



The anticipated yearly loan payment cost of the \$13.5 million administration and education facility at 5.1% for 25 years is \$956,495. The annual loan payment for the \$4 million eastern wildlife center given the same loan term and interest rate is \$283,406. The 5.1% rate of interest is estimated using the most current seven day average of the open market tax-exempt bond rate. Upon the passing of this bill, the actual financing rate could be slightly higher or lower than the estimated 5.1%. The financing of this bill is to be handled by a consortium of banks and financial institutions as has been the practice in financing previous construction on the Centennial Campus. Though the individual financial institutions handling the financing are currently undecided, it will be a competitive offering with bids reviewed by the State Treasurer, and authorized by the Council of State.

**Loan Terms**

Estimated Cost of Building	\$13,500,000	\$4,000,000
Loan Term	25 years	25 years
Current Variable Interest Rate for Tax-Exempt Loans	5.10%	5.10%
Estimated Yearly Loan Payment	<u>\$956,495</u>	<u>\$283,406</u>

Funding for the yearly estimated loan payment comes from four revenue sources within the WRC. These revenues are outlined in the following table:

<b><u>Available Funding Sources</u></b>	<b><u>WRC Adm. &amp; Educ. Ctr.</u></b>	<b><u>Eastern NC Educ. Ctr.</u></b>
(1) Current Lease Expense	\$375,000	
(2) Short Term Interest (STIF) Earned on Wildlife Fund	\$470,000	
(3) Sales Tax	\$111,495	
(4) Endowment Fund Interest		\$283,406
Estimated Yearly Loan Payments	<u>\$956,495</u>	<u>\$283,406</u>

- 1) The current WRC lease expense is supported by receipts collected from the sale of hunting and fishing licenses. Monies that are currently allocated toward rent payments would be allocated toward loan payments for the WRC administration center upon the passing of this bill. Therefore, the cost of hunting and fishing licenses to NC residents would be unaffected by this legislation.
- 2) The Wildlife Fund earns interest in the short term investment fund (STIF) at the Office of the State Treasurer. The projected annual revenue from this fund is approximately \$572,000. Of this projected revenue, \$470,000 is currently unbudgeted and could be directed towards yearly loan payments on the WRC administration center.
- 3) Under G.S. 105-633.44B, the Wildlife Fund earns a percentage of the state sales and use tax each year. \$111,495 of the Fund balance would be appropriated towards making yearly loan payments for the WRC administration center upon the passing of this bill.

4) The Wildlife Endowment Fund earns interest in the long term investment fund (LTIF) at the Office of the State Treasurer. The estimated monthly interest earned is approximately \$259,000 or \$3.1 million per year. Each year the commissioners approve one time expenditures from the fund for approved wildlife projects. Receipts from the interest earned on the endowment fund are not currently budgeted, and could be directed toward payment of the eastern wildlife education center yearly loan payment.

Estimates on the construction costs of the two facilities were made using the Office of State Construction guidelines so that the potential for additional construction expenditures were taken into account. But if the projects were to go over budget, WRC staff are confident that the Endowment Fund interest would cover extra costs, and no additional appropriations would be requested. The estimated yearly operating costs of the eastern wildlife education center are \$45,000. Monies from the Endowment Fund will be appropriated to pay for these operating costs. Similarly, any increase in yearly expenses associated with the Raleigh administration and education center will be paid for with monies from this fund.

**TECHNICAL CONSIDERATIONS:**

**FISCAL RESEARCH DIVISION 733-4910**

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