MINNESOTA HIGHER EDUCATION

FACILITIES AUTHORITY

A N N U A L R E P O R T

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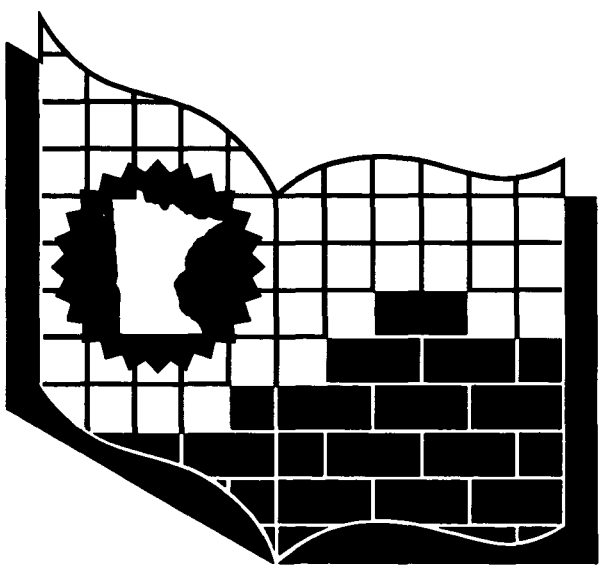

Suite 278, Metro Square, 7th & Robert Streets, Saint Paul, Minnesota 55101

MINNESOTA HIGHER EDUCATION
Facilities Authority

Office of the Executive Director

March 22, 1977

Mr. Donald C. Hamerlinck, President
Members of Higher Education Coordinating Board
Mr. Richard C. Hawk, Executive Director
Minnesota Higher Education Coordinating Board
Suite 400 Capitol Square Building, 550 Cedar Street
Saint Paul, Minnesota 55101

Dear Commissioners and Mr. Hawk:

The Minnesota Higher Education Facilities Authority is pleased to submit the Annual Report for Fiscal Year 1976. The report is late due to some changes in the accounting method.

The format of the report is similar to previous reports: a brief history of the Authority, as well as highlights and accomplishments during Fiscal 1976. Also included are various financial statements, particularly the complete Fiscal 1976 audit of Coopers and Lybrand. More detail this year has been given to the financial statements of the General Bond Reserve Fund.

The Authority has undertaken this year five projects totaling $15,305,000. The Authority has constructed a science building at Carleton College, a music hall for St. Olaf College, a residence hall for Concordia College, Moorhead, and has refinanced indebtedness for existing facilities at Bethel College and the College of Saint Teresa. The Authority, thus far, has financed 19 projects totaling $39,175,000.

The Authority has put particular stress with participating institutions to develop long-range facilities development plans. The three new construction projects are all replacement facilities. The Authority is also pleased with the successful litigation to permit the Authority to refinance indebtedness on existing facilities.

Members of the Authority are happy to serve the higher educational institutions and look forward to being of continued service to the higher education community and to the State of Minnesota.

Respectfully submitted,

Bernard P. Friel

Bernard P. Friel, Chairman

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MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Bernard P. Friel, Chairman Member, Briggs & Morgan, Professional Association, Lawyers, St. Paul Expert - Municipal Finance	January 1, 1977
Robert W. Freson, Vice Chairman City Administrator, Rochester, Minnesota General	January 1, 1981
Richard C. Hawk, Secretary Executive Director, Minnesota Higher Education Coordinating Board Ex officio member	Indeterminate
Earl R. Herring Vice President for Administrative Affairs Moorhead State University Expert - Higher Education	January 1, 1979
James E. Schatz Member, Doherty, Rumble & Butler, Lawyers, St. Paul General	January 1, 1979
Robert W. Bonine Assistant Executive Director Northwest Area Foundation, St. Paul General	January 1, 1981
Robert J. Huston, Owner St. Cloud Harley-Davidson, St. Cloud Expert - Construction	January 1, 1979

Dr. Joseph E. La Belle, Executive Director

BOND COUNSEL	FISCAL ADVISORS
Faegre & Benson (John S. Holten) Minneapolis, Minnesota	Springsted, Incorporated (Osmon R. Springsted) St. Paul, Minnesota

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 -- 136A.42, Minnesota Statutes 1971), for the purpose of assisting institutions of higher education of the State in the construction and financing of projects. The Authority consists of six members appointed by the Governor with the advice and consent of the Senate and a seventh member who is the Executive Director of the Minnesota Higher Education Coordinating Board and who is designated as the Secretary of the Authority.

Originally the Authority was given power to issue revenue bonds in a total amount not to exceed $45 million. The 1973 Legislature increased this limit to an aggregate of $62 million of principal outstanding at any time. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. They do not in any manner represent or constitute a debt or pledge of the faith and credit of the State of Minnesota.

By the provisions of Chapter 868, Laws of Minnesota, 1971 "...neither the authority nor its agent shall be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by the authority or its agent under the provisions of this act or upon the income therefrom..."

Educational institutions of the State eligible for assistance by the Authority are non-profit educational institutions authorized to provide a program of education beyond the high school level. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

The scope of projects for which the Authority may issue bonds is broad, including buildings or facilities for use as student housing, academic buildings, parking facilities and other structures or facilities required or useful for the instruction of students, or conducting of research, in the operation of an institution of higher education.

A project for which bonds are issued by the Authority becomes the property of the Authority -- as long as bonds of the Authority issued for the project remain outstanding. Thereafter they may be subject to repurchase options. The project is leased by the Authority to the institution for operation. The revenues which are the primary security for the bonds are provided according to the terms of the lease between the Authority and the institution. Prior to delivery of an issue the Authority enters into a mortgage trust indenture with a trustee who administers the funds which are the security for the payment of the bonds, except the funds of the General Bond Reserve Account. These are under the supervision of the Authority.

As a general policy the Authority requires that the proceeds of the bonds include a sum equal to approximately one year's debt service, after deduction of any interest subsidy grants, for the creation of debt service reserves. Of this sum 80% is deposited with the trustee in a series reserve account; the remaining 20% is deposited by the Authority in the General Bond Reserve Account pledged to the payment of all bonds issued by the Authority for which such a deposit has been made. Funds from the series reserve accounts and from the General Bond Reserve Account cannot be used to pay operating expenses of the Authority.

Although the Authority retains broad powers to oversee planning and construction, it is current policy to permit the institution almost complete discretion with respect to these matters.

In Minnesota Higher Education Facilities Authority v. Hawk, filed August 8, 1975, the Minnesota Supreme Court affirmed the constitutionality of the issuance of tax exempt bonds by the Authority to refinance debts incurred by Minnesota private colleges in the construction of facilities used solely for nonsectarian educational purposes. In the opinion of Bond Counsel, this decision also confirms the legality of bonds issued by the Authority to finance original construction, improvement, and remodeling of projects.

The Authority is financed solely from fees paid by the institutions for whom bonds are issued. At the time of issuance, and usually from bond proceeds, the Authority is paid .35 of one percent of the principal amount of the issue. Thereafter, commencing as of the date of issue, and payable in advance, but not from bond proceeds or funds of the issue, the Authority receives an annual fee of one-fifth of one percent of the original principal amount of the bonds for their life.

Bond issuance costs, including fees of bond counsel, the fiscal consultant and trustee are paid by the institution. The fees of bond counsel and the fiscal consultant also usually come from bond proceeds.

The staff of the Authority consists of its Executive Director, Dr. Joseph E. La Belle, and one secretary.

PROJECT DESCRIPTIONS

BOND SERIES "A" $2,200,000 AUGSBURG COLLEGE

Augsburg College, located in Minneapolis, constructed an apartment-type student housing facility of 104 units accomodating 312 students of Augsburg College and of adjacent institutions of higher education. The building had full occupancy with the opening of the fall terms in 1973. Moveable furnishings, except for common areas, are provided by the tenants.

BOND SERIES "B" $1,935,000 BETHEL COLLEGE

Bethel College, Arden Hills, constructed and furnished two units of seven buildings each to provide townhouse-type student housing accomodating approximately 480 students. A design-and-build package contract had been entered into and students occupied the facilities in January, 1974. The units are frame with partial brick exterior and are built on the College's new Arden Hills campus. Each unit has three bedrooms, living room, bath and storage. Plumbing has been placed for future installation of an efficiency kitchen. Each unit houses six students.

BOND SERIES "C" $ 595,000 ST. MARY'S COLLEGE

St. Mary's College, Winona, constructed six frame buildings having 28 apartments for the accomodation of 108 students and two faculty members. The units are on an Authority-owned site at the edge of the main campus.

BOND SERIES "D" $ 520,000 COLLEGE OF ST. SCHOLASTICA

The College of St. Scholastica, Duluth, constructed six four-plex, prefabricated, frame, apartment buildings to house four students per apartment for a total of 96. Each apartment has two bedrooms, a living room, kitchen and bath. Furnishings include carpeting, stove, refrigerator, kitchen table, love seat, coffee table, draperies, eight chairs and bedroom furniture of two beds, a chest, desk and built-in shelving.

BOND SERIES "E" $1,030,000 GUSTAVUS ADOLPHUS COLLEGE

Gustavus Adolphus College, located in St. Peter, used $300,000 of the Bond proceeds to remodel the old library building into a science classroom. The balance of the Bond proceeds were for construction of a new administration building.

BOND SERIES "F" $1,610,000 COLLEGE OF ST. BENEDICT

The College of St. Benedict, located in St. Joseph, constructed 30 two bedroom, furnished apartments with kitchen, each housing four students for a total of 120. The College also constructed an indoor swimming pool addition to the Physical Education Building. Also, the College remodeled and improved the Home Economics Department facility and remodeled and improved the dining facility in St. Gertrude Hall, each with appurtenant equipment, furnishings, utilities and site improvements.

BOND SERIES "G" $8,450,000 MPLS. SOCIETY OF FINE ARTS

The Minneapolis Society of Fine Arts, established in 1883, is a Minnesota non-profit corporation that operates the Minneapolis Institute of Arts, a Children's Theatre Company and the Minneapolis College of Art and Design. The College of Art and Design, founded in 1886, is a four-year accredited educational institution.

The Bonds have been issued for constructing a new technical academic building with appurtenant equipment, furnishings, utilities and site improvements at the Minneapolis College of Art and Design. The Bond project includes a pedestrian bridge to and furnishings and equipment for the existing college building. The new facilities will enable the present 475 student college to expand to 600 and will permit it to enlarge greatly the scope of its four-year program which leads to the Bachelor of Fine Arts Degree in Fine Arts and Design, with areas of concentration in painting, print-making, sculpture, intermedia, graphic design, photography, film, video and fashion design. The new four-story building has been designed by Kenso Tange, internationally known Japanese architect whose other works include the Olympic Sports Stadium in Tokyo.

BOND SERIES "H" $ 340,000 COLLEGE OF ST. SCHOLASTICA

The College of St. Scholastica was founded by the Benedictine Sisters Benevolent Association in 1906. The College was incorporated as a separate entity in 1962. Formerly a women's college, it became co-educational in 1968.

The proceeds of this Bond Issue were used to fund the Pine Apartment Building. The three-story brick and spancrete building houses 46 students. It has 11 four-student apartments. Each 800 square foot apartment has its own kitchen, bathroom, two bedrooms, living room and balcony area. An additional unit accomodates two students. The building has house laundry facilities for 142 students; 46 in the new facility and 96 from the adjoining Grove Apartments.

PROJECT DESCRIPTIONS

BOND SERIES "I" $1,600,000 AUGSBURG COLLEGE

Founded in 1869, Augsburg College is a private four-year liberal arts college, one of 11 senior colleges affiliated with and supported in part by the American Lutheran Church.

The Bonds have been issued to construct a two-rink, artificial ice, Ice Center on land of a 56,469 square foot area now owned by the College and adjacent to the campus. The facility includes moderate spectator capacity, dressing rooms, offices, a service shop and a concession area. It is used for physical education programs of the College, including intramural and intercollegiate competition. It is available for rental to other colleges and to junior hockey organizations.

BOND SERIES "J" $ 370,000 COLLEGE OF ST. BENEDICT

The College of St. Benedict is situated in St. Joseph, seven miles from St. Cloud, Minnesota. Since its foundation, St. Benedict's has grown as a college and as a religious community. Today it serves over 1,200 women and has on its campus a convent with 800 sisters in education, health service, and missions in the Bahamas, Puerto Rico, Japan and Taiwan.

The Bonds were issued to provide funds for the construction, equipping and furnishing of a campus center which includes a bookstore, snack bar, post office, student government office and recreational lounge space.

BOND SERIES "K" $ 800,000 COLLEGE OF ST. THOMAS

The College of St. Thomas was founded by Archbishop John Ireland in 1885. The present campus, comprising 45 acres, is situated on Summit Avenue in the City of Saint Paul, midway between the downtown districts of the Twin Cities of Saint Paul and Minneapolis, and serves more than 2,200 students in both baccalaureate and graduate programs.

The Bonds were issued for the construction, equipping and furnishing of a faculty residence with 23 apartments, two guest rooms, a conference room, a lunch meeting room, an exercise room and five garage stalls.

PROJECT DESCRIPTIONS

BOND SERIES "L" $2,280,000 ST. MARY'S JUNIOR COLLEGE

St. Mary's Junior College, founded in 1964, was established to meet the needs of the community in the area of health care personnel.

The Bonds were issued for the construction of a new academic building which will house classrooms, laboratories, administrative offices and a library. Since the College opened in 1964, it has used two buildings owned by adjoining St. Mary's Hospital in Minneapolis. One of these is a 90,000 square foot structure in which the College has classrooms, laboratories, administrative offices and dormitory rooms. In November, 1974, the hospital gave the College a 25 year lease on this well-kept 1929 building at an annual rental of $10.00. The second building is a 15,000 square foot structure in which the College now has some laboratories. This building must be demolished which, together with the need of this College for more room, has made the new building necessary.

BOND SERIES "M" $ 690,000 COLLEGE OF SAINT CATHERINE

Founded in 1905 by the Sisters of St. Joseph of Carondelet, the College has played an important part in the educational development of the Upper Midwest ever since. The campus covers an area of more than 100 acres in a residential section midway between downtown Saint Paul and downtown Minneapolis. St. Catherine's proximity to several private colleges, as well as the five-college policy of non-tuition student exchange, makes the College part of a multi-college community.

The proceeds of the Bond Issue were for the construction of Fairview Apartments which consist of thirteen one-bedroom units and twenty-three two-bedroom units. Each apartment, in addition to the bedrooms, will have a living room, dining area and kitchen. The building will also include two laundry rooms, one on the second and one on the third floors. Construction is of brick veneer on a wood frame with a concrete block fire wall, dividing the building in half. The total floor area of the building will be 11,000 square feet.

BOND SERIES "N" $1,450,000 COLLEGE OF ST. BENEDICT

The College of St. Benedict is an academic community for 1,200 undergraduate women. It maintains close cooperation with the nearby St. John's University, a college for men. Bond Series "F" and "J" have also been issued for the College of St. Benedict.

Bond Series "N" was issued to construct, furnish and equip a new student residence facility for the College. The new, apartment-type facility will house 200 students and two faculty residents.

PROJECT DESCRIPTIONS

BOND SERIES "O" $4,000,000 CARLETON COLLEGE

Carleton College is a Minnesota non-profit, independent, co-educational, residential, liberal arts college situated in Northfield, Minnesota, 40 miles south of the Twin Cities of Minneapolis and Saint Paul. Carleton, founded by the Congregational Church (now United Church of Christ), was chartered December 17, 1866. The College is now non-sectarian and independent. It is situated on a 90-acre main campus with 46 buildings. The total college's grounds comprise 900 acres, including a 400-acre arboretum, a virgin prairie, a forest tract, and open land.

The proceeds of the Issue were used to construct, furnish and equip a new science building and to remodel, improve and equip Burton Hall, an existing dormitory and dining facility. The new three-story science building for chemistry and geology contains classrooms, lecture halls, seminar rooms, offices, a computer room, a science library, and chemistry and geology laboratories. The Seeley G. Mudd Fund of California provided a grant of $1,035,000 to help pay for the construction of this facility. The balance of the Bond proceeds, together with college funds on hand, were used for a $2,321,000 renovation of Burton Hall, the oldest and second largest of Carleton's existing dormitory halls, for the construction of a new kitchen and conversion of existing kitchen space in Burton Hall to a new cafeteria-style serving facility to provide dining space, seating 550 students.

BOND SERIES "P" $2,250,000 ST. OLAF COLLEGE

St. Olaf College, a four-year, liberal arts college, is located in Northfield, Minnesota, a city of 10,000, 40 miles south of Minneapolis and Saint Paul. Its 350 acre campus is west of the City on an elevation known as Manitou Heights. The College owns approximately 1,175 acres of open space, now used for farming, adjoining its campus on the west, southwest and the north. The College was founded in 1874, but was operated as an academy until 1886. The name was changed to St. Olaf College in 1889. Throughout its history, St. Olaf has been related to the American Lutheran Church.

The proceeds of the Issue will be used to construct a new 63,200 square foot music hall which includes two large instrumental rehearsal halls, a choral rehearsal hall, a 400 seat recital hall, a new music library, classrooms, offices, and practice and teaching studios. The total cost of the project was slightly in excess of $4,000,000. In addition to the money available from the Bond proceeds, the College used monies from a recently completed fund-raising campaign.

PROJECT DESCRIPTIONS

BOND SERIES "1975-1" $6,460,000 BETHEL COLLEGE

Bethel College, whose beginning was in Chicago in 1871, is a non-profit, co-educational, residential, four-year, liberal arts college in the City of Arden Hills, a northern suburb of Saint Paul. It is owned and operated by the Baptist General Conference. In 1972, the College moved from its former campus in Saint Paul to a new 168 acre site, exclusive of 62-acre Lake Valentine on the campus, in Arden Hills. However, at its Saint Paul campus it is continuing to use its three dormitories to house 405 students, and also the gymnasium there as a student center for these students.

The proceeds of this Issue, together with other funds furnished by the College, were used to repay fully the outstanding 8%, $6,000,000 direct obligation notes issued by the Baptist General Conference February 7, 1972, to the Boatmen's National Bank of St. Louis to provide funds for the construction of four academic buildings on the College's new Arden Hills campus. Although the total construction costs, exclusive of equipment and furnishings, were $7,623,000, the additional $1,623,000 was provided by the College from other than borrowed funds. The proceeds of this Issue were used only to refund that part of the $6,000,000 notes used for the construction of the following buildings: library and food service - building E, cultural arts - building D, and academic classroom - building B. They were not used to refinance any of the construction costs of the field house, since that facility is used for religious purposes.

BOND SERIES "1976-1" $1,695,000 COLLEGE OF ST. TERESA

The College of St. Teresa is a non-profit, women's residential, four-year, liberal arts college in the City of Winona, Minnesota. It traces its origin to 1894 when the Sisters of the Third Order Regular of the Congregation of Our Lady of Lourdes of St. Francis, who had conducted the Academy of Our Lady of Lourdes in Rochester since 1877, transferred the pupils of the Academy to Winona and opened the Winona Seminary. The first courses on the college level were opened in 1909. The name was changed to the College of St. Teresa in 1912.

In 1966 and 1967, the College constructed and equipped three buildings: Mary A. Molloy Library ($1,138,683), Maria Hall Student Residence ($1,406,745), Service Center ($572,062). The College also renovated the dining hall and kitchen area of Lourdes Hall ($617,619). The total cost was $3,735,109. The Mary A. Molloy Library contains facilities for student and faculty study and research and special learning facilities. The library proper contains space for 200,000 volumes and 500 students and is equipped with individual study carrels and tables and chairs for reading and seminar groups. Special learning facilities include a completely equipped audio-visual department, a 99 seat lecture hall and classrooms. Maria Hall is a four-story residence accomodating 200 students and includes a study-living lounge on each floor. The Service Center facility combines a garage, power plant, laundry and maintenance offices. The kitchen renovation was in connection with the dining facilities in Lourdes Hall, a multi-use residence, recreation, and dining facility building which also houses some offices. The Bond proceeds were issued to refinance the outstanding debt originally incurred to construct and remodel these facilities.

BOND SERIES "Q" $ 800,000 CONCORDIA COLLEGE

Concordia College is a non-profit, four-year, co-educational, liberal arts college founded April 4, 1891 as an academy by the Northwestern Lutheran College Association, a Red River Valley affiliation. A complete college department was organized in 1913. Concordia is owned and operated by the Concordia College Corporation, members of which are the congregations of the American Lutheran Church of northern Minnesota, North Dakota and Montana east of the continental divide; these congregations number almost 1,000, with a total membership of 350,000. The campus comprises 120-acre area within the residential section of Moorhead. Facilities include thirty major buildings, of which one-half have been built since 1955.

The proceeds of this Issue were used for constructing, financing, and equipping a student apartment building on the Concordia College campus. This building has 33 units and a maximum capacity of 126 students. It is the only air-conditioned campus residence hall, with individual units in each apartment. This three-story structure is of frame construction with a brick veneer exterior and covers approximately 9,870 square feet of ground area. Kitchens are included in each of the units and are furnished with electric range, refrigerator and garbage disposal. Bedrooms and living rooms are carpeted and furnished, including dinette sets. Each unit has a private bath. A 67 car parking lot adjoins this new apartment building.

NEW BOND ISSUES

FISCAL YEAR 1976

BOND SERIES	DATE	FINAL MATURITY	AVERAGE MATURITY	NET INTEREST RATE	AMOUNT
First Mortgage Revenue Bonds, Series O (Carleton College)	11/1/75	2000	25 yrs.	7.00%	$4,000,000
First Mortgage Revenue Bonds, Series P (St. Olaf College)	10/1/75	1989	9.25 yrs.	7.011879%	$2,350,000
First Mortgage Revenue Bonds, Series Q (Concordia College)	5/1/76	1994	12.40 yrs.	6.2961%	$ 800,000
First Mortgage Revenue Bonds, Series 1975-1 (Bethel College)	12/1/75	1994	12.89 yrs.	8.4331%	$6,460,000
First Mortgage Revenue Bonds, Series 1976-1 (College of St. Teresa)	4/1/76	1991	10.38 yrs.	7.100675%	$1,695,000

PREVIOUS BOND ISSUES

BOND SERIES	DATE	FINAL MATURITY	AVERAGE MATURITY	NET INTEREST COST	AMOUNT
First Mortgage Revenue Bonds, Series A (Augsburg College)	12/1/72	2012	29.534 yrs.	5.59296%	$ 2,200,000
First Mortgage Revenue Bonds, Series B (Bethel College)	12/1/72	1997	16.31 yrs.	5.459212%	$ 1,935,000
First Mortgage Revenue Bonds, Series C (St. Mary's College)	1/1/73	1998	16.52 yrs.	5.48085%	$ 595,000
First Mortgage Revenue Bonds, Series D (College of St. Scholastica)	3/1/73	1997	15.16 yrs.	5.9538%	$ 520,000
First Mortgage Revenue Bonds, Series E (Gustavus Adolphus College)	3/1/73	1993	12.98 yrs.	5.3544%	$ 1,030,000
First Mortgage Revenue Bonds, Series F (College of St. Benedict)	3/1/73	1998	16.15 yrs.	5.7270%	$ 1,610,000
First Mortgage Revenue Bonds, Series G (Mpls. Society of Fine Arts)	8/1/73	1984	7.07 yrs.	6.6689%	$ 8,450,000

PREVIOUS BOND ISSUES

(CONTINUED)

BOND SERIES	DATE	FINAL MATURITY	AVERAGE MATURITY	NET INTEREST COST	AMOUNT
First Mortgage Revenue Bonds, Series H (College of St. Scholastica)	6/1/74	1999	16.43 yrs.	6.4046%	$ 340,000
First Mortgage Revenue Bonds, Series I (Augsburg College)	5/1/74	1995	14.037 yrs.	6.2011%	$ 1,600,000
First Mortgage Revenue Bonds, Series J (College of St. Benedict)	7/1/74	1999	19.77 yrs.	6.7826%	$ 370,000
First Mortgage Revenue Bonds, Series K (College of St. Thomas)	12/1/74	1994	12.15 yrs.	6.5867%	$ 800,000
First Mortgage Revenue Bonds, Series L (St. Mary's Junior College)	4/1/75	1994	12.64 yrs.	8.26173%	$ 2,280,000
First Mortgage Revenue Bonds, Series M (College of Saint Catherine)	5/1/75	1996	14.51 yrs.	7.997284%	$ 690,000
First Mortgage Revenue Bonds, Series N (College of St. Benedict)	5/1/75	1994	13.26 yrs.	8.3202%	$ 1,450,000
					$23,870,000

GENERAL BOND RESERVE FUND[1]
STATEMENT OF CONTRIBUTIONS AND EARNINGS
FOR THE YEAR ENDED JUNE 30, 1976

	DATE INVESTED	ORIGINAL INVESTMENT
$2,200,000 First Mortgage Revenue Bonds, Series A, (Augsburg College)	1/8/73	$ 31,743.60
$1,935,000 First Mortgage Revenue Bonds, Series B, (Bethel College)	1/8/73	$ 34,082.00
$ 595,000 First Mortgage Revenue Bonds, Series C, (St. Mary's College)	1/8/73	$ 9,000.00
$ 520,000 First Mortgage Revenue Bonds, Series D, (College of St. Scholastica, Inc.)	3/13/73	$ 8,643.40
$1,030,000 First Mortgage Revenue Bonds, Series E, (Gustavus Adolphus College)	3/13/73	$ 19,308.00
$1,610,000 First Mortgage Revenue Bonds, Series F, (College of St. Benedict)	3/13/73	$ 21,304.00
$8,450,000 First Mortgage Revenue Bonds, Series G, (Mpls. Society of Fine Arts)	9/13/73	$ 220,000.00
$ 340,000 First Mortgage Revenue Bonds, Series H, (College of St. Scholastica, Inc.	6/12/74	$ 6,000.00
$1,600,000 First Mortgage Revenue Bonds, Series I, (Augsburg College)	5/8/74	$ 30,000.00
$ 370,000 First Mortgage Revenue Bonds, Series J, (College of St. Benedict)	7/11/74	$ 7,000.00

GENERAL BOND RESERVE FUND[1]
STATEMENT OF CONTRIBUTIONS AND EARNINGS
FOR THE YEAR ENDED JUNE 30, 1976
(CONTINUED)

	DATE INVESTED	ORIGINAL INVESTMENT
$ 800,000 First Mortgage Revenue Bonds, Series K, (College of St. Thomas)	1/17/75	$ 14,000.00
$2,280,000 First Mortgage Revenue Bonds, Series L, (St. Mary's Junior College)	4/29/75	$ 47,667.70
$ 690,000 First Mortgage Revenue Bonds, Series M, (College of Saint Catherine)	5/15/75	$ 12,000.00
$1,450,000 First Mortgage Revenue Bonds, Series N, (College of St. Benedict)	5/20/75	$ 28,000.00
$4,000,000 First Mortgage Revenue Bonds, Series O, (Carleton College)	12/2/75	$ 80,000.00
$2,350,000 First Mortgage Revenue Bonds, Series P (St. Olaf College)	11/7/75	$ 53,425.83
$ 800,000 First Mortgage Revenue Bonds, Series Q, (Concordia College)	5/27/76	$ 17,000.00
$6,460,000 First Mortgage Revenue Bonds, Series 1975-1 (Bethel College)	1/6/76	$ 138,000.00
$1,695,000 First Mortgage Revenue Bonds, Series 1976-1 (College of St. Teresa)	4/6/76	$ 40,000.00
	Sub Total	$ 817,674.00
	Total Earnings	111,627.00
	Total	$ 929,301.00

[1]The Authority is permitted to invest moneys in the General Bond Reserve Account in: Direct obligations of the United States of America, Certificates of Deposit or Time Deposits secured by direct obligations of the United States of America, such other securities as are eligible for investment of public funds of the State of Minnesota or of municipalities of the State. All investments are limited by arbitrage provisions of the Internal Revenue Code and regulations thereunder. The Authority has placed these moneys in an investment account with the First National Bank of Saint Paul.

GENERAL BOND RESERVE FUND

STATEMENT OF INVESTMENTS

JUNE 30, 1976

	Par Value[1]/	Security[2]/	Due
1.	$ 3,188.54	Savings Certificate #OV6704, First National Bank of St. Paul 7.25%	1/8/78
2.	$142,000.00	Certificate of Deposit #40779.3, First National Bank of St. Paul 6.95%	12/2/76
3.	$150,000.00	Federal Land Bank Debentures 6.60%	10/20/77
4.	$ 50,000.00	Federal National Mortgage Association Debentures 7.00%	3/10/92
5.	$ 95,000.00	Federal Intermediate Credit Bank Debentures 5.80%	12/1/76
6.	$ 30,000.00	Federal Land Bank Debentures 7.20%	10/20/76
7.	$ 15,000.00	Federal Land Bank Debentures 7.60%	4/20/78
8.	$235,000.00	Federal National Mortgage Association Debentures 9.80%	6/11/79
9.	$ 70,000.00	Federal National Mortgage Association Debentures 6.80%	9/10/82
10.	$ 80,000.00	Federal Land Bank Debentures Series B - 1981 7.45%	10/20/81
11.	$ 20,000.00	Federal National Mortgage Association Debentures Series SM-1978-H 7.45%	9/11/78
12.	$ 11,000.00	Repurchase Agreement, First National Bank of St. Paul (original security: Farmers Home Administration Repo Collateral, bearing 8.75% interest, dated 8/20/77) 5.125%	7/12/76
	$901,188.54		
	745.64	Cash on hand June 30, 1976	
	$901,934.18		

1/ Current value has not been determined.

2/ Interest rates shown are coupon rates.

GENERAL BOND RESERVE FUND

FISCAL 1976 EQUITY SHARES

COLLEGE	BALANCE 6/30/75	1976 CONTRIBUTIONS MONTHS	AMOUNT	PERCENT SHARES	6/30/76 DISTRIBUTION OF EARNINGS	BALANCE 6/30/76
AUGSBURG	$ 71,906.74			10.4%	$ 4,853.44	$ 76,760.18
BETHEL	40,479.39	5	$138,000.00	14.2	6,626.81	185,106.20
ST. MARY'S	10,688.69			1.5	700.02	11,388.71
ST. SCHOLASTICA	17,041.05			2.5	1,166.69	18,207.74
GUSTAVUS ADOLPHUS	22,777.46			3.3	1,540.03	24,317.49
ST. BENEDICT	61,360.25			8.9	4,153.42	65,513.67
MINNEAPOLIS FINE ARTS	254,330.04			36.8	17,173.70	271,503.74
ST. THOMAS	14,784.18			2.1	980.02	15,764.20
ST. MARY'S JUNIOR	48,227.13			7.0	3,266.74	51,493.87
ST. CATHERINE	12,112.03			1.8	840.02	12,952.05
CARLETON		6	80,000.00	5.8	2,706.72	82,706.72
ST. OLAF		7	53,425.83	4.5	2,100.05	55,525.88
ST. TERESA		2	40,000.00	1.0	466.68	40,466.68
CONCORDIA		1	17,000.00	.2	93.33	17,093.33
	$553,706.96		$328,425.83	100 %	$46,667.67	$ 928,800.46

SERIES RESERVE ACCOUNTS[1]

CONTRIBUTIONS

NEW BOND ISSUES

	BOND ISSUE	SERIES RESERVE
First Mortgage Revenue Bonds, Series O (CARLETON COLLEGE)	$4,000,000.00	TERM BOND
First Mortgage Revenue Bonds Series P (ST. OLAF COLLEGE)	$2,350,000.00	$ 213,703.34
First Mortgage Revenue Bonds, Series Q (CONCORDIA COLLEGE)	$ 800,000.00	$ 68,000.00
First Mortgage Revenue Bonds, Series 1975-1 (BETHEL COLLEGE)	$6,460,000.00	$ 552,000.00
First Mortgage Revenue Bonds, Series 1976-1 (COLLEGE OF ST. TERESA)	$1,695,000.00	$ 160,000.00
	$15,305,000.00	$ 993,703.34

[1]By provisions of the mortgage trust indenture the trustee shall, upon request by the authorized institution representatives or the Authority, invest moneys in any of the following: Direct obligations of, or obligations fully guaranteed by, the United States of America; Certificates of Deposit of banks or trust companies having a combined capital and surplus of at least $25,000,000; Securities issued by the following agencies of the United States:

Federal Home Loan Banks
Federal Intermediate Credit Banks
Federal Land Banks
Banks for Cooperatives
Federal National Mortgage Association

SERIES RESERVE ACCOUNTS

CONTRIBUTIONS

PREVIOUS BOND ISSUES

	BOND ISSUE	SERIES RESERVE
First Mortgage Revenue Bonds, Series A (AUGSBURG COLLEGE)	$ 2,200,000.00	$ 126,194.00
First Mortgage Revenue Bonds, Series B (BETHEL COLLEGE)	$ 1,935,000.00	$ 136,328.00
First Mortgage Revenue Bonds, Series C (ST. MARY'S COLLEGE)	$ 595,000.00	$ 36,000.00
First Mortgage Revenue Bonds, Series D (COLLEGE OF ST. SCHOLASTICA, INC.)	$ 520,000.00	$ 34,573.60
First Mortgage Revenue Bonds, Series E (GUSTAVUS ADOLPHUS COLLEGE)	$ 1,030,000.00	$ 77,232.00
First Mortgage Revenue Bonds, Series F (COLLEGE OF ST. BENEDICT)	$ 1,610,000.00	$ 85,216.00
First Mortgage Revenue Bonds, Series G (MPLS. SOCIETY OF FINE ARTS)	$ 8,450,000.00	$ 880,000.00
First Mortgage Revenue Bonds, Series H (COLLEGE OF ST. SCHOLASTICA, INC.)	$ 340,000.00	$ 24,000.00
First Mortgage Revenue Bonds, Series I (AUGSBURG COLLEGE)	$ 1,600,000.00	$ 120,000.00
First Mortgage Revenue Bonds, Series J (COLLEGE OF ST. BENEDICT)	$ 370,000.00	$ 28,000.00

SERIES RESERVE ACCOUNTS

CONTRIBUTIONS

PREVIOUS BOND ISSUES

(CONTINUED)

FISCAL 1976

	BOND ISSUE	SERIES RESERVE
First Mortgage Revenue Bonds, Series K (COLLEGE OF ST. THOMAS)	$ 800,000.00	$ 56,000.00
First Mortgage Revenue Bonds, Series L (ST. MARY'S JUNIOR COLLEGE)	$ 2,280,000.00	$ 190,668.00
First Mortgage Revenue Bonds, Series M (COLLEGE OF SAINT CATHERINE)	$ 690,000.00	$ 48,000.00
First Mortgage Revenue Bonds, Series N (COLLEGE OF ST. BENEDICT)	$ 1,450,000.00	$ 112,000.00
		$1,954,211.60
Total Series Reserve for New and Previous Issues		$2,947,914.94

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS
for the years ended June 30, 1976 and 1975

COOPERS & LYBRAND
CERTIFIED PUBLIC ACCOUNTANTS

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COOPERS & LYBRAND
CERTIFIED PUBLIC ACCOUNTANTS

IN PRINCIPAL AREAS
OF THE WORLD

To the Executive Director and Members of
The Minnesota Higher Education Facilities Authority:

We have examined the balance sheet comprising the various funds of the Minnesota Higher Education Facilities Authority as of June 30, 1976 and the related statements of revenue and expenses, changes in fund balances and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the financial statements of the Authority for the year ended June 30, 1975.

In our opinion, the aforementioned financial statements present fairly the financial position of the various funds of the Minnesota Higher Education Facilities Authority at June 30, 1976 and 1975 and the results of their operations and changes in financial position for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand

St. Paul, Minnesota
September 17, 1976

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

BALANCE SHEET, June 30, 1976 and 1975

	General Operating Fund		General Bond Reserve Fund (Note 4)		Revenue Bonds Fund	
ASSETS	1976	1975	1976	1975	1976	1975
Cash	$34,720	$ 5,571	$ 746	$ 22,451		
Investments, at cost which approximates market			916,681	525,623		
Accrued interest receivable			11,874	5,864		
Leases receivable (Notes 3 and 4):						
Cash					$ 1,286,077	$ 411,066
Investments, at cost which approximates market					4,390,789	5,456,404
Accrued interest receivable					39,736	73,475
Property under lease					33,097,359	17,668,898
Reserve deposits to General Bond Reserve Fund					817,174	488,748
Furniture and equipment (less accumulated depreciation of $2,675 in 1976 and $1,890 in 1975)	5,469	5,671				
Other	500					
Total assets	$40,689	$ 11,242	$929,301	$553,938	$39,631,135	$24,098,591
LIABILITIES AND FUND BALANCE						
Revenue bonds payable (less unamortized discount of $843,020 in 1976 and $513,468 in 1975) (Note 4)					$37,981,980	$23,201,532
Reserve deposits from Revenue Bonds Fund			$817,174	$488,748		
Accrued interest payable					624,358	361,397
Accounts payable, operations	6,555	903	500			
Accounts payable, State of Minnesota	40,121	40,121				
Total liabilities	46,676	41,024	817,674	488,748	38,606,338	23,562,929
Fund balance:						
Unappropriated	(5,987)	(29,782)				
Appropriated (Note 1)			111,627	65,190	1,024,797	535,662
Total fund balance	(5,987)	(29,782)	111,627	65,190	1,024,797	535,662
Total liabilities and fund balance	$40,689	$ 11,242	$929,301	$553,938	$39,631,135	$24,098,591

The accompanying notes are an integral part of the financial statements.

STATEMENT OF REVENUES AND EXPENSES
for the years ended June 30, 1976 and 1975

	General Operating Fund		General Bond Reserve Fund		Revenue Bonds Fund	
REVENUES	1976	1975	1976	1975	1976	1975
Rental income					$2,233,650	$1,392,137
Application fees	$ 3,000	$ 2,750				
Initial administrative fees	50,129	18,384				
Annual administrative fees	49,544	29,837				
Investment income	1,143		$50,411	$36,696	380,081	272,692
Total revenues	103,816	50,971	50,411	36,696	2,613,731	1,664,829
EXPENSES						
Interest expense					2,113,942	1,222,488
Payroll, payroll taxes and employee benefits	47,107	43,532				
Rent expense	7,275	7,376				
Legal and audit expense	18,389	1,987	3,959			
Other general and administrative expenses	7,250	6,420	15	37		
Bond issuance costs and trustees' fees					10,654	30,483
Total expenses	80,021	59,315	3,974	37	2,124,596	1,252,971
Excess (deficiency) of revenues over expenses	$ 23,795	$(8,344)	$46,437	$36,659	$ 489,135	$ 411,858

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN FUND BALANCE

for the year ended June 30, 1976 and 1975

	General Operating Fund	General Bond Reserve Fund	Revenue Bonds Fund
Unappropriated fund deficit, July 1, 1974	$(21,438)		
Appropriated fund balance, July 1, 1974		$ 28,531	$ 123,804
Excess (deficiency) of revenues over expenses	(8,344)	36,659	411,858
Unappropriated fund (deficit), June 30, 1975	(29,782)		
Appropriated fund balance, June 30, 1975		65,190	535,662
Excess of revenues over expenses	23,795	46,437	489,135
Unappropriated fund deficit, June 30, 1976	(5,987)		
Appropriated fund balance, June 30, 1976		111,627	1,024,797
Total fund balance (deficit)	$ (5,987)	$111,627	$1,024,797

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION
for the years ended June 30, 1976 and 1975

	General Operating Fund		General Bond Reserve Fund		Revenue Bonds Fund	
	1976	1975	1976	1975	1976	1975
Funds provided:						
From activities:						
Revenues in excess of expenses	$23,795		$ 46,437	$ 36,659	$ 489,135	$ 411,858
Charges not requiring cash:						
Depreciation	785					
Amortization of bond discount					75,837	49,585
Total from activities	24,580		46,437	36,659	564,972	461,443
Deposits from Revenue Bonds Fund			328,426	108,667		
Proceeds from revenue bonds issued					14,859,611	5,416,996
Proceeds from investments sold					1,065,615	
Increase in accrued interest payable					262,961	43,880
Decrease in accrued interest receivable				13,721	33,739	
Increase in accounts payable	5,652	$ 967	500			
Total funds provided	30,232	967	375,363	159,047	16,786,898	5,922,319
Funds applied:						
Applied to operations:						
Expenses in excess of revenues		8,344				
Less depreciation not requiring cash		(1,143)				
Total applied to operations		7,201				
Construction drawings					15,428,461	3,174,330
Increase in funds invested			391,058	138,637		2,105,456
Deposits to General Bond Reserve Fund					328,426	108,667
Redemption of revenue bonds					155,000	100,000
Increase in accrued interest receivable			6,010			49,377
Other	1,083					
Total funds applied	1,083	7,201	397,068	138,637	15,911,887	5,537,830
Increase (decrease) in cash	29,149	(6,234)	(21,705)	20,410	875,011	384,489
Cash, beginning of year	5,571	11,805	22,451	2,041	411,066	26,577
Cash, end of year	$34,720	$ 5,571	$ 746	$ 22,451	$ 1,286,077	$ 411,066

The accompanying notes are an integral part of the financial statements.

1. Authorizing Legislation and Funds:

AUTHORIZING LEGISLATION:

The Minnesota Higher Education Facilities Authority is a state agency created in 1971 by an Act of the Minnesota Legislature. The Authority was established for the purpose of assisting institutions of higher education in the construction and financing of educational facilities. The Authority is authorized to issue revenue bonds in a total amount not to exceed $62 million of principal outstanding at any time. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and monies pledged for their payment. Amounts so issued shall not be deemed to constitute debt of the State of Minnesota.

FUNDS:

The following describes the funds maintained by the Authority, all of which conform with the authorizing legislation, bond resolutions and mortgage indentures:

General Operating Fund:

This fund derives its revenues from fees paid by the institutions for whom bonds are issued, as follows:

At time of issue - 1/3% of principal amount of the issue for bonds issued before August 12, 1975 and .35% of principal amount thereafter.

Annually, thereafter, until repayment - 1/8% of original principal amount of the issue for applications received prior to August 12, 1975 and .2% of original principal amount for applications received thereafter.

General and administrative expenses of the Authority are paid from this fund.

General Bond Reserve Fund:

Established by the General Bond Resolution adopted October 31, 1972, this fund is funded by a specified portion of the original proceeds from each sale of Authority bonds. Monies so contributed, as well as investment earnings thereon, are appropriated as additional collateral for repayment of all Revenue Bonds outstanding (See Note 4). Upon retirement of its bonds, participating institutions will be rebated their original contribution to the fund and a proportionate share of accumulated investment earnings.

Continued

1. Authorizing Legislation and Funds, continued:

FUNDS, continued:

Revenue Bonds Fund:

This fund is comprised of separate trust accounts maintained to account for the use of each bond issue's proceeds, to receive lease payments and to accumulate required reserves and sinking funds as stipulated in the related mortgage trust indentures.

Proceeds of the bonds are held by a trustee and invested in certain securities until withdrawn for payment of construction costs or debt service.

Under the terms of a net lease agreement, the institution leases the project from the Authority over the life of the bond issue. The rentals under these agreements are defined so as to provide revenues to this fund in an amount sufficient to meet debt service and principal redemption requirements of the bonds as well as any additional expenses of the issue.

Upon retirement of a bond series, any fund balance remaining in the related trust accounts will be rebated to the institution. These funds are appropriated for the purposes specified in the mortgage trust indentures and as such cannot be used to pay operating expenses of the Authority.

2. Accounting Policies:

The following is a summary of the significant accounting policies applied in the preparation of these financial statements.

BASIS OF ACCOUNTING:

The Authority follows the accrual basis of accounting.

INVESTMENTS:

Investments are recorded at cost which approximates market.

BOND DISCOUNTS:

Bond discounts are amortized under the interest method over the term of the related bond series.

Continued

2. Accounting Policies, continued:

FURNITURE AND EQUIPMENT:

Office furniture and equipment is stated at cost and depreciated on the straight-line method over the estimated useful life of the asset.

LEASE RECEIVABLE:

Leases receivable are accounted for under the financing method. Since rentals under the lease agreements are intended only to fund debt service, principal redemptions and any related expenses, the Authority does not acquire an equity interest in the leased assets. Therefore, no deferred finance charges are recorded and the leases are capitalized at the present value of the lease payments at the inception of the agreement. Components of leases receivable as presented on the balance sheet correspond to the status of bond proceeds and earnings thereon at June 30, 1976 and 1975 according to the respective trustees.

ISSUANCE COSTS:

The costs of issuing the bonds, which are insignificant in amount, are expensed as incurred.

3. Leases Receivable:

The Authority has entered into net lease agreements under which the assets of each project are leased to the participating institutions. Aggregate annual maturities of these leases are equal to the annual bond redemptions (Note 4), bond interest and other related expenses.

The term of each lease agreement corresponds to the maturity of the related bond issue. At the expiration of the lease the institution has the option to acquire the project from the Authority for a specified fee.

Continued

4. Revenue Bonds Payable:

Revenue bonds payable consist of the following serial and term bonds:

Original Principal Amount		Interest Rate	Maturity Dates	As at June 30, 1976 Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
$2,200,000	Series A (Augsburg College)	4.0% to 5.6%	Dec 1, 1975 to Dec 1, 2012	$ 2,195,000	$ 29,045	$ 2,165,955
1,935,000	Series B (Bethel College)	4.0% to 5.6%	Jun 1, 1974 to Jun 1, 1997	1,850,000	30,523	1,819,477
595,000	Series C (St. Mary's College)	4.2% to 5.6%	Jun 1, 1976 to Jun 1, 1989	585,000	9,448	575,552
520,000	Series D (College of St. Scholastica)	5.3% to 6.0%	Mar 1, 1974 to Mar 1, 1997	490,000	8,038	481,962
1,030,000	Series E (Gustavus Adolphus College)	4.0% to 5.5%	Mar 1, 1975 to Mar 1, 1993	970,000	15,009	954,991
1,610,000	Series F (College of St. Benedict)	4.9% to 5.8%	Mar 1, 1974 to Mar 1, 1998	1,540,000	24,025	1,515,975
8,450,000	Series G (Minneapolis Society of Fine Arts)	6.4%	Aug 1, 1976 to Aug 1, 1983	8,450,000	146,937	8,303,063
340,000	Series H (College of St. Scholastica)	6.0% to 6.4%	Jun 1, 1975 to Jun 1, 1999	330,000	7,828	322,172
1,600,000	Series I (Augsburg College)	5.75% to 6.2%	May 1, 1976 to May 1, 1995	1,580,000	27,113	1,552,887
370,000	Series J (College of St. Benedict)	6.3% to 6.8%	Jul 1, 1976 to Jul 1, 2002	370,000	9,988	360,012
800,000	Series K (College of St. Thomas)	5.5% to 6.9%	Sep 1, 1975 to Sep 1, 1994	780,000	7,878	772,122
2,280,000	Series L (St. Mary's Junior College)	7.0% to 8.25%	Jan 1, 1977 to Jan 1, 1994	2,280,000	82,228	2,197,772
690,000	Series M (College of St. Catherine)	7.4% to 8.0%	Nov 1, 1976 to Nov 1, 1996	690,000	16,932	673,068
1,450,000	Series N (College of St. Benedict)	8.0% to 8.25%	Nov 1, 1976 to Nov 1, 1994	1,450,000	39,701	1,410,299
4,000,000	Series O (Carleton College)	7.0%	Nov 1, 2001	4,000,000	73,973	3,926,027
2,350,000	Series P (St. Olaf College)	6.0% to 7.0%	Apr 1, 1976 to Oct 1, 1989	2,310,000	53,941	2,256,059
800,000	Series Q (Concordia College)	4.0% to 6.375%	Apr 1, 1976 to Apr 1, 1994	800,000	19,742	780,258
6,460,000	Series 1975-1 (Bethel College)	7.7% to 8.3%	Oct 1, 1976 to Oct 1, 1994	6,460,000	191,038	6,268,962
1,695,000	Series 1976-1 (College of St. Theresa)	5.875% to 7.1%	Apr 1, 1976 to Apr 1, 1991	1,695,000	49,633	1,645,367
				$38,825,000	$843,020	$37,981,980

Under the terms of the related mortgage trust indentures, each bond issue is collateralized by a) all assets financed by the bond issue; b) all rights and revenues under the lease between the Authority and the institution; c) the assets in the Revenue Bonds Fund pertaining to each issue; and d) a security interest in the assets of the General Bond Reserve Fund.

Continued

5. Commitments:

At June 30, 1975 the Authority had a lease commitment to pay, from the General Operating Fund, monthly rentals of $610 through September 1977 for office space. Rentals charged to expense in 1976 and 1975 amounted to $7,275 and $7,140, respectively.

6. Subsequent Events:

Subsequent to June 30, 1976 the Authority issued an additional revenue bond for $795,000 with coupon rates ranging from 4.0% to 6.625%. The bond matures serially through 1997.