess of restricted cash	-	9,019,120	-	-	-	-	-
Accounts payable and accrued liabilities	3,167,586	3,177,321	350,735	2,997,505	479,500	680,122	1,634,908
Due to other NDUS institutions	84,399	27,884	73,666	27,246	144,850	57,959	69,789
Due to component units	-	5,406	-	-	-	(113,286)	10,050
Accrued payroll	850,205	1,932,893	327,873	1,076,344	975,612	842,125	2,477,435
Unearned revenue	-	1,384,683	568,728	423,566	830,470	342,871	2,861,532
Deposits	274,606	(113,133)	38,945	222,877	219,540	(10,473)	308,111
SBITA liabilities current portion	1,064,433	-	-	10,136	-	-	72,558
Long-term liabilities - current portion	-	-	-	-	-	-	-
Due to component units	-	52,840	-	-	8,279	-	-
Due to others	236,312	1,267,781	187,364	584,674	561,638	387,084	1,027,482
Total current liabilities	<u>\$ 5,677,541</u>	<u>\$ 16,754,795</u>	<u>\$ 1,547,311</u>	<u>\$ 5,342,348</u>	<u>\$ 3,219,889</u>	<u>\$ 2,186,402</u>	<u>\$ 8,461,865</u>
Noncurrent liabilities							
Pension liability	5,227,848	8,927,021	1,145,656	3,062,761	3,817,041	4,273,315	7,728,304
OPEB liability	266,723	351,524	50,515	136,904	161,526	172,705	340,754
SBITA liabilities noncurrent portion	2,019,482	-	-	(10,585)	-	-	273,779
Other noncurrent liabilities	-	-	-	-	-	-	-
Long - term liabilities	-	-	-	-	-	-	-
Due to component units	-	378,754	-	-	53,269	-	-
Due to others	2,424,860	39,866,129	3,394,882	4,778,958	1,476,348	1,888,720	12,350,693
Total noncurrent liabilities	<u>9,938,913</u>	<u>49,523,428</u>	<u>4,591,053</u>	<u>7,968,038</u>	<u>5,508,184</u>	<u>6,334,740</u>	<u>20,693,530</u>
Total liabilities	<u>15,616,454</u>	<u>66,278,223</u>	<u>6,138,364</u>	<u>13,310,386</u>	<u>8,728,073</u>	<u>8,521,142</u>	<u>29,155,395</u>
Deferred inflows of resources							
Deferred inflows of resources	2,766,222	4,252,360	544,364	1,820,338	1,817,047	2,550,324	3,673,102
Total deferred inflows of resources	<u>2,766,222</u>	<u>4,252,360</u>	<u>544,364</u>	<u>1,820,338</u>	<u>1,817,047</u>	<u>2,550,324</u>	<u>3,673,102</u>
NET POSITION							
Net investment in capital assets	1,450,651	89,344,243	20,064,423	55,849,151	10,168,965	33,200,626	76,193,754
Restricted for:							
Nonexpendable:							
Scholarships and fellowships	-	-	-	-	-	17,524	3,441,006
Expendable:							
Scholarships and fellowships	-	66,191	15,742	315,290	-	14,628	2,128,646
Research	-	-	-	-	-	-	-
Institutional	-	(74)	(1,877)	118,671	(130,849)	1,142,833	1,713,092
Loans	-	12,450	21,042	446,579	34,002	54,510	1,640,147
Capital projects	-	-	-	7,966,542	-	4,088,064	556,805
Debt service	-	(191,901)	12,970	8,867	217,016	321,318	-
Other	1,680,377	-	-	-	-	-	-
Unrestricted	1,010,360	2,218,891	2,200,969	133,970	1,455,377	8,019,631	8,384,711
Total net position	<u>\$ 4,141,388</u>	<u>\$ 91,449,800</u>	<u>\$22,313,269</u>	<u>\$64,839,070</u>	<u>\$11,744,511</u>	<u>\$46,859,134</u>	<u>\$94,058,161</u>

NORTH DAKOTA UNIVERSITY SYSTEM
Supplementary Information
June 30, 2025

COMBINING STATEMENT OF NET POSITION - continued

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
ASSETS							
Current assets							
Cash and cash equivalents	\$ 43,129,981	\$ 119,982,354	\$ 25,159,249	\$ 10,173,759	\$ 7,137,568	\$ -	\$ 281,477,127
Investments	4,675,244	33,000,367	240,000,000	993,612	246,633	-	288,783,256
Accounts receivable, net	1,629,689	5,677,836	24,207,486	661,454	401,980	58,570	37,343,149
Due from component units - investments held on behalf of the institutions	-	-	-	403,716	-	-	403,716
Due from component units	631,048	8,211,965	6,109,362	875,455	573,597	-	18,879,986
Due from other NDUS institutions	7,055	465,543	940,633	80,106	(25,772)	(2,419,925)	-
Due from State general fund	365,563	9,023,703	5,243,112	149,655	-	-	14,899,407
Grants and contracts receivables, net	797,153	25,734,339	38,604,330	124,592	820,697	-	72,936,470
Inventories	1,537,610	1,576,996	3,709,664	148,007	178,793	-	8,402,531
Lease receivable	-	29,052	4,233	-	-	-	33,285
Notes receivable, net	15,736	243,201	872,730	19,280	1,240	-	1,002,760
Other assets	-	3,611,808	1,267,020	55,727	67,193	-	6,540,075
Total current assets	<u>52,789,079</u>	<u>207,557,164</u>	<u>346,117,819</u>	<u>13,685,363</u>	<u>9,401,929</u>	<u>(2,361,355)</u>	<u>730,701,762</u>
Noncurrent assets							
Restricted cash and cash equivalents	7,425,000	101,511,635	82,314,632	234,219	8,048,099	-	218,237,942
Restricted investments	-	6,467	2,250,000	303,135	-	-	27,542,278
Endowment investments	-	459,110	-	47,216	52,199	-	575,525
Lease receivable	-	100,569	633,301	-	-	-	733,870
Notes receivable, net	22,976	609,839	6,400,024	57,840	3,522	-	8,947,372
Other long-term investments	-	70,472,471	3,611,625	600,000	-	-	74,830,096
Due from component units - investments held on behalf of the institutions	-	56,867	22,743,624	992,216	-	-	28,268,721
Due from component units	653,571	-	-	-	-	-	653,571
Other noncurrent assets	-	-	-	-	(246)	-	(246)
Capital assets, net	<u>54,777,801</u>	<u>770,798,319</u>	<u>952,721,732</u>	<u>76,445,770</u>	<u>76,464,952</u>	<u>-</u>	<u>2,264,795,744</u>
Total noncurrent assets	<u>62,879,348</u>	<u>944,015,277</u>	<u>1,070,674,938</u>	<u>78,680,396</u>	<u>84,568,526</u>	<u>-</u>	<u>2,624,584,873</u>
Total assets	<u>115,668,427</u>	<u>1,151,572,441</u>	<u>1,416,792,757</u>	<u>92,365,759</u>	<u>93,970,455</u>	<u>(2,361,355)</u>	<u>3,355,286,635</u>
Deferred outflows of resources							
Deferred outflows	<u>3,257,527</u>	<u>19,420,517</u>	<u>25,831,644</u>	<u>1,536,579</u>	<u>491,798</u>	<u>-</u>	<u>63,837,041</u>
Total deferred outflows of resources	<u>3,257,527</u>	<u>19,420,517</u>	<u>25,831,644</u>	<u>1,536,579</u>	<u>491,798</u>	<u>-</u>	<u>63,837,041</u>
LIABILITIES							
Current liabilities							
Checks issued in excess of restricted cash	-	-	-	-	-	-	9,019,120
Accounts payable and accrued liabilities	3,258,900	37,490,411	24,095,898	1,408,266	7,014,706	-	85,755,858
Due to other NDUS institutions	751,373	578,851	511,569	8,102	25,667	(2,361,355)	-
Due to component units	(3,216)	281	856,591	-	(250)	-	755,576
Accrued payroll	2,287,245	14,339,961	23,117,854	1,651,174	543,921	-	50,422,642
Unearned revenue	1,826,606	17,080,460	12,715,915	573,161	462,752	-	39,070,744
Deposits	499,407	942,849	5,202,913	87,577	(306,412)	-	7,366,807
SBITA liabilities current portion	-	1,595,415	3,170,162	-	-	-	5,912,704
Long-term liabilities - current portion	-	-	-	-	-	-	-
Due to component units	-	2,108,972	1,951,872	-	-	-	4,121,963
Due to others	754,657	8,719,902	12,989,260	533,009	536,237	-	27,785,400
Total current liabilities	<u>\$ 9,374,972</u>	<u>\$ 82,857,102</u>	<u>\$ 84,612,034</u>	<u>\$ 4,261,289</u>	<u>\$ 8,276,621</u>	<u>\$ (2,361,355)</u>	<u>\$ 230,210,814</u>
Noncurrent liabilities							
Pension liability	8,654,624	52,241,082	67,655,210	3,669,713	1,301,018	-	167,703,593
OPEB liability	390,385	2,238,700	2,945,008	147,972	33,208	-	7,235,924
SBITA liabilities noncurrent portion	-	2,665,462	5,644,698	-	-	-	10,592,836
Other noncurrent liabilities	-	-	-	-	7,802	-	7,802
Long - term liabilities	-	-	-	-	-	-	-
Due to component units	-	15,546,195	35,972,898	-	-	-	51,951,116
Due to others	8,043,714	120,573,304	431,920,554	9,344,523	13,030,268	-	649,092,953
Total noncurrent liabilities	<u>17,088,723</u>	<u>193,264,743</u>	<u>544,138,368</u>	<u>13,162,208</u>	<u>14,372,296</u>	<u>-</u>	<u>886,584,224</u>
Total liabilities	<u>26,463,695</u>	<u>276,121,845</u>	<u>628,750,402</u>	<u>17,423,497</u>	<u>22,648,917</u>	<u>(2,361,355)</u>	<u>1,116,795,038</u>
Deferred inflows of resources							
Deferred inflows of resources	<u>4,210,863</u>	<u>25,607,649</u>	<u>32,334,927</u>	<u>1,759,400</u>	<u>1,070,031</u>	<u>-</u>	<u>82,406,627</u>
Total deferred inflows of resources	<u>4,210,863</u>	<u>25,607,649</u>	<u>32,334,927</u>	<u>1,759,400</u>	<u>1,070,031</u>	<u>-</u>	<u>82,406,627</u>
NET POSITION							
Net investment in capital assets	49,151,011	660,681,115	513,767,229	67,580,859	63,503,109	-	1,640,955,136
Restricted for:							
Nonexpendable:							
Scholarships and fellowships	900	518,051	16,763,337	447,032	55,341	-	21,243,191
Expendable:							
Scholarships and fellowships	3,160	736,718	1,666,495	554,822	265,887	-	5,767,579
Research	-	7,183,411	4,739,409	-	-	-	11,922,820
Institutional	372,462	1,029,450	6,824,991	146,073	-	-	11,214,772
Loans	184,213	1,343,957	13,233,148	201,080	14,638	-	17,185,766
Capital projects	7,425,000	99,986,635	57,400,000	216,644	8,048,099	-	185,687,789
Debt service	(101,703)	1,525,000	2,527,489	303,135	142,952	-	4,765,143
Other	-	-	-	578,161	-	-	2,258,538
Unrestricted	<u>31,216,353</u>	<u>96,259,125</u>	<u>164,616,974</u>	<u>4,691,635</u>	<u>(1,286,721)</u>	<u>-</u>	<u>318,921,275</u>
Total net position	<u>\$ 88,251,396</u>	<u>\$ 869,263,462</u>	<u>\$ 781,539,072</u>	<u>\$ 74,719,441</u>	<u>\$ 70,743,305</u>	<u>\$ -</u>	<u>\$ 2,219,922,009</u>

NORTH DAKOTA UNIVERSITY SYSTEM
Supplementary Information
JUNE 30, 2025

	North Dakota University System Office	Bismarck State College	Dakota College of Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
OPERATING REVENUES							
Student tuition and fees (net of scholarship allowances of \$108.1 million and bad debt allowance of \$1.9 million)	\$ 4,833,986	\$ 14,220,580	\$ 2,605,348	\$ 6,314,419	\$ 4,326,963	\$ 4,302,232	\$ 13,635,909
Federal grants and contracts	37,500	3,173,788	464,053	64,218	789,623	4,505,930	7,944,220
State grants and contracts	-	631,670	327,995	12,962	697,275	270,242	2,509,262
Nongovernmental grants and contracts	100,500	981,719	118,330	13,000	80,682	48,918	389,660
Sales and services of educational departments (net of bad debt allowance of \$266,000)	1,922,254	4,067,070	86,174	533,850	981,033	1,583,875	2,169,694
Auxiliary enterprises (net of scholarship allowances of \$1.6 million and bad debt allowance of \$608,000)	6,000	6,076,760	1,609,366	2,918,608	2,383,812	2,068,261	3,545,995
Other (net of bad debt allowance of \$212,000)	-	458	18,877	97,374	987	2,499	76,276
Total operating revenues	6,900,240	29,152,045	5,230,143	9,954,431	9,260,375	12,781,957	30,271,016
OPERATING EXPENSES							
Salaries and wages	21,554,050	38,656,283	8,019,859	15,835,323	13,540,274	17,433,200	43,225,447
Operating expenses	10,703,091	13,173,205	3,463,452	7,637,090	4,156,430	6,032,732	15,369,426
Information Technology	3,562,672	930,409	111,669	430,918	319,979	464,692	442,656
Depreciation expense	4,633,625	3,676,359	847,919	2,691,030	1,230,957	1,960,190	4,517,412
Scholarships and fellowships	19,739,941	2,657,436	607,325	1,402,738	751,110	603,235	2,922,136
Cost of sales and services	-	1,923,092	317,316	47,285	1,034,925	729,852	165,271
Total operating expenses	60,193,379	61,016,784	13,367,540	28,044,384	21,033,675	27,223,901	66,642,348
Operating income (loss)	(53,293,139)	(31,864,739)	(8,137,397)	(18,089,953)	(11,773,300)	(14,441,944)	(36,371,332)
NONOPERATING REVENUES (EXPENSES)							
State appropriations	67,986,529	18,942,028	5,887,745	12,368,122	7,922,031	12,319,042	24,505,401
Federal appropriations	-	-	-	-	-	-	-
Federal grants and contracts (net of bad debt allowance of \$23,000)	-	4,768,288	1,042,629	2,326,248	1,562,832	1,936,746	4,539,212
Federal grants and contracts stimulus	-	7,916,083	-	-	-	-	(234,368)
Gifts	125,000	2,966,243	338,020	2,143,575	938,242	1,343,502	3,437,487
Endowment and investment income	126,564	253,166	192,796	222,108	88,776	488,675	677,524
Interest on capital asset - related debt	(212,672)	(1,537,791)	(112,015)	(131,766)	(53,966)	(52,819)	(329,712)
Gain (loss) on disposal of capital assets	(25,112)	(664)	10,063	-	16,322	(183,153)	(12,358)
Insurance proceeds	-	352,332	-	-	6,619	-	6,580
Tax revenues	-	-	-	-	-	(14,554)	-
General and special grant expenditures	(29,502,688)	-	-	-	-	-	-
Transfers to North Dakota Industrial Commission	(5,096,244)	-	-	-	-	-	-
Other nonoperating revenues (expenses)	1,700,265	(281,761)	(3,763)	7,585	(6,938)	221,435	(102,651)
Net nonoperating revenues (expenses)	35,101,642	33,377,924	7,355,475	16,935,872	10,473,918	16,058,874	32,487,115
Income (loss) before capital grants, gifts, and transfers	(18,191,497)	1,513,185	(781,922)	(1,154,081)	(1,299,382)	1,616,930	(3,884,217)
State appropriations - capital assets	-	11,377,401	2,759,685	19,603,293	762,061	17,303,678	2,397,150
Capital grants and gifts	-	761,827	258,440	25,000	-	-	237,180
Total other revenue	-	12,139,228	3,018,125	19,628,293	762,061	17,303,678	2,634,330
Increase (decrease) in net position	(18,191,497)	13,652,413	2,236,203	18,474,212	(537,321)	18,920,608	(1,249,887)
NET POSITION							
Net position - beginning of year, as restated	22,332,885	77,797,387	20,077,066	46,364,858	12,281,832	27,938,526	95,308,048
Net position - end of year	\$ 4,141,388	\$ 91,449,800	\$ 22,313,269	\$ 64,839,070	\$ 11,744,511	\$ 46,859,134	\$ 94,058,161

NORTH DAKOTA UNIVERSITY SYSTEM
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	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
OPERATING REVENUES							
Student tuition and fees (net of scholarship allowances of \$108.1 million and bad debt allowance of \$1.9 million)	\$ 9,421,144	\$ 101,263,431	\$ 196,777,513	\$ 7,303,432	\$ 847,059	\$ -	\$ 365,852,016
Federal grants and contracts	966,969	83,274,412	131,947,528	700,803	692,734	(2,882,029)	231,679,749
State grants and contracts	970,080	13,031,673	37,491,410	264,915	471,882	(3,530,546)	53,148,820
Nongovernmental grants and contracts	88,007	10,839,256	32,270,408	105,928	90,754	-	45,127,162
Sales and services of educational departments (net of bad debt allowance of \$266,000)	3,587,173	43,182,975	51,934,609	1,058,081	2,664,900	(1,291,612)	112,480,076
Auxiliary enterprises (net of scholarship allowances of \$1.6 million and bad debt allowance of \$608,000)	11,115,577	49,282,532	39,827,882	3,148,264	2,397,921	(51,886)	124,329,092
Other (net of bad debt allowance of \$212,000)	159,545	376,985	147,363	3,777	14,681	-	898,822
Total operating revenues	26,308,495	301,251,264	490,396,713	12,585,200	7,179,931	(7,756,073)	933,515,737
OPERATING EXPENSES							
Salaries and wages	31,623,636	330,295,890	402,071,828	21,693,212	10,218,088	-	954,167,090
Operating expenses	13,291,287	111,451,933	214,648,166	6,429,555	5,035,216	(6,940,115)	404,451,468
Information Technology	496,065	5,749,922	7,506,975	593,328	464,426	(424)	21,073,287
Depreciation expense	3,800,186	35,411,366	42,349,465	3,427,943	2,818,879	-	107,365,331
Scholarships and fellowships	1,804,898	10,076,204	15,799,031	1,083,300	1,209,324	-	58,656,678
Cost of sales and services	3,749,195	9,248,367	9,837,128	466,246	454,131	(306)	27,972,502
Total operating expenses	54,765,267	502,233,682	692,212,593	33,693,584	20,200,064	(6,940,845)	1,573,686,356
Operating income (loss)	(28,456,772)	(200,982,418)	(201,815,880)	(21,108,384)	(13,020,133)	(815,228)	(640,170,619)
NONOPERATING REVENUES (EXPENSES)							
State appropriations	21,210,505	149,397,179	140,868,873	14,056,990	7,175,263	-	482,639,708
Federal appropriations	-	8,746,139	-	-	-	-	8,746,139
Federal grants and contracts (net of bad debt allowance of \$23,000)	4,272,660	14,923,339	13,620,113	2,274,439	1,441,675	-	52,708,181
Federal grants and contracts stimulus	-	2,386,472	14,727,197	-	(24,084)	-	24,771,300
Gifts	4,722,373	31,576,218	23,561,934	1,746,717	4,890,170	-	77,789,481
Endowment and investment income	1,326,651	5,589,597	11,557,858	919,565	13,087	-	21,456,367
Interest on capital asset - related debt	(145,844)	(4,042,198)	(15,652,150)	(369,909)	(462,016)	-	(23,102,858)
Gain (loss) on disposal of capital assets	(21,603)	(408,721)	(343,596)	(11,652)	(30,935)	-	(1,011,409)
Insurance proceeds	-	271,446	805,810	-	135,020	-	1,577,807
Tax revenues	-	500,000	6,029,283	-	-	-	6,514,729
General and special grant expenditures	-	-	-	-	-	17,807,972	(11,694,716)
Transfers to North Dakota Industrial Commission	-	-	-	-	-	-	(5,096,244)
Other nonoperating revenues (expenses)	(42,461)	(954,330)	(554,416)	(36,281)	(3,364)	(2,258,026)	(2,314,706)
Net nonoperating revenues (expenses)	31,322,281	207,985,142	194,620,906	18,579,869	13,134,816	15,549,946	632,983,780
Income (loss) before capital grants, gifts, and transfers	2,865,509	7,002,724	(7,194,974)	(2,528,515)	114,683	14,734,718	(7,186,840)
State appropriations - capital assets	19,179,815	72,327,814	66,114,922	2,124,595	1,213,186	(13,904,541)	201,259,059
Capital grants and gifts	1,851,965	18,577,345	12,010,211	1,255,466	4,438,266	(830,177)	38,585,523
Total other revenue	21,031,780	90,905,159	78,125,133	3,380,061	5,651,452	(14,734,718)	239,844,582
Increase (decrease) in net position	23,897,289	97,907,883	70,930,159	851,546	5,766,135	-	232,657,743
NET POSITION							
Net position - beginning of year, as restated	64,354,107	771,355,580	710,608,913	73,867,895	64,977,170	-	1,987,264,266
Net position - end of year	\$ 88,251,396	\$ 869,263,462	\$ 781,539,072	\$ 74,719,441	\$ 70,743,305	\$ -	\$ 2,219,922,009

NORTH DAKOTA UNIVERSITY SYSTEM
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COMBINING STATEMENT OF CASH FLOWS

	North Dakota University System Office	Bismarck State College	Dakota College of Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
CASH FLOWS FROM OPERATING ACTIVITIES							
Student tuition and fees	\$ 4,832,684	\$ 13,996,700	\$ 2,673,163	\$ 6,322,453	\$ 4,406,927	\$ 2,621,614	\$ 13,648,105
Grants and contracts	45,000	12,307,874	809,135	(144,494)	1,442,698	5,165,936	11,065,088
Payments to suppliers	(13,146,370)	(8,212,410)	(5,271,037)	(5,731,254)	(5,438,859)	(8,349,012)	(16,305,901)
Payments to employees	(21,933,444)	(38,336,819)	(7,964,299)	(16,183,972)	(13,616,826)	(17,726,579)	(43,381,543)
Payments for scholarships and fellowships	(19,739,941)	(2,657,437)	(607,325)	(1,402,739)	(751,111)	(603,236)	(2,922,136)
Loans issued to students	-	-	-	(16,412)	-	(69,311)	(186,487)
Collection of loans to students	-	3,119	3,102	78,795	11,558	14,488	274,041
Auxiliary enterprise charges	6,000	6,039,193	1,573,567	2,895,650	2,327,325	2,150,701	3,495,847
Sales and service of educational departments	2,311,456	3,950,552	380,039	(400,550)	716,202	2,120,382	1,152,474
Cash received/(paid) on deposits	(105,060)	(218,080)	(7,227)	(24,870)	(12,298)	438,377	57,063
Other receipts (payments)	539,590	(385,224)	18,577	103,778	(5,703)	226,848	(3,366)
Net cash provided (used) by operating activities	(47,190,085)	(13,512,532)	(8,392,305)	(14,503,615)	(10,920,087)	(14,009,792)	(33,106,815)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
State appropriations	67,987,412	18,942,028	5,887,745	12,368,122	7,922,031	12,319,042	24,505,401
Federal appropriations	-	-	-	(56,934)	-	-	-
Grants and gifts received for other than capital purposes	125,000	7,729,876	1,380,650	4,981,450	2,365,505	3,265,621	7,976,700
Grants given for other than capital purposes	(29,502,688)	-	-	-	-	-	-
Federal stimulus revenues	-	875,020	-	-	-	-	(234,369)
Direct lending receipts	-	5,519,457	1,167,733	3,920,805	2,120,103	3,398,341	6,702,993
Direct lending disbursements	-	(5,519,457)	(1,160,697)	(3,920,805)	(2,120,103)	(3,398,341)	(6,721,570)
Transfers to Industrial Commission	(5,096,245)	-	-	-	-	-	-
Tax revenues	-	-	-	-	-	(14,554)	-
Net cash flows provided (used) by noncapital financing activities	33,513,479	27,546,924	7,275,431	17,292,638	10,287,536	15,570,109	32,229,155
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from issuance of debt	-	32,257,019	-	-	-	-	-
Capital appropriations	(974)	11,377,402	3,973,050	20,012,371	765,107	17,303,678	2,380,678
Capital grants and gifts received	-	761,828	258,440	328,563	(620)	-	1,923,166
Federal stimulus revenue capital	-	7,041,064	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	17,851	-	-
Proceeds from lease receivables	-	-	-	-	-	-	-
Purchases of capital assets	(1,124,463)	(33,097,580)	(3,162,732)	(12,437,688)	(217,700)	(11,618,294)	(2,878,841)
Insurance proceeds	-	352,333	-	-	6,619	-	6,580
Principal paid on capital debt and leases	(3,515,414)	(1,301,128)	(160,500)	(533,324)	(508,688)	(662,843)	(878,155)
Deposits with capital debt payment trustees	-	-	-	-	-	-	-
Interest paid on capital debt and lease	(212,673)	(1,301,356)	(117,559)	(131,766)	(53,966)	(52,820)	(346,252)
Net cash provided (used) by capital and related financing activities	(4,853,524)	16,089,582	790,699	7,238,156	8,603	4,969,721	207,176
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	683,054	1,700,000	-	-	-	-	1,685,444
Interest on investments	126,507	257,544	192,799	222,110	88,777	487,986	456,743
Purchase of investments	-	(26,682,620)	-	-	45,000	-	(627,706)
Net cash provided (used) by investing activities	809,561	(24,725,076)	192,799	222,110	133,777	487,986	1,514,481
Net increase (decrease) in cash	(17,720,569)	5,398,898	(133,376)	10,249,289	(490,171)	7,018,024	843,997
CASH - BEGINNING OF YEAR	32,177,423	7,532,130	3,967,200	3,940,127	4,136,312	11,186,083	26,493,206
CASH - END OF YEAR	\$ 14,456,854	\$ 12,931,028	\$ 3,833,824	\$ 14,189,416	\$ 3,646,141	\$ 18,204,107	\$ 27,337,203

NORTH DAKOTA UNIVERSITY SYSTEM
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	North Dakota University System Office	Bismarck State College	Dakota College of Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO							
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income (loss)	\$ (53,293,139)	\$ (31,864,739)	\$ (8,137,397)	\$ (18,089,953)	\$ (11,773,300)	\$ (14,441,944)	\$ (36,371,332)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization expense	4,633,625	3,676,359	847,919	2,691,030	1,230,957	1,960,190	4,517,412
Other nonoperating revenues (expenses)	1,700,269	(281,761)	(3,764)	7,585	(6,940)	221,434	(102,647)
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable adjusted for interest receivable	387,897	(283,000)	322,143	(1,018,662)	(270,693)	(1,200,884)	143,904
Grant & contract receivables	(93,000)	7,520,695	(101,245)	(234,675)	(124,883)	340,845	221,944
Inventories	-	(34,069)	-	-	84,872	55,974	(7,865)
Notes receivable	-	3,228	3,467	65,356	(4,518)	(43,827)	84,755
Other assets	(1,160,679)	(103,921)	3,465	-	249	2,915	23,005
Checks issued in excess of restricted cash	-	9,019,120	-	-	-	-	-
Accounts payable and accrued liabilities adjusted for interest payable	1,119,394	(1,366,553)	(1,383,172)	2,367,067	(8,518)	(773,886)	(318,794)
Pension liability	(303,206)	340,129	(897)	(375,175)	123,686	(42,345)	(6,055)
OPEB liability	(59,034)	(36,143)	(8,128)	(43,518)	(1,793)	(39,988)	(54,830)
Net change in deferred outflows	2,033,237	2,296,565	351,565	1,262,536	1,077,512	1,337,110	2,371,560
Net change in deferred inflows	(1,781,952)	(2,533,663)	(361,215)	(1,192,048)	(1,125,148)	(1,602,058)	(2,436,666)
Accrued payroll	8,605	132,549	8,371	57,147	377,935	(977)	(155,178)
Compensated absences	(277,042)	120,028	65,865	(57,590)	(528,742)	54,879	125,074
Unearned revenue	-	100,724	7,945	82,155	41,536	(275,608)	(1,198,165)
Deposits	(105,060)	(218,080)	(7,227)	(24,870)	(12,299)	438,378	57,063
Net cash provided (used) by operating activities	\$ (47,190,085)	\$ (13,512,532)	(8,392,305)	\$ (14,503,615)	\$ (10,920,087)	\$ (14,009,792)	\$ (33,106,815)
SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS							
Assets acquired through long-term leases	\$ -	149,841	\$ -	-	130,401	\$ -	\$ 53,345
Assets acquired through note payable	171,916	-	-	-	-	-	(399,142)
Assets acquired through long-term software based IT arrangements	4,172,833	-	-	-	-	-	-
Assets acquired through special assessments	-	-	-	-	-	-	-
Gifts of capital assets	-	-	-	-	-	-	-
Net increases (decrease) in value of investments	-	-	-	-	-	-	229,638
Total non-cash transactions	\$ 4,344,749	\$ 149,841	\$ -	\$ -	\$ 130,401	\$ -	\$ (116,159)

NORTH DAKOTA UNIVERSITY SYSTEM
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COMBINING STATEMENT OF CASH FLOWS -CONTINUED

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Student tuition and fees	\$ 9,826,473	\$ 101,869,358	\$ 198,479,834	\$ 7,312,538	\$ 948,186	\$ -	\$ 366,938,035
Grants and contracts	1,887,135	111,277,434	189,471,254	1,258,759	1,523,787	(6,412,575)	329,697,031
Payments to suppliers	(16,072,243)	(119,052,119)	(234,067,504)	(7,205,413)	(2,294,308)	6,940,845	(434,205,585)
Payments to employees	(31,217,812)	(330,059,170)	(399,874,414)	(21,571,951)	(10,428,317)	-	(952,295,146)
Payments for scholarships and fellowships	(1,804,898)	(10,076,205)	(15,799,031)	(1,083,300)	(1,209,325)	-	(58,656,684)
Loans issued to students	-	(45,423)	(1,120,288)	-	-	-	(1,437,921)
Collection of loans to students	17,462	405,948	967,252	29,790	96	-	1,805,651
Auxiliary enterprise charges	11,029,344	49,257,264	39,877,735	3,133,071	2,235,310	(51,886)	123,969,121
Sales and service of educational departments	2,916,442	43,813,017	50,212,071	206,400	4,631,374	(1,291,612)	110,718,549
Cash received/(paid) on deposits	300,916	85,296	935,703	(155,095)	(7,714)	-	1,287,011
Other receipts (payments)	(406,415)	(653,514)	(764,656)	(27,763)	14,045	(2,258,026)	(3,601,829)
Net cash provided (used) by operating activities	(23,523,596)	(153,178,114)	(171,682,044)	(18,102,964)	(4,586,866)	(3,073,254)	(515,782,069)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
State appropriations	21,210,505	149,513,670	137,083,189	14,056,990	3,755,814	-	475,551,949
Federal appropriations	-	8,746,140	-	-	-	-	8,689,206
Grants and gifts received for other than capital purposes	8,995,034	45,157,798	35,608,212	4,021,157	5,891,629	-	127,498,632
Grants given for other than capital purposes	-	-	-	-	-	17,807,971	(11,694,717)
Federal stimulus revenues	-	2,386,472	3,083,072	-	-	-	6,110,195
Direct lending receipts	6,120,754	60,804,635	106,794,870	3,591,973	1,042,885	-	201,184,549
Direct lending disbursements	(6,120,754)	(60,804,635)	(106,293,140)	(3,591,973)	(1,042,885)	-	(200,694,360)
Transfers to Industrial Commission	-	-	-	-	-	-	(5,096,245)
Tax revenues	-	500,000	6,029,284	-	-	-	6,514,730
Net cash flows provided (used) by noncapital financing activities	30,205,539	206,304,080	182,305,487	18,078,147	9,647,443	17,807,971	608,063,939
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from issuance of debt	-	511,329	31,579,987	-	218,500	-	64,566,835
Capital appropriations	19,463,374	61,611,792	67,878,711	1,985,290	4,632,627	(13,904,540)	197,478,566
Capital grants and gifts received	1,851,965	18,605,867	15,747,120	274,325	4,438,267	(830,177)	43,358,744
Federal stimulus revenue capital	-	-	11,644,125	-	(24,084)	-	18,661,105
Proceeds from sale of capital assets	(21,603)	-	89,618	3,600	144,682	-	234,148
Proceeds from lease receivables	-	27,846	4,033	-	-	-	31,879
Purchases of capital assets	(14,465,574)	(101,412,549)	(65,899,341)	(13,569,607)	(27,479,349)	-	(287,363,718)
Insurance proceeds	-	271,447	805,811	-	135,019	-	1,577,809
Principal paid on capital debt and leases	(507,235)	(8,036,077)	(16,692,964)	(501,722)	(509,646)	-	(33,807,696)
Deposits with capital debt payment trustees	-	-	19,724	-	-	-	19,724
Interest paid on capital debt and lease	(148,508)	(4,208,160)	(16,863,400)	(377,623)	(490,019)	-	(24,304,102)
Net cash provided (used) by capital and related financing activities	6,172,419	(32,628,505)	28,313,424	(12,185,737)	(18,934,003)	(14,734,717)	(19,546,706)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sales and maturities of investments	-	30,035,347	112,957,014	418,589	-	-	147,479,448
Interest on investments	1,308,132	5,724,602	10,277,715	919,565	13,088	-	20,075,568
Purchase of investments	-	(36,000,000)	(120,457,866)	(539,770)	(246,635)	-	(184,509,597)
Net cash provided (used) by investing activities	1,308,132	(240,051)	2,776,863	798,384	(233,547)	-	(16,954,581)
Net increase (decrease) in cash	14,162,494	20,257,410	41,713,730	(11,412,170)	(14,106,973)	-	55,780,583
CASH - BEGINNING OF YEAR	36,392,487	201,236,579	65,760,151	21,820,148	29,292,640	-	443,934,486
CASH - END OF YEAR	\$ 50,554,981	\$ 221,493,989	\$ 107,473,881	\$ 10,407,978	\$15,185,667	\$ -	\$ 499,715,069

NORTH DAKOTA UNIVERSITY SYSTEM
Supplementary Information
June 30, 2025

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Eliminations	Total
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO							
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating income (loss)	\$ (28,456,772)	\$ (200,982,418)	\$ (201,815,880)	\$ (21,108,384)	#####	\$ (815,228)	\$ (640,170,619)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities							
Depreciation and amortization expense	3,800,186	35,411,366	42,349,465	3,427,943	2,818,879	-	107,365,331
Other nonoperating revenues (expenses)	87,613	(915,768)	(5,595,340)	(36,281)	(54,270)	(2,258,026)	(7,237,896)
Change in assets, deferred outflows, liabilities and deferred inflows							
Accounts receivable adjusted for interest receivable	(1,014,193)	402,111	(1,625,700)	(804,792)	2,036,535	2,668,101	(257,233)
Grant & contract receivables	(137,923)	4,120,998	(12,238,094)	187,111	268,416	-	(269,811)
Inventories	(195,396)	15,027	550,056	(24,892)	(53,409)	-	390,298
Notes receivable	21,096	358,008	(109,844)	33,453	23,049	-	434,223
Other assets	(653,571)	(114,731)	4,683,321	4,743	53,633	-	2,738,429
Checks issued in excess of restricted cash	-	-	-	-	-	-	9,019,120
Accounts payable and accrued liabilities adjusted for interest payable	1,665,505	7,357,301	(2,493,509)	177,630	3,537,224	(2,668,101)	7,211,588
Pension liability	(203,382)	(2,117,816)	(1,275,511)	90,260	(352,960)	-	(4,123,272)
OPEB liability	(48,616)	(414,590)	(389,861)	(10,293)	(25,860)	-	(1,132,654)
Net change in deferred outflows	3,033,499	18,616,229	23,116,271	1,026,185	709,515	-	57,231,784
Net change in deferred inflows	(2,993,495)	(17,513,941)	(21,958,929)	(1,076,080)	(523,663)	-	(55,098,858)
Accrued payroll	115,787	(531,913)	1,402,696	93,911	20,833	-	1,529,766
Compensated absences	502,031	2,209,844	1,302,748	(2,722)	(38,094)	-	3,476,279
Unearned revenue	653,119	836,883	1,480,362	74,337	21,154	-	1,824,442
Deposits	300,916	85,296	935,705	(155,093)	(7,715)	-	1,287,014
Net cash provided (used) by operating activities	\$ (23,523,596)	\$ (153,178,114)	\$ (171,682,044)	\$ (18,102,964)	\$ (4,586,866)	\$ (3,073,254)	\$ (515,782,069)
SUPPLEMENTAL DISCLOSURE ON NON CASH TRANSACTIONS							
Assets acquired through long-term leases	\$ 239,994	\$ 311,225	\$ 13,906,824	\$ 268,260	\$ -	\$ -	\$ 15,059,890
Assets acquired through note payable	-	-	-	-	-	-	(227,226)
Assets acquired through long-term software based IT arrangements	-	3,326,892	1,862,482	-	-	-	9,362,207
Assets acquired through special assessments	-	1,178,220	-	-	-	-	1,178,220
Gifts of capital assets	-	82,775	120,262	-	-	-	203,037
Net increases (decrease) in value of investments	1,835	(74,293)	17,414,239	-	-	-	17,571,419
Total non-cash transactions	\$ 241,829	\$ 4,824,819	\$ 33,303,807	\$ 268,260	\$ -	\$ -	\$ 43,147,547

NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2025

Combining Statement of Financial Position -- Non-Major Component Units

FASB Basis	DSU Heritage Foundation June 30, 2025	WSC Foundation June 30, 2025	Total Non-major Component
Assets			
Current assets			
Cash and cash equivalents	\$ 557,231	\$ 6,278,871	\$ 6,836,102
Investments	27,878,679	-	27,878,679
Accounts receivable, net	-	2,899	2,899
Notes receivable	-	183,797	183,797
Receivable from primary institution	-	23,653	23,653
Unconditional promises to give, net of allowance	4,967,536	340,000	5,307,536
Inventories	6,205	-	6,205
Other assets	143,349	354,221	497,570
Total current assets	33,553,000	7,183,441	40,736,441
Noncurrent assets			
Restricted cash and cash equivalents	-	551,626	551,626
Investments:			
Investments, net of current portion	-	31,269,557	31,269,557
Other long-term investments	-	226,641	226,641
Total investments	-	31,496,198	31,496,198
Long term pledges receivable/unconditional promises to give	-	2,452,400	2,452,400
Receivable from primary institution	-	195,500	195,500
Other noncurrent assets	362,387	1,132,738	1,495,125
Capital assets, net	627,908	13,571,646	14,199,554
Total noncurrent assets	990,295	49,400,108	50,390,403
Total assets	34,543,295	56,583,549	91,126,844
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	215,595	298,051	513,646
Payable to university	-	100,864	100,864
Accrued payroll	-	131	131
Long-term liabilities--current portion	-	136,799	136,799
Total current liabilities	215,595	535,845	751,440
Noncurrent liabilities			
Long-term liabilities	-	11,239,260	11,239,260
Total noncurrent liabilities	-	11,239,260	11,239,260
Total liabilities	215,595	11,775,105	11,990,700
NET ASSETS			
Without donor restrictions	2,288,779	12,635,600	14,924,379
With donor restrictions	32,038,921	32,172,844	64,211,765
Total net assets	34,327,700	44,808,444	79,136,144
Total liabilities and net assets	\$ 34,543,295	\$ 56,583,549	\$ 91,126,844

COMBINING STATEMENT OF ACTIVITIES, Non-Major Component Units

FASB BASIS

	DSU Heritage Foundation June 30, 2025	WSC Foundation June 30, 2025	Total
Support and revenue			
Gifts and contributions	\$ 5,118,894	\$ 2,554,379	7,673,273
Investment income	2,481,921	4,616,380	7,098,301
Net realized and unrealized gains (losses) on investment securities	-	1,190,109	1,190,109
Program and event income	929,499	2,841,484	3,770,983
Other income	1,054,972	1,996,588	3,051,560
Total support and revenue	<u>9,585,286</u>	<u>13,198,940</u>	<u>22,784,226</u>
EXPENSES			
Program Services	4,219,488	8,478,045	12,697,533
Supporting services	1,500,945	4,317,148	5,818,093
Fundraising	313,431	-	313,431
Total expenses	<u>6,033,864</u>	<u>12,795,193</u>	<u>18,829,057</u>
Change in Net Assets	<u>3,551,422</u>	<u>403,747</u>	<u>3,955,169</u>
Net Assets, Beginning of Year, as restated	30,776,278	44,404,697	75,180,975
Net Assets, End of Year	<u>\$ 34,327,700</u>	<u>\$ 44,808,444</u>	<u>\$ 79,136,144</u>

North Dakota University System

Supplementary Information

June 30, 2025

SCHEDULE OF BONDS PAYABLE and CERTIFICATES OF PARTICIPATION- Primary Institutions

Issue	Original Balance	Original Discount (Premium)	Original Balance, Net of Discount (Premium)	Interest Rate	Installments	Balance Outstanding
Bonds Payable						
Bismarck State College						
2015 Housing & Auxiliary Facilities, due through 2030, collateralized by net revenues of housing & auxiliary system and College Fee.	\$ 3,005,000	\$ 59,569	\$ 3,064,569	2.0 - 3.0%	\$160,000 to \$275,000	\$ 1,184,856
2024 Housing & Auxiliary Facilities, due through 2054, collateralized by net revenues of housing & auxiliary system and College Fee.	30,000,000	2,257,019	32,257,019	4.0 - 5.25%	\$520,000 to \$1,920,000	32,181,785
2012 Housing & Auxiliary Facilities, due through 2033, collateralized by net revenues of housing & auxiliary system and College Fee.	7,000,000	119,765	7,119,765	2.0 - 4.0%	\$265,000 to \$475,000	3,390,626
Total BSC	\$ 40,005,000	\$ 2,436,353	\$ 42,441,353			\$ 36,757,267
Dakota College at Bottineau						
Dakota College of Bottineau Housing & Auxiliary Facilities Revenue Bonds Series 2022 due through the year 2026. Collateralized with revenues from auxiliaries.	2,480,000	130,538	2,610,538	2.0-5.0%	\$65,000 to \$145,000	\$ 2,364,652
Total DCB	\$ 2,480,000	\$ 130,538	\$ 2,610,538			\$ 2,364,652
Mayville State University						
2017 Facilities Revenue Bonds (2010 Refund), due through year 2030, collateralized by Housing and Facilities revenue, student fees, federal interest subsidy related to the bond interest payments and earnings on funds created under the indenture	2,800,000	-	2,800,000	1.25%-3.25%	\$185,000 to \$255,000	\$ 1,196,492
Total MaSU	\$ 2,800,000	\$ -	\$ 2,800,000			\$ 1,196,492
Minot State University						
2021 Student Services Facilities Revenue Refunding Bonds, Series 2021, refunded 2010 Wellness Bonds due August 1, 2040. Collateralized by student fees from Wellness Center, and net revenues from housing and student union	7,435,000	233,816	7,668,816	0.40-3.0%	\$320,000 to \$470,000	\$ 6,639,592
Total MiSU	\$ 7,435,000	\$ 233,816	\$ 7,668,816			\$ 6,639,592
North Dakota State College of Science						
2022 Housing Facilities Revenue Bonds, due through 2037, fixed rate collateralized by net housing and auxiliary facilities pledged revenues.	\$ 6,175,000	\$ 331,892	\$ 6,506,892	3.0%	\$320,000 to \$505,000	\$ 5,409,449
Total NDSCS	\$ 6,175,000	\$ 331,892	\$ 6,506,892			\$ 5,409,449
North Dakota State University						
2012A Housing & Auxiliaries Facilities Revenue Bonds, Maturity April 1, 2027, collateralized by auxiliary revenue	\$ 5,730,000	\$ 62,552	\$ 5,792,552	2.0-3.0%	\$455,956 to \$465,450	\$ 892,257
2014A Housing & Auxiliary Facilities Revenue Refunding Bonds Maturity April 1, 2034, collateralized by net revenues of housing and auxiliary services	8,340,000	108,914	8,448,914	2.0-4.0%	\$575,237 to \$581,250	4,446,938
2015A Housing & Auxiliary Facilities Refunding Bonds Maturity April 1, 2036 collateralized by net revenues of housing and auxiliary services.	21,195,000	2,185,340	23,380,340	3.0 - 5.0%	\$2,351,200 to \$2,351,200	6,774,878
2015B Housing & Auxiliary Facilities Bonds, Maturity April 1, 2035, collateralized by net revenues of housing and auxiliary services.	9,355,000	366,958	9,721,958	2.0 - 5.0%	\$524,659 to \$683,806	5,796,156
2016 Housing & Auxiliary Facilities Refunding Bonds, Maturity April 1, 2036, collateralized by net revenues of housing and auxiliary services.	10,405,000	310,288	10,715,288	2.0 - 4.0%	\$534,469 to \$671,575	6,843,891
2016 Research & Tech Park Taxable Lease Refunding Bonds, Maturity May 1, 2032, collateralized by lease revenues.	18,790,000	-	18,790,000	1.1 - 3.9%	\$1,254,452 to \$1,806,231	7,755,000
2017A Housing & Auxiliary Facilities Bonds, Maturity April 1, 2047, collateralized by net revenues of housing and auxiliary services.	48,770,000	1,522,948	50,292,948	2.0 - 5.0%	\$1,833,019 to \$2,182,320	43,440,343
2017B Housing & Auxiliary Facilities Refunding Bonds, Maturity April 1, 2039, collateralized by net revenues of housing and auxiliary services.	22,755,000	1,500,818	24,255,818	2.0 - 5.0%	\$1,539,325 to \$1,544,338	17,912,442
Total NDSU	\$ 145,340,000	\$ 6,057,818	\$ 151,397,818			\$ 93,868,105

North Dakota University System
Supplementary Information
June 30, 2025

SCHEDULE OF BONDS PAYABLE and CERTIFICATES OF PARTICIPATION- Primary Institutions - Continued

Issue	Original Balance	Original Discount (Premium)	Original Balance, Net of Discount (Premium)	Interest Rate	Installments	Balance Outstanding
University of North Dakota						
2009 Aerospace Hanger Revenue Bonds due through 2029, collateralized by revenue from flight operations and proceeds from any casualty insurance payments.	\$1,500,000	\$ -	\$1,500,000	4.25%	\$70,000 to \$71,500	\$ 356,000
2012 EERC Revenue Bonds, maturity June 1, 2027, variable interest rate.	\$6,405,000	\$ -	\$6,405,000	0.75-4.2%	\$520,000 to \$540,000	1,060,000
2014 Housing & Auxiliaries Facilities Revenue Bonds Maturity April 1, 2044 collateralized by net housing and auxiliary facilities system revenue.	\$27,305,000	\$302,110	\$27,607,110	3.0%-4.0%	\$770,000 to \$1,465,000	20,246,407
2015 Housing & Auxiliary Facilities Revenue Bonds due through 2035, collateralized by net housing and auxiliary facilities system revenues, debt service grants, and bond indenture earnings.	\$38,985,000	\$1,489,517	\$40,474,517	3.0-4.0%	\$1,925,000 to \$2,620,000	22,556,315
2019 Housing & Auxiliary Facilities Revenue Bonds due through 2050, collateralized by net housing and auxiliary facilities system revenues, debt service grants, and bond indenture earnings.	\$71,545,000	9,402,569	\$80,947,569	4.0-5.0%	\$855,000 to \$5,690,000	75,390,944
2020 NDBA Facility Improvement Bonds, Deferred Maintenance & Parking, Maturity December 1, 2040 payable from institution funds.	\$24,170,000	6,720,994	\$30,890,994	5%	\$880,000 to \$1,860,000	25,113,568
2024A UND AA&F Lease Revenue Bonds UND EERC Project, Maturity May 1, 2054 collateralized by property rental income	\$24,485,000	1,762,805	\$26,247,805	5%	\$705,000 to \$1,875,000	26,191,672
2024B UND AA&F Lease Revenue Bonds Taxable UND EERC Project, Maturity May 1, 2035 collateralized by property rental income	\$5,290,000	-	\$5,290,000	5.045%	\$35,000 to \$705,000	5,290,000
Total UND	<u>\$ 199,685,000</u>	<u>\$ 19,677,995</u>	<u>\$ 219,362,995</u>			<u>\$ 176,204,906</u>
Valley City State University						
2020 Housing & Auxiliary Facilities Revenue Bonds for the renovation of Snoeyenbos Hall Revenue Bonds auxiliary facilities system revenues, interest is variable and ranges from 3.35% to 4.0%	\$ 3,200,000	\$ 93,248	\$ 3,293,248	3.35% -4%	\$188,000	\$ 2,865,316
2013 Housing & Auxiliary Facilities Revenue Bonds due through 2033, collateralized by net housing and auxiliary facilities system revenues.	2,565,000	-	2,565,000	3% - 4%	\$40,000 to \$185,000	1,290,000
Total VCSU	<u>\$ 5,765,000</u>	<u>\$ 93,248</u>	<u>\$ 5,858,248</u>			<u>\$ 4,155,316</u>
Williston State College						
2021 Housing and Auxiliary Services, matures 2041 collateralized by net housing revenues. Interest rate is fixed.	\$ 5,347,000	\$ -	\$ 5,347,000	3.10%	\$120,000 to \$ 470,000	\$ 4,496,000
Total Bonds Payable						<u>\$ 331,091,779</u>
Certificated of Participations						
University of North Dakota						
Series 2018A, Steam Plant, due through 2057, collateralized by lease revenue from state appropriations	\$76,575,000	3,126,530	\$79,701,530	4.0 - 5.0%	\$1,890,000 to \$7,745,000	\$ 79,967,792
Series 2018B, Steam Plant, due through 2041 collateralized by lease revenue from state appropriations	16,455,000	\$686,311	\$17,141,311	3.55 - 4.46%	\$300,000 to \$2,460,000	16,150,000
Series 2021A, New Housing, due through 2061, collateralized by rental payments and rights under the Lease-Purchase Agreement	133,010,000	8,311,572	\$141,321,572	4.0% - 5.0%	\$1,000,000 to \$11,065,000	131,451,953
Series 2021B, Wellness Center & Housing, due through 2034, collateralized by rental payments and rights under the Lease-Purchase Agreement	18,330,000	-	\$18,330,000	0.42 - 2.34%	\$1,345,000 to \$ 1,545,000	12,915,000
Total UND	<u>\$244,370,000</u>	<u>\$12,124,413</u>	<u>\$256,494,413</u>			<u>\$ 240,484,745</u>
Williston State College						
Series 2019, Energy conservation improvement projects due through 2048, subject to annual appropriations by the North Dakota Legislature as part of the general operating appropriations.	\$ 7,355,000	(77,592)	7,277,408	3.00%	\$120,000 to \$470,000	\$ 6,707,759
Total Certificates of Participation						<u>\$ 247,192,504</u>

NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2025

Financial Information for Revenue Producing Buildings (Unaudited)

(as Required by ND Century Code 15-55-20)

	Bismarck State College	Dakota College of Bottineau	Dickinson State University	Lake Region State College	Mayville State University	Minot State University
Operating Revenues	\$ 6,540,523	\$ 1,703,444	\$ -	\$ -	\$ 451,915	\$ 6,019,999
Operating Expenses	6,878,106	1,503,960	-	-	189,261	4,818,418
Net Operating Revenues	<u>(337,583)</u>	<u>199,484</u>	<u>-</u>	<u>-</u>	<u>262,654</u>	<u>1,201,581</u>
Pledged Fees	555,150	-	-	-	-	476,795
Non Operating Revenue	643,900	221,626	-	-	-	-
Investment Income	505	-	-	-	-	237
Net Revenue Available for Debt Retirement	<u>861,972</u>	<u>421,110</u>	<u>-</u>	<u>-</u>	<u>262,654</u>	<u>1,678,613</u>
Current year Debt Service						
Principal	565,000	65,000	-	-	220,000	330,000
Interest	1,507,541	83,557	-	-	40,785	146,795
Total Debt Service	<u>\$ 2,072,541</u>	<u>\$ 148,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,785</u>	<u>\$ 476,795</u>

NORTH DAKOTA UNIVERSITY SYSTEM

Supplementary Information

June 30, 2025

Financial Information for Revenue Producing Buildings (Unaudited) - Continued

(as Required by ND Century Code 15-55-20)

	North Dakota State College of Science	North Dakota State University	University of North Dakota	Valley City State University	Williston State College	Total
Operating Revenues	\$ 11,238,253	\$ 49,278,499	\$ 40,025,159	3,746,014	\$ 763,042	\$ 119,766,848
Operating Expenses	8,096,407	41,661,312	32,802,645	3,025,105	609,347	99,584,561
Net Operating Revenues	<u>3,141,846</u>	<u>7,617,187</u>	<u>7,222,514</u>	<u>720,909</u>	<u>153,695</u>	<u>20,182,287</u>
Pledged Fees	391,761	5,966,301	7,962,567	186,823	90,000	15,629,397
Non Operating Revenue	77,524	4,792,035	-	728,768	116,000	6,579,853
Investment Income	8,258	11,183	24,957	710.8	-	45,851
Net Revenue Available for Debt Retirement	<u>3,619,389</u>	<u>18,386,706</u>	<u>15,210,038</u>	<u>1,637,211</u>	<u>359,695</u>	<u>42,437,388</u>
Current year Debt Service						
Principal	355,000	4,375,000	3,330,000	230,000	217,000	9,687,000
Interest	165,300	3,024,439	5,624,636	145,079	142,610	10,880,742
Total Debt Service	<u>\$ 520,300</u>	<u>\$ 7,399,439</u>	<u>\$ 8,954,636</u>	<u>\$ 375,079</u>	<u>\$ 359,610</u>	<u>\$ 20,567,742</u>

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APPENDIX C

SUMMARY OF INDENTURE

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APPENDIX C

SUMMARY OF INDENTURE

Certain Definitions

The following words and terms, as used in this Official Statement, shall have the following meanings, as defined in the Indenture, unless the context or use indicates another or different meaning or intent:

“Additional Bonds” means any bonds, notes, certificates, debentures or other evidences of indebtedness issued by the Board pursuant to the Indenture and the Supplemental Indentures which are authorized and secured by the Indenture and a Supplemental Indenture.

“Additional Facilities” means any real or personal property or other facilities (whether or not constituting part of the Housing and Auxiliary Facilities System) at the University financed by the Board under the provisions of the Indenture.

“Average Annual Debt Service” as of any date means, for each series of Outstanding Bonds, and any Subordinate Bonds, the aggregate of all future principal and interest to become due on the bonds of each such series in all years in which the interest thereon is payable and in which the principal thereof is to mature in accordance with the scheduled maturities, or the mandatory sinking fund requirements thereof divided by the number of such years; provided, however, that there shall be deducted from such principal and interest to become due the amount on deposit in any reserve fund with respect to the Outstanding Bonds or in any irrevocable escrow fund as of the date of such calculation.

“Board” means the State Board of Higher Education of the State of North Dakota.

“Bond Counsel” means an attorney at law or firm of attorneys of nationally recognized standing in matters pertaining to the Tax-exempt nature of interest on bonds issued by states and their political subdivisions and familiar with and having expertise in connection with the transactions contemplated under and by the Indenture and the Bonds, which counsel shall be selected by the University, shall be acceptable to the Board and shall be duly admitted to the practice of law before the highest court of any state of the United States or the District of Columbia.

“Bond Year” for the purposes of the Indenture means the 12-month period commencing on the first day of April of any calendar year and ending on the 31st day of March of the next succeeding calendar year or such other period selected by the Board or the University.

“Bonds” means, collectively, the Series 2012A Bonds, the Series 2014A Bonds, the Series 2015A Bonds, the Series 2015B Bonds, the Series 2016A Bonds, the Series 2017A Bonds, the Series 2017B Bonds, the Series 2026 Bonds and any Additional Bonds, all as shall have been or shall be issued from time to time by the Board under the Indenture, and which are payable from Pledged Revenues in the manner expressly provided in the Indenture.

“Business Day” means a day on which banking business is transacted but not including any day on which banks are authorized to be closed in the city in which the Trustee has its principal corporate office.

“Closing Date” means each date established and approved by the Board and the University as the date for the issuance and delivery of a series of Bonds hereunder in exchange for payment of the purchase price for such series of Bonds.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Combined Average Annual Debt Service” means the aggregate of the Average Annual Debt Service for each separate series of the Bonds Outstanding under the Indenture and any indenture supplemental hereto.

“Cost” or **“Costs”** or **“Cost of Completion”** or any phrase of similar import, in connection with (i) the Projects financed from the proceeds of Bonds, and any Additional Facilities financed under the Indenture or (ii) the refunding

of any Bonds issued under the Indenture, means all costs and expenses which are properly chargeable thereto under generally accepted accounting principles or which are incidental to the financing, acquisition and construction of any such Projects, any Additional Facilities, or the refunding of any Bonds issued under the Indenture.

“Debt Service Requirements” means, with respect to any Bond Year, the principal of, premiums, if any, and the interest on the Bonds or other securities issued under the Indenture and which by the terms thereof and of the Indenture, are Outstanding and are payable from the Pledged Revenues.

“Default” and **“Event of Default”** mean with respect to any Default or Event of Default under the Indenture any occurrence or event specified in and defined by the Indenture.

“Depository” means The Depository Trust Company or any successor securities depository acting as Depository pursuant to the Indenture.

“Fiscal Year” means the 12-month period commencing on the first day of July of any calendar year and ending on the last day of June of the next succeeding calendar year.

“Funds” means the trust funds created and established by the Indenture.

“General Allocated Administrative Expenses” means all reasonable and necessary current expenses and assessments paid or accrued, consisting of indirect legal, administrative and other indirect and incidental expenses and assessments of various University departments and operations which are allocated on a pro rata or other basis to and as an expense of the Housing and Auxiliary Facilities System, but shall not include direct legal or overhead expenses or direct administrative assessments.

“Governmental Obligations” means direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Gross System Revenues” means all income and revenues derived directly or indirectly by the Board and the University from the operation and use of certain buildings, structures and facilities at the University classified by the Board and the University as the Housing and Auxiliary Facilities System, or any part thereof, including, without limitation, all rentals, fees, rates and other charges for the use of, or in connection with the Housing and Auxiliary Facilities System and subject to any existing pledges or other contractual limitations, such defined term includes all income, fees and other moneys derived from one, all or any combination of the following revenue sources, including, without limitation:

(a) student board and room fees and other fees, rates and charges and revenues pertaining thereto rendered by the Board and the University in the operation of the Housing and Auxiliary Facilities System; and

(b) any other services, contracts, investments and other miscellaneous unrestricted sources of income not hereinabove designated, whether presently realized or to be realized, and authorized to be accounted for by resolution of the Board in the Housing and Auxiliary Facilities System Funds and Accounts.

“Housing and Auxiliary Facilities System” means (a) all residence hall facilities now or hereafter located at the University which are classified as part of the Housing and Auxiliary Facilities System by the Board and the University, (b) all student family housing facilities now or hereafter located at the University which are classified as part of the Housing and Auxiliary Facilities System by the Board and the University, (c) all dining facilities which are classified as part of the Housing and Auxiliary Facilities System by the Board and the University, (d) revenue producing parking facilities, (e) student union and bookstore, (f) student wellness center, and (g) all existing and additional revenue producing Housing and Auxiliary Facilities heretofore or hereafter financed from the proceeds of bonds issued by the Board for such purpose and from the proceeds of Additional Bonds issued under the Indenture, whether resulting from improvements, enlargements, extensions, repairs or betterments thereto, or otherwise, from the operation of which or in connection with which facilities, Net System Revenues are derived; where the context so requires the term “Housing and Auxiliary Facilities” shall be deemed to be included within the definition of Additional Facilities which are financed from the proceeds of Additional Bonds issued under the Indenture.

“Indenture” means the Indenture of Trust dated as of August 1, 2004, between the Board and the Trustee and any indenture or indentures supplemental thereto or amendatory thereof entered into in accordance with the provisions of the Indenture.

“Moody’s” means Moody’s Ratings.

“Net System Revenues” means the Gross System Revenues, from time to time remaining after payment of the Operation and Maintenance Expenses, exclusive of General Allocated Administrative Expenses, it being the intent of the Indenture, that General Allocated Administrative Expenses shall be paid and accounted for as Operation and Maintenance Expenses subject to the deposit of Net System Revenues (together with other Pledged Revenues as required) in the Debt Service Fund in the manner set forth in the Indenture.

“Operation and Maintenance Expenses” or any phrase of similar import, shall mean with respect to the Housing and Auxiliary Facilities System and with respect to any Fiscal Year, the reasonable and necessary current expenses of the Board and the University, paid or accrued, of the maintenance, repair, replacement and operation, and shall include (except as limited by contract or otherwise limited by law), without limitation:

(a) Direct legal and overhead expenses and administrative assessments for the direct operation and administration of the Housing and Auxiliary Facilities System and any reasonable payment to retirement or pension funds;

(b) Fidelity bonds and insurance premiums pertaining to the Housing and Auxiliary Facilities System, or a reasonably allocable share of the premium for any blanket bond or policy pertaining to the Housing and Auxiliary Facilities System;

(c) The reasonable charges and expenses of the Trustee, Paying Agent and Registrar for the Bonds, and of any other paying agent, commercial bank, trust bank or other depository bank appertaining to any securities issued by the Board for the University and appertaining to the Housing and Auxiliary Facilities System;

(d) Contractual services, professional services, salaries, administrative expenses, costs of labor, including legal, architectural and engineering expenses, appertaining to the maintenance, repair, replacement and operation of the Housing and Auxiliary Facilities System;

(e) The costs incurred by the Board and the University in the collection of all or any part of the Gross System Revenues or the Pledged Fees;

(f) Any costs of utility services furnished to the Housing and Auxiliary Facilities System by the Board, the University or otherwise; and

(g) At the discretion of the Board and the University, reasonable allowances for the depreciation of furniture and equipment for the Housing and Auxiliary Facilities System;

BUT, the following expenses shall not be included as Housing and Auxiliary Facilities System Operation and Maintenance Expenses:

(i) any allowance for depreciation, except as otherwise provided in subparagraph (g) of this paragraph;

(ii) any expenses for extraordinary maintenance, repair or replacement or costs of reconstruction, improvements, extensions or betterments;

(iii) any accumulation of reserves for capital replacements to the Housing and Auxiliary Facilities System;

- (iv) any reserves for operation, maintenance or repair of any Housing and Auxiliary Facilities System;
- (v) any allowance for the redemption of any Bonds or any other securities evidencing, a loan or other obligation or the payment of any interest thereon;
- (vi) any liabilities incurred in the acquisition or capital improvement of any properties pertaining to any Project or any existing Housing and Auxiliary Facilities System, or any combination thereof;
- (vii) any deposits or transfers to the credit of the Repair and Replacement Fund; and
- (viii) any other ground of legal liability not based on contract or in tort.

“Outstanding” or **“Bonds Outstanding”** mean all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds canceled by the Board or by the Paying Agent or otherwise on the Board’s behalf after purchase in the open market or because of payment at or redemption prior to maturity pursuant to the provisions of the Indenture;
- (b) Bonds paid or deemed to be paid pursuant to the provisions of the Indenture; and
- (c) Bonds in lieu of which others have been authenticated under the Indenture.

Notwithstanding anything herein to the contrary, any Bond paid from the proceeds of Bond Insurance shall remain Outstanding for all purposes under the Indenture.

“Owner” means the person or persons in whose name or names a Bond shall be registered on the books of the Trustee kept for that purpose in accordance with provisions of the Indenture.

“Permitted Investments” means, with respect to the Series 2026 Bonds, any of the following investments:

- (a) Governmental Obligations;
- (b) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (and, in the case of stripped securities, only those stripped securities stripped by the federal agency itself): U.S. Export-Import Bank (Eximbank), as to direct obligations or fully guaranteed certificates of beneficial ownership; Federal Financing Bank; Federal Housing Administration Debentures (FHA); General Services Administration, as to participation certificates; Government National Mortgage Association (GNMA or “Ginnie Mae”), as to mortgage-backed bonds, and GNMA-guaranteed pass-through obligations; U.S. Maritime Administration, as to Guaranteed Title XI financing; and U.S. Department of Housing and Urban Development (HUD), as to project notes, local authority bonds, new communities debentures-U.S. government guaranteed debentures, and U.S. public housing notes and bonds (as to U.S. government guaranteed public housing notes and bonds);
- (c) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following government agencies of the United States of America (non-full faith and credit agencies, and, in the case of stripped securities, only those stripped securities stripped by the federal agency itself): Federal Home Loan Bank System, as to senior debt obligations; Student Loan Marketing Association (SLMA or “Sallie Mae”), as to senior debt obligations; Resolution Funding Corp. (REFCORP) obligations; and Farm Credit System, as to consolidated system-wide bonds and notes;
- (d) direct and general obligations or of bonds or notes issued by, any state of the United States of America or any municipality or political subdivision of any such state, which obligations are rated in one

of the two the highest rating categories of either S&P or Moody's, or, upon the discontinuance of either or both of such services, any other nationally recognized rating service;

(e) commercial paper which matures not more than 270 days after the date of purchase rated, at the time of purchase in the single highest classification, "A-1+" or better by S&P or "P-1" or better by Moody's, or, upon the discontinuance of either or both of such services, any other nationally recognized rating service;

(f) certificates of deposit secured at all times by collateral described in (a) and/or (b) above; provided that such certificates must be issued by commercial banks, savings and loan or mutual savings banks. Such collateral must be held by a third party and the owner must have a perfected security interest in the collateral;

(g) certificates of deposit, savings accounts or deposit account which are fully insured by FDIC;

(h) investment agreements, including guaranteed investment contracts, from a provider which has an unsecured, uninsured and unguaranteed obligation rating, of "Prime-1" or A3" or better by Moody's and "A-1" or "A" or better by S&P, or upon discontinuance of either or both of such services, any other nationally recognized rating service;

(i) obligations of any state of the United States, any political subdivision thereof or any agency or instrumentality thereof, if such obligations are secured by Governmental Obligations the principal of and interest on which will be sufficient to pay when due the principal and interest on such obligations;

(j) shares in an investment company registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and whose only investments are Governmental Obligations and repurchase agreements fully secured by Governmental Obligations;

(k) U.S. dollar denominated deposit accounts (including those with the Trustee and its affiliates), federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating, of "Prime-1" or A3" or better by Moody's and "A-1" or "A" or better by S&P, or upon discontinuance of either or both of such services, any other nationally recognized rating service;

(l) deposits in the Bank of North Dakota which are fully guaranteed by the State; and

(m) money market funds rated "AAAm" or "AAAm-G" or better by S&P, which may include funds for which the Trustee or its affiliates provide investment advisory or other management services.

"Pledged Fees" means the fees so designated by the Board and the University, as set and authorized from time to time by the Board and the University, and which are assessed to and collected for the use of University facilities, including, but not limited to, Memorial Union revenue bond fees, Wellness Center fees and parking fees.

"Pledged Revenues" means:

(a) the Net System Revenues;

(b) all moneys received by the Board and the University from the fees designated as Pledged Fees by the Board and the University;

(c) proceeds of any Bonds deposited in the Debt Service Fund as capitalized interest;

(d) earnings on any Funds or Accounts created under the Indenture (excluding any escrow funds and the Rebate Fund as created and defined in the Indenture), including earnings on any Construction

Funds created under or continued by the Indenture for any Project or any Additional Facilities if required to meet the rate maintenance covenant of the Indenture;

(e) any source or additional sources of revenues, fees and income which may be added from time to time to the Pledged Revenues under the provisions of the Indenture or any indenture amendatory thereof or supplemental thereto, including any revenues, fees, income or any other sources of monies which may be authorized from time to time by action of the Board.

“Principal Office of the Trustee” means the trust office of the Trustee in St. Paul, Minnesota, or such other address or shall be specified by the Trustee in a written notice filed with the Board and the University.

“Project” or **“Projects”** mean the construction, renovation, improvement, repair, replacement, furnishing and equipping of new and existing facilities comprising part of the Housing and Auxiliary Facilities System or other facilities at or for the University heretofore or hereafter financed with proceeds of bonds issued by the Board for the University, as described in the Indenture providing for and authorizing the issuance of such bonds.

“Purchaser” or **“Underwriter”** means, for purposes of the Series 2026 Bonds, _____, the Underwriter purchasing the Series 2026 Bonds.

“Rating Agency” means Moody’s (if the Bonds are then rated by Moody’s), S&P (if the Bonds are then rated by S&P), and/or such other Rating Agency (if such Rating Agency is then nationally recognized and has a rating outstanding on the Bonds).

“Record Date” means (i) in the case of Bonds which are not held in Book-Entry form, the close of business on the 15th day of the calendar month next preceding any Interest Payment Date for Bonds, whether or not such 15th day is a Business Day and (ii) in the case of Bonds which are held in a Book-Entry System, the close of business on the Business Day preceding the Interest Payment Date.

“Redemption Price” means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion thereof) plus the applicable premium and interest, if any, payable upon redemption pursuant to the provisions of such Bond and the Indenture.

“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Repair and Replacement Reserve Requirement” means the amount, if any, required to be deposited and maintained in the Repair and Replacement Fund pursuant to the Indenture or the amount required by any Supplemental Indenture.

“S&P” means S&P Global Ratings, a division of S&P Global, Inc., its successors and assigns.

“Series” means all Bonds of like designation authenticated and delivered on original issuance at the same time pursuant to the Indenture or a Supplemental Indenture and any Bond or Bonds thereafter delivered in lieu of or as substitution for any of such Bonds pursuant to the Indenture.

“Series 2026 Bonds” means the \$ _____ aggregate principal amount of the Board’s “North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2026, created and authorized to be issued by the Board pursuant to the Indenture and a Supplemental Indenture.

“State” means the State of North Dakota, in the United States.

“Subordinate Bonds” means any additional bonds payable from Pledged Revenues having a lien thereon which is junior and inferior to the lien of the Bonds.

“Supplemental Indenture” means any agreement hereafter authorized and entered into between the Board and the Trustee which amends, modifies or supplements and forms a part of the Indenture.

“Tax-exempt” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excluded from gross income for federal income tax purposes; provided, however that such interest may be includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax under the Code.

“Trustee,” “Registrar” and “Paying Agent” mean U.S. Bank National Association, St. Paul, Minnesota, its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor at the time serving as successor trustee under the Indenture.

“University” means the institution of higher learning commonly known as North Dakota State University, a unit of the North Dakota University System, which is located in the City of Fargo, North Dakota.

“University Representative” means the Vice President for Finance and Administration of the University and any other person or persons at the time designated to act on behalf of the University by written certificate furnished to the Trustee containing the specimen signatures of such person or persons and signed on behalf of the Board by its duly authorized agent.

Additional Bonds

So long as no Event of Default has occurred and is continuing, one or more series of Additional Bonds may be issued, authenticated and delivered under the Indenture from time to time for one or more of the following purposes: (a) refunding or advance refunding, in whole or in part, any one or more series of Outstanding Bonds, or (b) financing, refinancing or reimbursement for the Cost of any Project or any Additional Facilities, and in each case obtaining additional funds to pay the Costs to be incurred in connection with the issuance of such Additional Bonds and to establish reserves and to pay capitalized interest with respect thereto to the extent required under or permitted by the Indenture.

Any Additional Bonds which bear interest at a fixed rate of interest shall be payable as to principal either semiannually on April 1 and October 1 of each year in which principal falls due or annually on April 1 or October 1 of each year in which principal falls due, and the term Bonds of such series of Additional Bonds, if any, which bear interest at a fixed rate of interest shall either have semiannual mandatory redemption on April 1 and October 1 or annual mandatory redemption on April 1 or October 1. Any Additional Bonds of such series of Additional Bonds which bear interest at a fixed rate of interest shall be payable as to interest semiannually on April 1 and October 1 of each year, except that the first installment of interest may be payable on either April 1 or October 1 and shall be for a period of not longer than 12 months. Any Additional Bonds bearing interest at a variable rate of interest or Additional Bonds issued as capital appreciation bonds shall be payable as to interest and principal as shall be designated in the Supplemental Indenture providing for their issuance.

The Trustee shall have received the following documents or money or securities, as applicable, as of the Closing Date for any Additional Bonds:

- (a) A certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;
- (b) A copy, duly certified by the Secretary of the Board, of the resolution theretofore adopted by the Board authorizing the execution and delivery of such Supplemental Indenture and the issuance of such Additional Bonds;
- (c) A certificate of the University stating what Pledged Revenues of the Additional Facilities to be built or financed from the proceeds of the Additional Bonds and other Pledged Revenues are to be added as security or are pledged as additional security for the Additional Bonds and all other Outstanding Bonds under the Indenture;
- (d) A certificate of the University stating and confirming that the annual Pledged Revenues for the Fiscal Year preceding the issuance of the Additional Bonds have been equal to at least 1.10 times the

Combined Average Annual Debt Service; such certificate may, to the extent deemed necessary by the University be prepared with the advice of and in consultation with the University's Certified Public Accountant and the final of such certificate shall be signed by the chief financial officer of the University;

(e) A certificate of the University stating that the estimated Pledged Revenues to be received in each of the three Fiscal Years following the completion of the construction of the Additional Facilities to be constructed or financed with the proceeds of the Additional Bonds (and if no Additional Facilities are to be financed and constructed, the three Fiscal Years following the date of issuance of the Additional Bonds when added to the Pledged Revenues of the then existing Housing and Auxiliary Facilities System, including estimated Pledged Revenues from any Housing and Auxiliary Facilities System then under construction at the University, shall equal at least 1.10 times the Combined Average Annual Debt Service including the Additional Bonds proposed to be issued. Computation of the future Pledged Revenues (including the future Pledged Revenues of the Additional Facilities to be financed with the proceeds of the Additional Bonds) shall be based on actual Pledged Revenues for the Fiscal Year preceding the issuance of such Additional Bonds, as such Pledged Revenues may be adjusted to reflect the schedule of rates, fees and charges in effect or to become effective when the Additional Facilities (if any) become revenue-producing and after giving recognition and effect to anticipated changes in Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System and Additional Facilities. The computation of estimates shall be made by the chief financial officer of the University, and such computation and certificate shall be conclusively presumed to be accurate in determining the right of the Board to authorize, issue and sell Additional Bonds on a parity with the Bonds then Outstanding;

(f) A written request of the Board to the Trustee to authenticate and deliver such Additional Bonds;

(g) An opinion of Bond Counsel to the effect that all requirements for the issuance of such Additional Bonds have been met and the issuance of such Additional Bonds will not result in the interest on any Tax-exempt Bonds Outstanding becoming includable in the gross income of the Owners thereof for purposes of federal income taxation;

(h) A certificate of the Board containing such statements as may be reasonably necessary to show compliance with the requirements of the Indenture and any Supplemental Indenture; and

(i) Such further documents, moneys and securities as are required by the provisions of the Indenture and the Supplemental Indentures providing for the issuance of such Series of Additional Bonds.

Nothing in the Indenture shall be construed so as to permit the issuance of bonds or other obligations payable from the Pledged Revenues and having a lien on the Pledged Revenues superior to the lien of the Bonds on the Pledged Revenues, and which secures the payment of the Debt Service Requirements thereof. Nothing herein shall prevent the Board from issuing bonds or other obligations payable from such Pledged Revenues and having a lien thereon junior and inferior to the lien thereon securing payment of the Debt Service Requirements of the Bonds.

Funds

Construction Fund. The Indenture provides for the establishment of a special trust Fund designated as the "Construction Fund—NDSU Housing and Auxiliary Facilities." So long as an Event of Default under the Indenture shall not have occurred and be continuing, moneys deposited in the Construction Fund shall be paid out by the Trustee in order to pay, or reimburse the University for the payment of, the Cost of the Project financed from the proceeds of the respective series of Bonds and the Costs of Additional Facilities financed from the proceeds of Additional Bonds authorized to be issued under the Indenture. Each disbursement made by the Trustee from the Construction Fund shall be made after the receipt by the Trustee of the written request of the University Representative stating the following:

(a) that the Trustee shall disburse sums from the Construction Fund in the manner specified by and at the direction of the University Representative to the person or entity designated in such written request, and that the amount set forth therein is justly due and owing and constitutes a Cost of a Project or of Additional Facilities; and

(b) that the amount remaining in the Construction Fund after such disbursement is made, together with the amount of unencumbered Pledged Revenues, if any, which the Board and the University reasonably estimate will be deposited in such Construction Fund during the period of construction of any Project, or Additional Facilities from the investment of moneys on deposit in such Construction Fund and in the other Funds established hereunder, will, together with any other monies lawfully available for payment of the Costs of a Project or Additional Facilities (as the case may be) and after payment of the amount requested in said request, be sufficient to pay the Cost of Completion for such Project, or such Additional Facilities, in accordance with the plans and specifications therefor then in effect; it being understood that no moneys from such Construction Fund may be expended unless, after giving effect thereto, the funds remaining in such Construction Fund, together with such other funds and income and lawfully available monies, are sufficient to pay the Cost of Completion for such Project, or such Additional Facilities, as the case may be.

Revenue Fund. The Indenture establishes a special trust Fund designated “Revenue Fund–NDSU Housing and Auxiliary Facilities.” For accounting purposes, the Revenue Fund may be comprised of separate Accounts as the University deems appropriate. All Gross System Revenues shall be deposited into the Revenue Fund and applied as set forth below under the caption “Application of Gross System Revenues.”

Debt Service Fund. The Indenture establishes a special trust Fund designated “Debt Service Fund–NDSU Housing and Auxiliary Facilities.” Moneys in the Debt Service Fund shall be expended solely as follows: (i) to pay the principal of Bonds as the same mature and become due or are mandatorily redeemed pursuant to the terms of the Indenture and to pay the interest on Bonds as the same become due; and (ii) to pay the principal of, redemption premium, if any, and accrued interest on the Bonds as the same become due upon optional redemption in advance of maturity.

Rebate Fund. The Indenture establishes a special trust fund designated “Rebate Fund – NDSU Housing and Auxiliary Facilities.” Moneys at any time deposited in the Rebate Fund shall be held by the Trustee in trust and applied to satisfy the Rebate Amount payable to the United States of America.

Repair and Replacement Fund. The Indenture establishes a special trust Fund designated “Repair and Replacement Fund–NDSU Housing and Auxiliary Facilities.” The Repair and Replacement Fund shall be held by the University and will be funded from monies and funds of the Board and the University available for such purpose. On the Closing Date of the Series 2026 Bonds there will be approximately \$ _____ on deposit in the Repair and Replacement Fund. All moneys in the Repair and Replacement Fund may be drawn on and used by the Board or the University for the following purposes: (i) paying, with respect to any facilities which are part of the Housing and Auxiliary Facilities System, the cost of unusual or extraordinary maintenance or repairs, (ii) paying the cost of any renewals, renovation, improvements, expansion or replacements to, or the cost of operation of, the Housing and Auxiliary Facilities System, (iii) paying the cost of planning, development, construction and operation of the Housing and Auxiliary Facilities System, the revenues and income of which shall constitute and be pledged as part of the Gross System Revenues under the Indenture, (iv) paying the cost of any replacement of furniture and equipment, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the Housing and Auxiliary Facilities System, or (v) any other purpose authorized by the Indenture. However, in the event the funds in the Debt Service Fund shall be reduced below its requirements, funds on deposit in the Repair and Replacement Fund shall be transferred immediately to the Debt Service Fund to the extent required to eliminate the deficiency in such Fund. The Indenture further provides that the University may deposit additional moneys to the Repair and Replacement Fund from time to time as the Board and the University may determine, and that the Repair and Replacement Reserve Requirement may be increased or decreased from time to time at the discretion of the Board and the University.

Investment of Funds. Moneys held in the Construction Fund, the Debt Service Fund and the Rebate Fund shall, pursuant to direction of a University Representative, be invested and reinvested by the Trustee in Permitted Investments which mature or are subject to redemption by the owner thereof prior to the date such funds are expected to be needed. Such Permitted Investments shall be acquired by the Trustee in such manner as directed by the University Representative and such Permitted Investments shall be held by or under the control of the Trustee and shall be accounted for and deemed at all times a part of the Fund or Account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments shall be deemed hereunder to

constitute part of the Pledged Revenues, shall be delivered when received to the Debt Service Fund (unless provided to the contrary with respect to any Fund or Account pursuant to the provisions of the Indenture) and shall be applied as required by the Indenture.

Application of Gross System Revenues

All Gross System Revenues shall be accounted for and maintained by the University in the Revenue Fund, and shall be expended and used only in the manner and order of priority specified below:

(a) As a first charge and lien on the Gross System Revenues, the Board and the University shall cause to be paid from time to time, as the Board and the University shall determine, the Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System (exclusive of General Allocated Administrative Expenses) as the same become due and payable, and thereupon such expenses shall be promptly paid, and, subject to the making of the payments and deposits to pay debt service on the Bonds and any Subordinate Bonds, then to the payment of General Allocated Administrative Expenses, as the same become due and payable, whereupon such General Allocated Administrative Expenses shall be promptly paid.

(b) As a first charge and lien on the Pledged Revenues, including the Net System Revenues, the Board and the University shall, not later than two Business Days prior to each principal and interest payment date for the Bonds transfer and deposit into the Debt Service Fund, from the Revenue Fund, sums which shall be sufficient, when added to the existing balance in the Debt Service Fund and to additional monies which may have theretofore been or shall then be deposited therein by the Board and the University, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such payment date as the same become due and payable, including mandatory sinking fund payments of principal of Bonds.

(c) As a second charge and lien on the Pledged Revenues, including the Net System Revenues, the Board and the University shall, not later than two Business Days prior to each principal and interest payment date for any Subordinate Bonds transfer and deposit into the debt service fund established for such Subordinate Bonds, from the Revenue Fund, sums which shall be sufficient, when added to the existing balance in the Debt Service Fund and to additional monies which may have theretofore been or shall then be deposited therein by the Board and the University, to pay the principal of, premium, if any, and interest on the Subordinate Bonds promptly on each such payment date as the same become due and payable, including mandatory sinking fund payments of principal of the Subordinate Bonds.

(d) As a third charge and lien on the Pledged Revenues in the event the balance in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement, the Board and the University shall deposit to the Repair and Replacement Fund not less than annually by June 30, commencing in the Fiscal Year such deficiency arises and in each year thereafter, from the Revenue Fund and from other available revenues, if any, after the payments required by paragraphs (a), (b) and (c) above shall have been made, monies sufficient to replenish the Repair and Replacement Fund in five equal annual installments until there is on deposit in the Repair and Replacement Fund, an amount equal to or greater than the Repair and Replacement Reserve Requirement for Bonds then Outstanding. Subject to the provisions of the following paragraph (e), this provision is not intended to limit, and shall not limit, the right of the Board and the University to deposit such additional moneys in the Repair and Replacement Fund from time to time as the Board and the University may determine, or to increase or decrease the amount of the Repair and Replacement Reserve Requirement from time to time; provided, however, that if the amount of the Repair and Replacement Reserve Requirement shall be decreased, adequate provision shall be made or shall have been made for maintaining the Housing and Auxiliary Facilities System in good repair and operating condition.

(e) As a fourth charge and lien on the Pledged Revenues, the Board and the University shall deposit to the Rebate Fund, not less than every fifth Bond Year, the amounts required to be deposited thereto by the provisions of the Indenture and the amounts required to be deposited to the Rebate Fund shall be rebated to the United States of America in the manner required by the Indenture.

(f) Subject to making the foregoing required payments and deposits, the Board and the University may use the balance of the Pledged Revenues accounted for in the Revenue Fund and/or deposited to and held in the Repair and Replacement Fund for (i) redemption or open market purchase of Outstanding Bonds for cancellation prior to maturity, (ii) refinancing, refunding, or advance, refunding of any Outstanding Bonds, (iii) maintenance, renovation, improvement, expansion, furnishing, equipping and Operation and Maintenance Expenses, lawful capital repair or replacement expenditures to or for any Housing and Auxiliary Facilities System, any Additional Facilities or any other University properties or facilities, or (iv) planning, development, purchase, construction or operation of Additional Facilities or any other University properties the revenues of which are pledged as part of the Pledged Revenues under the Indenture, or for any lawful expenditures as the Board or the University may direct.

Covenants of Board

Rate Covenant. In the Indenture, the Board covenants that it will establish and maintain, so long as any of the Bonds remain Outstanding, such rental rates, fees and charges for the Housing and Auxiliary Facilities System, and such rules as are required with respect thereto, as shall be necessary to assure maximum occupancy and/or utilization and optimum use of the same and the services afforded thereby and as shall provide and generate sufficient Gross System Revenues from the Housing and Auxiliary Facilities System for payment of annual Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System and, together with the other Pledged Revenues pledged by the Indenture, shall provide and generate sufficient Pledged Revenues, for payment of the Debt Service Requirements on the Bonds Outstanding and any Subordinate Bonds, to maintain the Repair and Replacement Fund in the minimum amounts required by the Indenture, and to make all other payments and charges as are required or permitted under the Indenture. Such charges pertaining to the Gross System Revenues shall be at least sufficient, together with all other Pledged Revenues, to pay in each Fiscal Year:

(a) *O & M Expenses.* An amount equal to the annual Housing and Auxiliary Facilities System Operation and Maintenance Expenses for such Fiscal Year, which are payable solely from the Gross System Revenues of the Housing and Auxiliary Facilities System;

(b) *Principal and Interest on Bonds.* An amount equal to not less than 110% of the amount required to pay the principal of and the interest on the Outstanding Bonds, and any Additional Bonds which are payable from the Pledged Revenues in the corresponding Bond Year (excluding reserves therefor); and

(c) *Principal and Interest on Subordinate Bonds.* An amount equal to not less than 110% of the amount required to pay the principal of and the interest on any Subordinate Bonds which are payable from the Pledged Revenues in the corresponding Bond Year (excluding reserves therefor); and

(d) *Deficiencies.* Any amounts required to meet then existing deficiencies or requirements pertaining to any Fund or Account created under the Indenture and relating to the Pledged Revenues or any part thereof, and the application of all or a portion thereof or any securities payable therefrom; but the foregoing rate maintenance covenant is subject to compliance by the Board with any legislation of the United States or the State (exclusive of any legislation the subject matter of which is the appropriation of any of the Gross System Revenues) or any regulation or other action taken by the federal government or any State agency or political subdivision of the State pursuant to such legislation (exclusive of any legislation the subject matter of which is the appropriation of any of the Gross System Revenues or the Pledged Revenues), in the exercise of the police power thereof for the public welfare, which legislation (exclusive of any legislation the subject matter of which is the appropriation of any of the Gross System Revenues or the Pledged Revenues), regulation or action limits or otherwise inhibits the amount of fees, rates and other charges due to the Board and the University for the use of or otherwise pertaining to all services rendered by the Housing and Auxiliary Facilities System or to the Gross System Revenues or the Pledged Revenues, including, without limitation, increases in the amounts of such charges. All of the Gross System Revenues of the Housing and Auxiliary Facilities System, including any revenues received from the University or the Board, shall be subject to distribution to the payment of Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System and then together with the other Pledged Revenues, to payment of the Debt Service Requirements of the Outstanding Bonds and all other securities payable from Pledged Revenues, including reasonable reserves therefor, in the manner specifically set forth and provided in the Indenture.

(e) Carry Over of Pledged Revenues. In computing the amount required to meet and comply with the rate maintenance covenant required by paragraph (b) above, and in determining the sufficiency of fees, rates and charges of the Board and the University of services pertaining to the Housing and Auxiliary Facilities System and the Gross System Revenues, there shall be included the amount, if any, of Pledged Revenues carried over by the Board and the University from the previous Bond Year which are required to be deposited, and which are actually deposited with the Trustee by the Board and the University, to the Debt Service Fund and which are required to be applied to payment of principal of and interest on the Outstanding Bonds and any Additional Bonds payable from Pledged Revenues in the comparable Bond Year during which such deposit of excess Pledged Revenues is made by the Board and the University.

Bonds to Remain Tax-exempt. In the Indenture, the Board further covenants and agrees that it will not use, and will not consent to the use of, any of the property acquired out of any proceeds of Bonds in such manner as would result in loss of tax exemption of interest on Tax-exempt Bonds otherwise afforded under Section 103(a) of the Code.

Rules Concerning Housing and Auxiliary Facilities System. In the Indenture, the Board covenants that it will establish and enforce reasonable rules and regulations governing the use, collection and application of the Gross System Revenues and the Pledged Revenues, that all compensation, salaries, fees and wages paid by it in connection with the operation, maintenance and repair of the Housing and Auxiliary Facilities System will be just and reasonable, that the Housing and Auxiliary Facilities System will at all times be maintained and operated in an efficient and economical manner, that the same will at all times be maintained in good repair and in sound operating condition and that all necessary repairs, renewals and replacements thereto and thereof will be made.

Payment of Debt Service Requirements and Operation and Maintenance Expenses. Notwithstanding any other provisions of the Indenture, nothing therein shall be construed to prevent the Board and the University from paying all or any part of the Operation and Maintenance Expenses of the Housing and Auxiliary Facilities System from any funds available to the Board and the University for such purpose, or from depositing any funds available to the Board for such purpose in the Debt Service Fund for the payment of the Debt Service Requirements of any Bonds issued under the provisions of the Indenture or for the redemption of any such Bonds.

Insurance. The Board covenants that the Housing and Auxiliary Facilities System, the Projects, and any Additional Facilities, will, to the extent lawfully and reasonably obtainable, be insured and at all times kept insured to the full insurable value thereof, in a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof, against physical loss or damage however caused until the Bonds secured hereby and the interest thereon shall have been paid or provision for such payment shall have been made. The proceeds of such insurance shall be available for, and shall to the extent necessary be applied to, the repair, replacement or reconstruction of the damaged or destroyed property, and such proceeds not required for such repair, replacement or reconstruction shall be deposited with the Trustee to the credit of the Debt Service Fund. If the proceeds of such insurance shall not be sufficient, together with other available funds, to provide for the repair, replacement or reconstruction of the damaged or destroyed property to the extent that such property shall be returned substantially to its usefulness prior to such damage or destruction, such proceeds shall be deposited with the Trustee to the credit of the Debt Service Fund and shall be applied to redemption of all or part of the Bonds then Outstanding.

The Board further covenants in the Indenture that it will carry or cause to be carried insurance required to be carried by the State for construction contracts, and that any proceeds of such insurance shall be applied to the construction of each Project financed under the provisions of the Indenture, including any such Additional Facilities.

The Board further covenants that it will carry in a responsible insurance company or companies authorized and qualified under the laws of the State to assume the risks thereof, to the extent lawfully and reasonably obtainable, use and occupancy insurance on all housing facilities and dining facilities which from time to time constitute any part of the Housing and Auxiliary Facilities System or part of any Additional Facilities hereafter financed under the Indenture. Such insurance shall be in an amount determined by the Board to be sufficient to provide a normal income therefrom, covering loss of income from any part of such housing facilities and dining facilities by reason of necessary interruption, total or partial, in the use or occupancy thereof resulting from damage to or destruction of any part thereof however caused, with such exceptions as are ordinarily required by insurers carrying similar insurance; provided, however, that such insurance shall cover a period of suspension of not less than 12 months and that such insurance

may exclude loss during the first seven days of any total or partial interruption of use or occupancy; and provided, further, that if at any time the Board shall be unable to obtain such use and occupancy insurance to the extent required by this paragraph, either as to the amount of such insurance or as to the risks covered thereby, it will not constitute an Event of Default under the provisions of the Indenture if the Board shall carry such insurance to the extent reasonably and lawfully obtainable. All policies providing use and occupancy insurance of the Housing and Auxiliary Facilities System shall be made payable to the University. Any proceeds of use and occupancy insurance shall be deposited by the University in the Revenue Fund and applied in accordance with the Indenture.

Events of Default

Under the provisions of the Indenture, each of the following events is declared to be an “Event of Default”:

(a) if payment of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any Fund under the Indenture or otherwise; or

(c) if the Board or the University shall for any reason be rendered incapable of fulfilling its or their obligations hereunder; or

(d) if an order or decree shall be entered, with the consent or acquiescence of the Board or the University, appointing a receiver or custodian for any of the Gross System Revenues or the Pledged Revenues or approving a petition filed against the Board or the University seeking reorganization of the Board or the University under the Federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Board or the University, shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(e) if any proceeding shall be instituted, with the consent or acquiescence of the Board or the University, for the purpose of effecting a composition between the Board or the University and its or their creditors or for the purpose of adjusting the claims of such creditors pursuant to any Federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Pledged Revenues; or

(f) if (i) the Board or the University is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Board or the University, a receiver, trustee or custodian of the Board or the University or of the whole or any part of its or their property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the Board or the University shall file a petition or answer seeking reorganization, relief or any arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Board or the University or of the whole or any substantial part of the property of either the Board or the University, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(i) if the Board or the University shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture or any agreement supplemental thereof on the part of the Board or the University to be performed, other than as set forth in paragraphs (a), (b) and (c) above, and such Default shall continue for 60 days after written notice

specifying such Default and requiring the same to be remedied shall have been given to the Board or the University by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding under the Indenture.

Remedies; Rights of Bondholders

Upon the occurrence of an Event of Default, the Trustee may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Board under the Indenture.

If an Event of Default shall have occurred, and if requested so to do by the Owners of 25% in aggregate principal amount of Bonds then Outstanding and indemnified as provided in the Indenture, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Owners.

No remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or to the Owners hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Owners, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Rights of Bondholders to Direct Proceedings

Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Application of Money Upon Default

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Indenture shall after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and the Board, be deposited in the Debt Service Fund and all moneys so deposited in the Debt Service Fund shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order

of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

Supplemental Indentures

The Board and the Trustee may, without the consent of, or notice to, any of the Owners, enter into an indenture or indentures supplemental to the Indenture, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

(a) To provide for the issuance of Additional Bonds in accordance with the provisions of the Indenture;

(b) To cure any ambiguity or formal defect, omission, defective provision or inconsistency in the Indenture or to clarify any questions arising under the Indenture;

(c) To grant to or confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or any of them;

(d) To confirm, as further assurance, any pledge of or lien on the Gross System Revenues or the Pledged Revenues or any other moneys, securities or funds subject to the lien of the Indenture or to subject to the Indenture additional Gross System Revenues, Pledged Revenues, or other revenues, properties, collateral or security; and

(e) To make any other change to or to modify, alter, amend or supplement the Indenture in any other respect which is not prejudicial or materially adverse to the interests of the Owners.

Exclusive of Supplemental Indentures set forth in paragraphs (a) through (e) above and subject to the terms and provisions contained in this paragraph, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to (i) consent to and approve the execution by the Board and the Trustee of such other indenture or indentures supplemental to the Indenture as shall be deemed necessary and desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any Supplemental Indenture, or (ii) waive or consent to the taking by the Board of any action prohibited, or the omission by the Board of the taking of any action required, by any of the provisions of the Indenture or of any indenture supplemental hereto; provided, however, that nothing in the Indenture shall permit or be construed as permitting (a) an extension of the stated maturity or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest of, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Owner of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by any Fund established under the Indenture applicable to any Bonds without the consent of the Owners of all the Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Owners of which are required to consent to any such waiver or Supplemental Indenture.

Discharge of Indenture

If the Board shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Owners of the Bonds, the principal of and interest due or to become due thereon at the times and in the

manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions hereof, then these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the Trustee shall cancel and discharge the lien of the Indenture, and release, assign and deliver unto the Board and the University any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of the Indenture when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided in the Indenture, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment, or (ii) Governmental Obligations, maturing as to principal and interest in such amount and at such times (and not subject to early redemption prior to the respective maturities of such Governmental Obligations) as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Governmental Obligations.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Board shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted by the Indenture);
- (b) to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity pursuant to (a) hereof; and
- (c) to mail, as soon as practicable, in the manner prescribed by the Indenture, a notice to the Owners of such Bonds that the deposit required above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, on said Bonds as specified in (a) above.

Any moneys so deposited with the Trustee as provided above may at the direction of Board also be invested and reinvested in Governmental Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Governmental Obligations in the hands of the Trustee which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Debt Service Fund as and when realized and collected for use and application as are other moneys deposited in that Fund.

No such deposit under the Indenture shall be made or accepted hereunder and no use made of any such deposit unless Trustee shall have received an opinion of Bond Counsel to the effect that such deposit and use would not cause the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code or in any manner cause the interest on the Bonds to become includable in the gross income of the recipients thereof for purposes of federal income taxation.

Notwithstanding any provision of any other provision of the Indenture to the contrary, all moneys or Governmental Obligations set aside and held in trust pursuant to the provisions of the Indenture for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds, (including interest thereon) with respect to which such moneys or Governmental Obligations have been so set aside in trust.

Anything in the Indenture to the contrary notwithstanding if moneys or Governmental Obligations have been deposited or set aside with the Trustee pursuant to the Indenture for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of the Indenture relating to discharge of the Indenture shall be made without the consent of the Owner of each Bond affected thereby.

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APPENDIX D

CONTINUING DISCLOSURE AGREEMENT

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APPENDIX D
CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

between

NORTH DAKOTA STATE UNIVERSITY
on behalf of the
STATE BOARD OF HIGHER EDUCATION
OF THE STATE OF NORTH DAKOTA

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

relating to

STATE BOARD OF HIGHER EDUCATION
OF THE STATE OF NORTH DAKOTA

§ _____
NORTH DAKOTA UNIVERSITY
HOUSING AND AUXILIARY FACILITIES REVENUE BONDS
SERIES 2026

Dated as of March 1, 2026

This Instrument Drafted By:
Arntson Stewart Wegner PC
3811 Lockport St., Suite 3
Bismarck, ND 58503

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the “Disclosure Agreement”) is made and entered into as of March 1, 2026, by **NORTH DAKOTA STATE UNIVERSITY** (the “University”), on behalf of the State Board of Higher Education of the State of North Dakota (the “Board”), and **U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION**, St. Paul, Minnesota (the “Dissemination Agent”), in connection with the issuance by the Board of \$ _____ North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2026 (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust dated as of August 1, 2004, between the Board and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”) (the “Original Indenture”), as supplemented by the Supplemental Indenture of Trust dated as of March 1, 2026, between the Board and the Trustee (the “Supplemental Indenture” and together with the Original Indenture, the “Indenture”). Pursuant to Section 8.17 of the Original Indenture, the University and the Trustee covenant and agree as follows:

SECTION 1. PURPOSE OF THE DISCLOSURE AGREEMENT. This Disclosure Agreement is being executed and delivered by the University and the Trustee for the benefit of the Bondholders and in order to assist the Participating Underwriters in complying with the Rule (defined below). The University represents that it will be the only “obligated person” (as defined in the Rule) with respect to the Bonds at the time the Bonds are delivered to each Participating Underwriter and that no other person presently is expected to become an obligated person with respect to the Bonds at any time after the issuance of the Bonds.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement 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 University pursuant to and as described in, Sections 3 and 4(a) of this Disclosure Agreement.

“Disclosure Representative” shall mean the Vice President for Finance and Administration of the University or his or her designee, or such other person as the University shall designate in writing to the Dissemination Agent from time to time.

“Dissemination Agent” shall mean the U.S. Bank Trust Company, National Association acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the University and which has filed with the Trustee a written acceptance of such designation.

“Final Official Statement” means the deemed final official statement dated _____, 2026, which constitutes the final official statement delivered in connection with the Bonds, which is available from the MSRB.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Financial Statements” shall mean audited or, if unavailable, unaudited general purpose financial statements of the North Dakota University System (which consolidated statements include the University) prepared in accordance with generally accepted accounting principles, as in effect from time to time or as required to be modified as a matter of law. If unaudited financial statements are provided, audited financial statements will be provided within thirty (30) days after they are available, provided that the audited financial statements are provided at least annually.

“Fiscal Year” means the fiscal year of the Board.

“MSRB” means the Municipal Securities Rulemaking Board located at 1300 I Street NW, Suite 1000, Washington, DC 20005.

“Owner” means the person in whose name the Bond is registered or a beneficial owner of such Bond.

“Participating Underwriter” shall mean the original underwriter of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean the MSRB’s Electronic Municipal Market Access (EMMA®) system or any other nationally recognized municipal securities information repository recognized from time to time by the SEC for purposes of the Rule.

“Rule” shall mean SEC Rule 15c2-12(b)(5) promulgated by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time, and including written interpretations thereof by the SEC.

“SEC” means the Securities and Exchange Commission.

“Specified Event” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The University shall, or shall cause the Dissemination Agent to, not later than March 31 after the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2026, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the University shall provide the Annual Report to the Dissemination Agent. In each case, 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 Agreement; provided that the audited Financial Statements of the Board may be submitted separately from the balance of the Annual Report.

(b) If by fifteen (15) Business Days prior to the date specified in subsection (a) of this Section for providing the Annual Report to the Repository, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the University to determine if the University is in compliance with subsection (a) of this Section.

(c) If the Dissemination Agent is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a) above, the Dissemination Agent shall, in a timely manner, send a notice to each Repository substantially in the form attached as Exhibit A.

(d) Provided the Annual Report has been provided to the Dissemination Agent by the University, the Dissemination Agent shall transmit the Annual Report to the Repository by electronic transmissions and file a report with the University certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided.

SECTION 4. CONTENT OF ANNUAL REPORTS. The University’s Annual Report shall contain or incorporate by reference the following:

(a) audited Financial Statements; and

(b) updated information contained in the Final Official Statement as listed in Exhibit B to this Disclosure Agreement.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of the Board or other State agencies, which have been filed with the Repository or the SEC. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

SECTION 5. REPORTING OF SPECIFIED EVENTS.

(a) The University shall also provide in a timely manner, not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events of which the Disclosure Representative or designee shall have actual knowledge:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties (the Bond issue has no debt service reserves);
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties (the Bond issue has no credit enhancements);
- (v) substitution of credit or liquidity providers, or their failure to perform (the Bond issue has no credit or liquidity providers);
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Owners of the Bonds, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar events of the University;
- (xiii) the consummation of a merger, consolidation or acquisition involving the University or the sale of all or substantially all of the assets of the University, 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;
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) incurance of a Financial Obligation of the University, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the University, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the University, any of which reflect financial difficulties.

(b) Unless otherwise required by law, the University shall provide notices of Specified Events required by this Section to the Repository.

(c) Unless otherwise required by law and subject to technical and economic feasibility, the University shall employ such methods of information transmission as shall be requested or recommended by the designated recipients of the University's information.

SECTION 6. TERMINATION OF REPORTING OBLIGATION. The University's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. DISSEMINATION AGENT. The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. If at any time there is not any other designated Dissemination Agent, the Vice President for Finance and Administration of the University shall be the Dissemination Agent.

SECTION 8. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Agreement, the University and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent shall agree to any amendment so requested by the University) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the University and the Dissemination Agent to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule. This Disclosure Agreement, or any provision hereof, shall be null and void in the event that the University receives an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Disclosure Agreement are invalid, have been repealed retroactively or otherwise do not apply to the Bonds. The provisions of this Disclosure Agreement may be amended without the consent of the Owners of the Bonds, but only upon the receipt by the University of an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect thereto, will not adversely affect the compliance of this Disclosure Agreement by the University with the Rule.

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

SECTION 10. DEFAULT. In the event of a failure of the University or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Dissemination Agent may (and, at the request of the Holders of at least twenty-five percent (25%) aggregate principal amount of Outstanding Bonds, shall), or any Bondholder, including beneficial Owners, may seek mandate or specific performance by court order, to cause the University or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the University or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the University agrees to indemnify, to the extent permitted by law and to the extent of available funds, and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review or verify any information provided to it by the University or to determine the materiality of a Specified Event and shall

not be deemed to be acting in any fiduciary capacity for the University, the Bond Owners or any other party. The Dissemination Agent shall have no responsibility for the University's failure to report to the Dissemination Agent a Specified Event. The obligations of the University under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. BENEFICIARIES. This Disclosure Agreement shall inure solely to the benefit of the Board, the University, the Dissemination Agent, the Participating Underwriter, and Owners of the Bonds, including beneficial owners, from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. COUNTERPARTS. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(Remainder of this page intentionally left blank.)

IN WITNESS WHEREOF, the University and the Dissemination Agent have caused this Disclosure Agreement to be executed by their duly authorized officers, all as of the date first written above.

NORTH DAKOTA STATE UNIVERSITY

By: _____
Vice President for Finance
and Administration

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION**

By: _____
Its: _____

EXHIBIT A

**NOTICE TO REPOSITORY
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: North Dakota State University
Name of Bond Issue: Housing and Auxiliary Facilities Revenue Bonds, Series 2026
Dissemination Agent: U.S. Bank Trust Company, National Association
Date of Issuance: March __, 2026

NOTICE IS HEREBY GIVEN that the University has not provided an Annual Report with respect to the above-named Bonds as required by Section 3(b) of the Continuing Disclosure Agreement dated as of March 1, 2026. The University anticipates that the Annual Report will be filed by _____.

Dated: _____.

**U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION**
on behalf of North Dakota State University

cc: North Dakota State University

EXHIBIT B

The Housing and Auxiliary Facilities System	Utilization
	Pledged Fees
	Debt Service on Housing and Auxiliary Facilities System Bonds
	Housing and Auxiliary Facilities System Financial Information and Debt Service Coverage
The Series 2026 Bonds	Outstanding Housing and Auxiliary Facilities Bonds
Appendix A – North Dakota State University	Student Enrollment
Appendix A – University Indebtedness	

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APPENDIX E

FORM OF BOND COUNSEL OPINION

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APPENDIX E

FORM OF BOND COUNSEL OPINION

_____, 2026

State Board of Higher Education
Capitol Building, 10th Floor
600 East Boulevard Avenue, Dept. 215
Bismarck, North Dakota 58505-0230

**State Board of Higher Education
of the State of North Dakota**

**§ _____
North Dakota State University
Housing and Auxiliary Facilities Revenue Bonds, Series 2026**

We have acted as Bond Counsel to the State Board of Higher Education of the State of North Dakota (the “Issuer”) in connection with the issuance of \$ _____ North Dakota State University, Housing and Auxiliary Facilities Revenue Bonds, Series 2026, dated the date hereof (the “Bonds”). In such capacity, we have examined such law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

The Bonds are issued under the authority of Chapter 15-55 of the North Dakota Century Code and Senate Bill No. 2003 enacted by the Sixty-ninth Legislative Assembly of the State of North Dakota. The Bonds are further issued pursuant to a Resolution duly adopted by the Issuer on January 29, 2026 (the “Resolution”) and an Indenture of Trust dated as of August 1, 2004, as supplemented by a Supplemental Indenture of Trust dated as of March 1, 2026 (together, the “Indenture”) between the Issuer and U.S. Bank Trust Company, National Association, St. Paul, Minnesota, as Trustee. Under the Indenture, the Issuer has pledged certain revenues (the “Revenues”) for the payment of the principal of and interest on the Bonds when due.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Indenture and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Issuer is duly created and validly existing as a public instrumentality of the State of North Dakota, with the power to adopt the Resolution, perform the agreements on its part contained therein and in the Indenture and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and the Indenture has been duly authorized, executed and delivered by the Issuer and constitutes the valid and binding obligation of the Issuer enforceable upon the Issuer.
3. The Indenture creates a valid lien on the Revenues and other funds pledged for the security of the Bonds, on a parity with other bonds issued or to be issued under the Indenture.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding limited obligations of the Issuer, payable solely from the Revenues and other funds provided therefor in the Indenture.

5. Under the existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Bonds is excluded from gross income of the holders thereof for federal income tax purposes. Interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax applicable to individuals. Interest on the Bonds may affect the federal alternative minimum tax imposed on certain corporations. The opinion set forth in this paragraph is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is excluded from gross income for State of North Dakota income tax purposes.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

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

Sincerely,

ARNTSON STEWART WEGNER PC

APPENDIX F

THE DEPOSITORY TRUST COMPANY

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APPENDIX F

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2026 Bond will be issued for each maturity of each series of the Series 2026 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 3.8 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC 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 (“Indirect Participants”). DTC has a Standard & Poor’s rating of 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.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2026 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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 Series 2026 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2026 Bond documents. For example, Beneficial Owners of the Series 2026 Bonds may wish to ascertain that the nominee holding the Series 2026 Bonds 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 the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Series 2026 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board or Registrar 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 the Series 2026 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2026 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Board or its agent on the 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, the Registrar, or the Board, 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 Registrar, Board, or the Board's 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 will give notice to elect to have its Series 2026 Bonds purchased or tendered, through its Participant, to Agent, and will effect delivery of such Series 2026 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2026 Bonds, on DTC's records, to Agent. The requirement for physical delivery of Series 2026 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2026 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2026 Bonds to Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the Board or its agent. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

The Board may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 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 Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

APPENDIX G

BID FORMS

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APPENDIX G

BID FORM

\$50,625,000*
THE STATE BOARD OF HIGHER EDUCATION OF THE
STATE OF NORTH DAKOTA
NORTH DAKOTA STATE UNIVERSITY
HOUSING AND AUXILIARY FACILITIES REVENUE BONDS
SERIES 2026

For the aggregate principal amount of \$ _____, we will pay you \$ _____, plus accrued interest from the date of issue to the date of delivery. The Bonds are to bear interest at the following rate(s):

<u>Year</u>	<u>Principal</u>	<u>Coupon (%)</u>	<u>Yield (%)</u>	<u>Dollar Price</u>
2027	665,000	_____%	_____%	_____%
2028	830,000	_____%	_____%	_____%
2029	875,000	_____%	_____%	_____%
2030	920,000	_____%	_____%	_____%
2031	965,000	_____%	_____%	_____%
2032	1,010,000	_____%	_____%	_____%
2033	1,065,000	_____%	_____%	_____%
2034	1,115,000	_____%	_____%	_____%
2035	1,170,000	_____%	_____%	_____%
2036	1,230,000	_____%	_____%	_____%
2037	1,290,000	_____%	_____%	_____%
2038	1,355,000	_____%	_____%	_____%
2039	1,425,000	_____%	_____%	_____%
2040	1,490,000	_____%	_____%	_____%
2041	1,565,000	_____%	_____%	_____%
2042	1,630,000	_____%	_____%	_____%
2043	1,695,000	_____%	_____%	_____%
2044	1,765,000	_____%	_____%	_____%
2045	1,840,000	_____%	_____%	_____%
2046	1,920,000	_____%	_____%	_____%
2047	2,005,000	_____%	_____%	_____%
2048	2,095,000	_____%	_____%	_____%
2049	2,195,000	_____%	_____%	_____%
2050	2,295,000	_____%	_____%	_____%
2051	2,400,000	_____%	_____%	_____%
2052	2,515,000	_____%	_____%	_____%
2053	2,630,000	_____%	_____%	_____%
2054	2,755,000	_____%	_____%	_____%
2055	2,890,000	_____%	_____%	_____%
2056	3,025,000	_____%	_____%	_____%

Designation of Term Maturities

Years of Term Maturities

In making this offer on the sale date of February 18, 2026 we accept all of the terms and conditions of the Notice of Sale published in the Preliminary Official Statement, dated February 4, 2026, including the Boards's right to modify the principal amount of the Series 2026 Bonds. (See "Notice of Sale" herein.) In the event of failure to deliver these Series 2026 Bonds in accordance with said Notice of Sale, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

By submitting this proposal, we confirm that we have an established industry reputation for underwriting municipal bonds such as the Series 2026 Bonds.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

Purchase Price: \$ _____
Total Interest Cost: \$ _____
Premium: \$ _____
Net Interest Cost: _____ %
True Interest Cost (TIC): _____ %
Underwriter's Discount: \$ _____

Account Members

Account Manager
By: _____
Phone: _____

.....
The foregoing proposal has been accepted by the Board.

Attest: _____

Date: _____

**Preliminary: subject to change*

Email: stalcott@bluroseadvisors.com
Phone: 952-746-6042

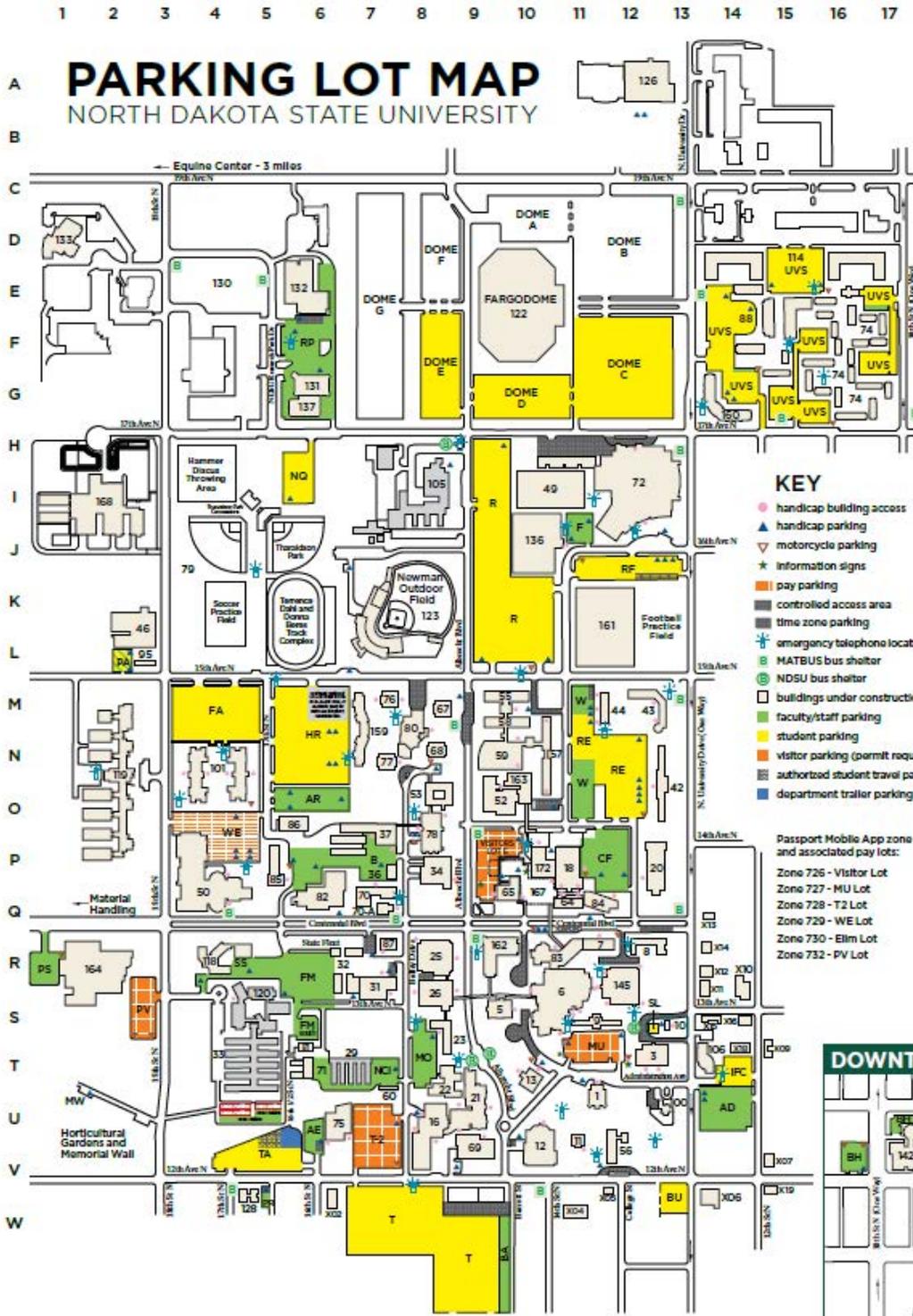
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APPENDIX H

PARKING MAP

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APPENDIX H
PARKING MAP



- KEY**
- handicap building access
 - ▲ handicap parking
 - ▼ motorcycle parking
 - ★ information signs
 - pay parking
 - controlled access area
 - time zone parking
 - ⚡ emergency telephone locations
 - Ⓜ MATBUS bus shelter
 - Ⓡ NDSU bus shelter
 - buildings under construction
 - faculty/staff parking
 - student parking
 - visitor parking (permit required)
 - authorized student travel parking
 - department trailer parking

Passport Mobile App zone number and associated pay lots:

- Zone 726 - Visitor Lot
- Zone 727 - MU Lot
- Zone 728 - T2 Lot
- Zone 729 - WE Lot
- Zone 730 - Elm Lot
- Zone 732 - PV Lot



>> Unauthorized vehicles are prohibited from parking on campus streets. <<

R12 145 A. Glenn Hill Center
S13 10 Alba Bales House
N10 163 Aldevron Tower
T13 106 Alumni Center, Harry D. McGovern
K2 46 Animal Nutrition and Physiology Center
V9 69 Askanase Hall
142 **Barry, Richard H., Hall (811 2nd Ave N)**
P12 20 Bentson/Bunker Fieldhouse
I2 168 Bolley Agricultural Laboratory
I8 105 Biosciences Research Laboratory
T13 3 Ceres Hall
U8 16 Challey Hall
I11 49 Dacotah Field
P11 18 Dolve Hall
R11 7 E. Morrow Lebedeff Hall
Q11 84 Ehly Hall
J3 79 Ellig Sports Complex
Equine Center (3 miles west of campus on 19th Ave N)
E1 122 Fargodome
Q7 70-A Gate City Bank Auditorium
R7 87 Hastings Hall
T8 22 Heating Plant
S8 26 Hultz Hall
N2 119 Jack Dalrymple Agricultural Research Complex
R4 118 Johansen Hall
R11 83 Katherine Kilbourne Burgum Family Life, 4-H Center
144 **Klai Hall (711 2nd Ave N)**
S9 5 Ladd Hall
V10 12 Library
P8 78 Loftsgard Hall
T7 29 Lord and Burnham Greenhouses
R14 X10 Lutheran Student Center
R6 32 Maintenance Buildings
S11 6 Memorial Union
U9 21 Minard Hall
S8 23 Morrill Hall
A12 126 NDSCS Fargo
K8 123 Newman Outdoor Field
K12 161 Nodak Insurance Football Performance Complex
S5 120 Northern Crops Science Laboratory

Q11 64 Offerdahl East
Q10 167 Offerdahl Hall
P10 172 Offerdahl North
Q10 65 Offerdahl West
U11 1 Old Main
L2 95 Parking Office
R2 164 Peltier Complex
T5 33 Plant Sciences Greenhouse
U6 71 Potato Research-Pesticide Storage
W5 128 Prairie Hall
U13 100 President's House
U11 11 Putnam Hall
R8 25 Quentin Burdick Building
127 **Renaissance Hall (650 NP Ave)**
G6 131 Research 1
G6 137 Research 1A
E6 132 Research 2
E4 130 Research and Technology Park
N9 59 Residence Dining Center
T7 60 Residence Life Facility Services (HVAC Shop)
P5 85 Robinson Hall
I12 72 Sanford Health Athletic Complex/Scheels Center
O5 86 Service Center, Pilot Plant
J10 136 Shelly Ellig Indoor Track and Field Facility
P8 34 Shepperd Arena
T10 13 South Engineering
W14 X06 St. Paul's Chapel
Q7 70 Stevens Hall
O9 52 Sudro Hall
T6 81 Sugar Beet Research
R9 162 Sugihara Hall
D1 133 Technology Incubator
R7 31 Thorson Maintenance Center
U6 75 University Police and Safety
Q6 82 Van Es Hall
Veterinary Diagnostic Laboratory (4035 19th Ave N)
P7 37 Waldron Hall
Q4 50 Wallman Wellness Center
O8 53 Walster Hall
West Building (3551 7th Ave N)
M8 80 West Dining Center
P7 36 Wiidakas Laboratory

HOUSING UNITS

G14 160 Apartment 1701
M12 43 Bison Court (East)
M12 44 Bison Court (West)
V12 56 Burgum Hall
M7 159 Cater Hall
R12 8 Churchill Hall
S11 9 Dinan Hall
M10 58 Johnson Hall
N4 101 Mathew Living Learning Center
D15 114 Niskanen Expansion
E14 88 Niskanen Hall
N7 77 Pavak Hall
M10 55 Reed Hall
M7 76 Seim Hall
M8 67 Sevrinson Hall
N13 42 Stockbridge Hall
N8 68 Thompson Hall
F15 166 University Village
N10 57 Weible Hall (North and South)

FRATERNITY AND SORORITY HOUSES

T15 X09 Alpha Gamma Delta
R13 X11 Alpha Gamma Rho
V15 X07 Alpha Tau Omega
R13 X14 Delta Delta Delta
V12 X05 FarmHouse
S14 X16 Kappa Alpha Theta
S14 X15 Kappa Delta
Q14 X13 Kappa Psi
W6 X02 Sigma Alpha Epsilon
T14 X18 Sigma Chi
V15 X19 Sigma Nu
W11 X04 Tau Kappa Epsilon (under construction, new facility set to open Fall 2026)
R13 X12 Theta Chi

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