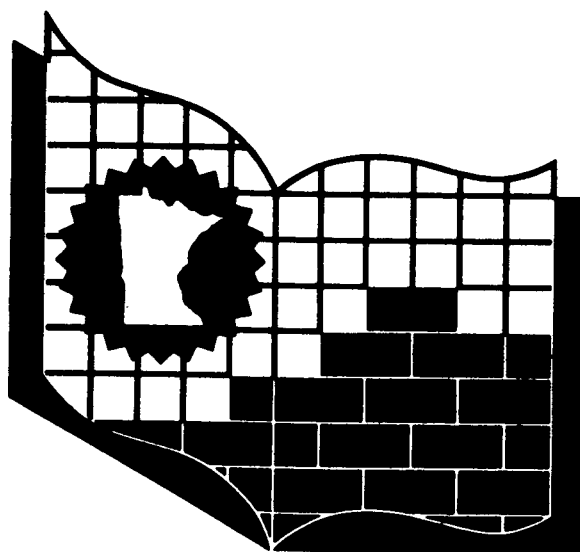


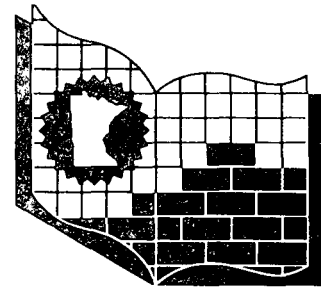
MINNESOTA HIGHER EDUCATION  
FACILITIES AUTHORITY

ANNUAL REPORT  
FISCAL YEAR 1979





Suite 400, Capital Square, 550 Cedar Street, Saint Paul, Minnesota 55101



MINNESOTA HIGHER EDUCATION  
**Facilities Authority**

*Office of the Executive Director*

November 26, 1979

Mr. Harding C. Noblitt, President  
Members of the Higher Education Coordinating Board  
Dr. Clyde R. Ingle, Executive Director  
Minnesota Higher Education Coordinating Board  
Suite 400, Capitol Square Building, 550 Cedar Street  
Saint Paul, Minnesota 55101

Dear Commissioners and Dr. Ingle:

The Minnesota Higher Education Facilities Authority is pleased to send copies of the Annual Report for Fiscal Year 1979 in order to be included in the Higher Education Coordinating Board's biennial report to the Governor and the Legislature.

As you know, the Minnesota Higher Education Facilities Authority is an independent agency created by Chapter 868, Laws of Minnesota, 1971 (Sections 136 A.25 through 136 A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education of the state in the construction and financing of projects. The Authority has power to issue revenue bonds in a total amount not to exceed \$100 million. Bonds issued by the Authority can be payable only from the rental revenues and other income, charges, and moneys pledged for their payment. They do not in any manner constitute a debt or pledge of the faith and credit of the State of Minnesota.

Educational institutions of the State of Minnesota eligible for assistance by the Authority are non-sectarian, non-profit educational institutions authorized by the Department of Education beyond the high school level.

The Authority is financed solely from fees paid by the institutions. Funds from series reserve accounts and from the General Bond Reserve Account cannot be used to pay operating expenses of the Authority.

The 1979 annual report contains a brief history of the Authority as well as highlights and accomplishments during Fiscal Year 1979. Also included are various financial statements, particularly the complete fiscal audit of Coopers and Lybrand.



The Authority has undertaken this past year, several projects, three of which resulted in successful bond sales totaling \$9,405,000. The first project was a \$2,360,000 financing of two housing residences at the new campus of Bethel College. As you know, Bethel College has sold its old campus to the Federal Government and had to replace its residential facilities with new construction at its new site in Arden Hills.

The Authority has financed for the College of St. Thomas, a \$1,800,000 student residence. The College of St. Thomas went co-educational two years ago and has made the necessary adjustments in their physical facilities to reflect the new composition of the student body.

The third project was a \$5,240,000 student residence at St. Olaf College. This new facility replaces a 90 year old building, Ytterboe Hall.

Since the end of Fiscal Year 1979, the Authority has financed another \$12,500,000 of new construction. Concordia College, Moorhead is replacing World War II vintage Biology-Home Economics facilities with a \$6,500,000 three story facility providing laboratories, classrooms, support space, and offices for the biology and home economics departments.

The Authority has also financed the construction of a \$6,000,000 Law School building for Hamline University. Currently, law school classes and services are in several locations around the campus. This project consists of a single two and half story 80,000 square foot building housing all law school facilities.

The Authority as of November 13, 1979 has financed twenty-nine projects totaling \$68,315,000. The institutions making applications to the Authority continue to display a sophisticated planning process in determining capital improvements for the years ahead. The Authority continues to impress on the applicants the need to prepare thorough long range plans, particularly with the not too distant downturn in the pool of college applicants during the 1980s.

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

Respectfully submitted,

  
Earl R. Herring, Chairman

## TABLE OF CONTENTS

	PAGE
I. LETTER OF TRANSMITTAL	1 - 2
II. TABLE OF CONTENTS	3
III. MEMBERS OF THE AUTHORITY, STAFF AND ADVISORS	4
IV. THE AUTHORITY	5 - 6
V. PROJECT DESCRIPTIONS	7 - 16
VI. PROJECT TABLES	
NEW BOND ISSUES	17
PREVIOUS BOND ISSUES	18 - 20
VII. GENERAL BOND RESERVE	
CONTRIBUTIONS AND EARNINGS	21 - 23
INVESTMENTS AND CASH	24
EQUITY SHARES	25 - 26
VII. SERIES RESERVE ACCOUNTS	
NEW BOND ISSUES	27
PREVIOUS BOND ISSUES	28 - 29
IX. FISCAL 1979 AUDIT REPORT	Appendix

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Bernard P. Friel, Chairman  
Member, Briggs & Morgan, Professional  
Association

January 1, 1981

Lawyers, St. Paul  
Expert

Robert W. Freson, Vice Chairman  
City Administrator; Rochester, Minnesota  
General

January 1, 1981

Clyde R. Ingle, 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, 1983

Robert W. Bonine  
Assistant Executive Director  
Northwest Area Foundation, St. Paul  
General

January 1, 1981

Frederick J. Bentz  
Architect - Bentz-Thompson & Associates  
Expert - Construction

January 1, 1983

Maxwell O. Ramsland Jr.  
Ramsland & Vigen, Inc.  
Expert - Real Estate Appraisal

January 1, 1983

Dr. Joseph E. La Belle, Executive Director

BOND COUNSEL

Faegre & Benson  
(John S. Holten)  
Minneapolis, Minnesota

FISCAL ADVISORS

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, 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. In 1978, the Legislature increased this limit again to an aggregate of \$100 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 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 non-sectarian educational purposes. In the opinion of the 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. A \$1,000 non-refundable application fee must accompany each submitted formal application. 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 .2 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, trustee and paying agent, are paid by the institution. The fees of bond counsel and the fiscal consultant 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

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.

Augsburg College, 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 term in 1973. Moveable furnishings, except for common areas, are provided by the tenants.

BOND SERIES "B"                      \$1,935,000                      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.

The College 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 of frame construction 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 a site at the edge of the main campus.

BOND SERIES "D"                      \$ 520,000                      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 College of St. Scholastica, Duluth, constructed six four-plex, prefabricated, frame, apartment buildings housing 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 in each of the two bedrooms.

## PROJECT DESCRIPTIONS

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, just seven miles from St. Cloud, Minnesota, is an academic community for 1,800 undergraduate women. It maintains close cooperation with the nearby St. John's University, a college for men.

The College of St. Benedict 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 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 the construction of 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 enabled the College to expand to 600 and permitted it to enlarge greatly the scope of its four-year program leading 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 proceeds of this Bond Issue were used to fund the Pine Apartment Building at the College of St. Scholastica. 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

The Bonds have been issued to construct a two-rink, artificial ice, Ice Center on land of a 56,469 square foot area 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 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 3,600 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.

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 had used two buildings owned by adjoining St. Mary's Hospital in Minneapolis. One of these was 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 had some laboratories. This building was demolished, which, together with the need of this College for more room, made the new building necessary.



## PROJECT DESCRIPTIONS

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. Saint 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, has a living room, dining area and kitchen. The building also includes 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 is 11,000 square feet.

BOND SERIES "N"                      \$1,450,000                      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 houses 200 students and two faculty residents.

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.



## PROJECT DESCRIPTIONS

BOND SERIES "P"                      \$2,350,000                      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 were 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.

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

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.



## PROJECT DESCRIPTIONS

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), and the 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 30 major buildings, of which one-half have been built since 1955



## PROJECT DESCRIPTIONS

BOND SERIES "X"

\$1,800,000

COLLEGE OF ST. THOMAS

The Issue will finance the construction of a new 36,000 gross square-foot five-story residence hall on the campus. The dormitory will have 35 apartments accomodating four students each plus a manager's apartment for the handicapped. Each apartment will contain one bedroom with two bunk beds, a livingroom and bath. All will be carpeted and furnished. Conversion of the bath to kitchenette is possible. The building will have an activities room and study areas and laundry facilities in the basement.

The type of construction is concrete columns with post-tensioned floor and roof slabs; the exterior is brick. Campus utilities will be extended to service the Building.

BOND SERIES "Y"

\$5,245,000

ST. OLAF

The proceeds of the Issue will finance the construction and related costs of a new 67,450 square-foot three-story residence hall on the College's campus. The new facility will house 232 students and will replace Ytterboe Hall which currently houses 219 students. The style of architecture is in conformity in scale and materials with the surrounding buildings.

NEW BOND ISSUES

FISCAL YEAR 1979

<u>BOND SERIES</u>	<u>DATE</u>	<u>FINAL MATURITY</u>	<u>AVERAGE MATURITY</u>	<u>NET INTEREST COST</u>	<u>AMOUNT</u>
First Mortgage Revenue Bonds, Series W (Bethel College)	8/1/78	2001	15.54 yrs.	6.8696 %	\$2,360,000
First Mortgage Revenue Bonds, Series X (College of St. Thomas)	9/1/78	1999	15.51 yrs.	6.47701%	\$1,800,000
First Mortgage Revenue Bonds, Series Y (St. Olaf College)	6/1/79	2010	22.66 yrs.	6.595373%	\$5,245,000
					<hr/>
					\$9,405,000

PREVIOUS BOND ISSUES

1972 TO 1979

<u>BOND SERIES</u>	<u>DATE</u>	<u>FINAL MATURITY</u>	<u>AVERAGE MATURITY</u>	<u>NET INTEREST COST</u>	<u>AMOUNT</u>
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
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

PREVIOUS BOND ISSUES

1972 TO 1979

(CONTINUED)

<u>BOND SERIES</u>	<u>DATE</u>	<u>FINAL MATURITY</u>	<u>AVERAGE MATURITY</u>	<u>NET INTEREST COST</u>	<u>AMOUNT</u>
First Mortgage Revenue Bonds, Series J (College of St. Benedict)	7/1/74	2002	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 St. 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
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, Refunding Series 1975-1 (Bethel College)	12/1/75	1994	12.89 yrs.	8.4331 % \$	6,460,000
First Mortgage Revenue Bonds, Refunding Series 1976-1 (College of St. Teresa)	4/1/76	1991	10.38 yrs.	7.100675% \$	1,695,000

PREVIOUS BOND ISSUES

1972 TO 1979

(CONTINUED)

<u>BOND SERIES</u>	<u>DATE</u>	<u>FINAL MATURITY</u>	<u>AVERAGE MATURITY</u>	<u>NET INTEREST COST</u>	<u>AMOUNT</u>
First Mortgage Revenue Bonds, Series Q (Concordia College)	5/1/76	1994	12.40 yrs.	6.2161 %	\$ 800,000
First Mortgage Revenue Bonds, Series R (College of St. Catherine)	8/1/76	1997	12.98 yrs.	6.49833%	\$ 795,000
First Mortgage Revenue Bonds, Series S (Golden Valley Lutheran College)	4/1/77	1997	13.43 yrs.	6.68618%	\$2,070,000
Mortgage Revenue Bonds Refunding Series 1976-2 (St. Mary's College)	4/1/77	2002	16.68 yrs.	6.3861 %	\$1,300,000
First Mortgage Revenue Bonds, Series T (Carleton College)	12/1/78	2007	29.25 yrs.	5.62244%	\$2,385,000
Mortgage Revenue Bonds Series U (College of St. Thomas)	1/1/78	2000	15.51 yrs.	5.8276 %	\$ <u>685,000</u>
					\$46,410,000

GENERAL BOND RESERVE FUND\*  
STATEMENT OF CONTRIBUTIONS AND EARNINGS  
FOR THE YEAR ENDED JUNE 30, 1979

	<u>DATE INVESTED</u>	<u>ORIGINAL INVESTMENT</u>
\$2,200,000 First Mortgage Revenue Bonds, Series A, (Augsburg College)	1/08/73	\$ 31,743.60
\$1,935,000 First Mortgage Revenue Bonds, Series B, (Bethel College)	1/08/73	\$ 34,082.00
\$ 595,000 First Mortgage Revenue Bonds, Series C, (St.Mary's College)	1/08/73	\$ 9,000.00
\$ 520,000 First Mortgage Revenue Bonds, Series D, (College of St. Scholastica)	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)	6/12/74	\$ 6,000.00
\$1,600,000 First Mortgage Revenue Bonds, Series I, (Augsburg College)	5/08/74	\$ 30,000.00
\$ 370,000 First Mortgage Revenue Bonds, Series J, (College of St. Benedict)	7/11/74	\$ 7,000.00
\$ 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	\$ 47,667.00
\$ 690,000 First Mortgage Revenue Bonds, Series M, (College of Saint Catherine)	5/15/75	\$ 12,000.00



GENERAL BOND RESERVE FUND \*  
STATEMENT OF CONTRIBUTIONS AND EARNINGS  
FOR THE YEAR ENDED JUNE 30, 1979

(CONTINUED)

	<u>DATE INVESTED</u>	<u>ORIGINAL INVESTMENT</u>
\$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)	12/02/75	\$ 80,000.00
\$2,350,000 First Mortgage Revenue Bonds, Series P, (St. Olaf College)	11/07/75	\$ 53,425.83
\$6,460,000 First Mortgage Revenue Bonds, Refunding Series 1975-1, (Bethel College)	1/06/76	\$ 138,000.00
\$1,695,000 First Mortgage Revenue Bonds, Refunding Series 1976-1, (College of St. Teresa)	4/06/76	\$ 40,000.00
\$ 800,000 First Mortgage Revenue Bonds, Series Q, (Concordia College)	5/27/76	\$ 17,000.00
\$ 795,000 First Mortgage Revenue Bonds, Series R, (College of Saint Catherine)	9/02/76	\$ 15,000.00
\$2,070,000 First Mortgage Revenue Bonds, Series S, (Golden Valley Lutheran College)	4/04/77	\$ 39,000.00
\$1,300,000 Mortgage Revenue Bonds, Refunding Series 1976-2, (St. Mary's College)	5/02/77	\$ 22,800.00
\$2,360,000 First Mortgage Revenue Bonds, Series T (Carleton College)	12/29/77	\$ 30,000.00
\$ 685,000 Mortgage Revenue Bonds, Series U (College of St. Thomas)	1/23/78	\$ 11,200.00

GENERAL BOND RESERVE FUND \*  
STATEMENT OF CONTRIBUTIONS AND EARNINGS  
FOR THE YEAR ENDED JUNE 30, 1979

(CONTINUED)

	<u>DATE INVESTED</u>	<u>ORIGINAL INVESTMENT</u>
\$2,360,000 First Mortgage Revenue Bonds, Series W (Bethel College)	8/7/78	\$ 40,000.00
\$1,800,000 First Mortgage Revenue Bonds Series X (College of St. Thomas)	9/18/78	\$ 28,000.00
\$5,245,000 First Mortgage Revenue Bonds Series Y (St. Olaf College)	6/1/79	<u>\$ 84,000.00</u>
		\$1,087,173.83
ADD: ACCUMULATED FUND EARNINGS		<u>354,716.25</u>
TOTAL ORIGINAL INVESTMENTS AND ACCUMULATED FUND EARNINGS AS OF 6/30/79		\$1,441,890.08

- \* The General Bond Reserve Fund is security for all currently outstanding bond issues by the Authority and for any future bonds issued by the Authority for which a contribution is made to the General Bond Reserve Fund. This fund is administered by the Authority as a trust fund, but no moneys from this fund can be used to pay operating expenses of the Authority.

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 AND CASH  
AS OF JUNE 30, 1979

	<u>Amount</u>	<u>Security*</u>	<u>Interest Rate</u>	<u>Due</u>
1.	\$ 84,000.00	First National Bank of St. Paul Repurchase Agreement	7.00%	7-2-79
2.	25,000.00	Federal Farm Credit Bank Bonds	10.70%	7-2-79
3.	16,000.00	Federal Land Bank Bonds Series H-1979	7.50%	7-23-79
4.	130,000.00	Federal Farm Credit Bank Bonds	10.45%	12-3-79
5.	60,000.00	U.S. Treasury Notes, Series X-1979	7.125%	12-31-79
6.	23,000.00	Federal Land Bank Debentures	7.75%	1-21-80
7.	60,000.00	U.S. Treasury Notes	8.50%	7-31-80
8.	26,000.00	U.S. Treasury Notes	6.875%	9-30-80
9.	35,000.00	Federal Land Bank Debentures	7.10%	1-20-81
10.	45,000.00	Federal National Mortgage Association Series SM-1981 I	6.85%	4-10-81
11.	35,000.00	U.S. Treasury Notes, Series S-1981	9.75%	4-30-81
12.	80,000.00	Federal Land Bank Debentures, Series B-1981	7.45%	10-20-81
13.	180,000.00	Federal Farm Credit Bank Bonds	8.45%	4-1-82
14.	70,000.00	Federal National Mortgage Assoc. Debentures	6.80%	9-10-82
15.	235,000.00	Federal National Mortgage Assoc. Debentures	9.25%	4-11-83
16.	150,000.00	Federal Land Bank Debentures	8.65%	7-20-83
17.	60,000.00	Federal National Mortgage Assoc. Debentures	8.50%	9-12-83
18.	32,000.00	U.S. Treasury Notes, Series A-1984	7.25%	2-15-84
19.	<u>50,000.00</u>	Federal National Mortgage Assoc. Debentures	7.00%	3-10-92
	\$1,396,000.00			
	<u>13,041.83</u>	Cash on Hand		
	\$1,409,041.83	Total		

\*Interest rates shown are coupon rates

1979  
GENERAL BOND RESERVE  
(YEARLY NET PROFIT DISTRIBUTIONS)

COLLEGE	BOND SERIES	AMOUNT INVESTED AND EARNED	MONTHS INVESTED	WEIGHTED TOTAL	WEIGHTED PERCENT	SHARE OF EARNINGS	RATE OF EARNINGS	AMOUNT INVESTED AND EARNED
AUGSBURG	"A"	\$ 46,863.52	12	\$ 562,362	3.76	\$3,747.76	8.0%	\$ 50,611.28
BETHEL	"B"	50,306.91	"	603,683	4.03	4,016.88	"	54,323.79
ST. MARY'S	"C"	13,287.92	"	159,455	1.06	1,056.55	"	14,344.47
ST. SCHOLASTICA	"D"	12,667.59	"	152,011	1.02	1,016.67	"	13,684.26
GUSTAVUS ADOLPHUS	"E"	28,295.67	"	339,548	2.27	2,262.62	"	30,558.29
ST. BENEDICT'S	"F"	31,223.12	"	374,677	2.50	2,491.87	"	33,714.99
MPLS. SOCIETY	"G"	311,295.90	"	3,735,551	24.95	24,868.82	"	336,164.72
ST. SCHOLASTICA	"H"	7,958.55	"	95,503	.64	637.92	"	8,596.47
AUGSBURG	"I"	40,089.08	"	481,069	3.21	3,199.56	"	43,288.64
ST. BENEDICT'S	"J"	9,222.66	"	110,672	.74	737.59	"	9,960.25
ST. THOMAS	"K"	17,712.59	"	212,551	1.42	1,415.37	"	19,127.96
ST. MARY'S JUNIOR	"L"	58,651.20	"	703,815	4.70	4,684.71	"	63,335.91
ST. CATHERINE	"M"	14,763.63	"	177,164	1.18	1,176.17	"	15,939.80
ST. BENEDICT'S	"N"	34,448.14	"	413,378	2.76	2,751.02	"	37,199.16
CARLETON	"O"	94,623.43	"	1,135,925	7.59	7,565.30	"	102,188.73
ST. OLAF	"P"	63,551.29	"	762,615	5.09	5,073.44	"	68,624.73
CONCORDIA	"Q"	19,571.96	"	234,864	1.57	1,564.89	"	21,136.85
ST. CATHERINE	"R"	16,986.88	"	203,843	1.36	1,355.57	"	18,342.45
BETHEL	75-1	162,392.91	"	1,948,715	13.01	12,967.66	"	175,360.57
ST. TERESA	76-1	46,307.23	"	555,687	3.71	3,697.93	"	50,005.16
ST. MARY'S JUNIOR	76-2	24,694.46	"	296,334	1.98	1,973.55	"	26,668.01
GOLDEN VALLEY	"S"	42,471.07	"	509,653	3.40	3,388.94	"	45,860.01
CARLETON	"T"	31,235.84	"	374,830	2.50	2,491.87	"	33,727.71
ST. THOMAS	"U"	11,593.92	"	139,127	.93	926.97	"	12,520.89
BETHEL	"W"	40,000.00	11	440,000	2.94	2,930.44	"	42,930.44
ST. THOMAS	"X"	28,000.00	9	252,000	1.68	1,674.54	"	29,674.54
ST. OLAF	"Y"	84,000.00	0	0			"	84,000.00
		\$1,342,215.47		\$14,975.032	100.00	\$99,674.61		\$1,441,890.08

The above numbers reflect an auditor's adjustment to the income distribution for 1978. The total interest earned did not change, only the distribution.

1978  
GENERAL BOND RESERVE  
(YEARLY NET PROFIT DISTRIBUTIONS)

COLLEGE	BOND SERIES	AMOUNT INVESTED AND EARNED	MONTHS INVESTED	WEIGHTED TOTAL	WEIGHTED PERCENT	SHARE OF EARNINGS	RATE OF EARNINGS	AMOUNT INVESTED AND EARNED
AUGSBURG	"A"	\$ 44,012.16	12	\$ 528,146	4.02	\$3,105.04	7.06	\$ 47,117.20
BETHEL	"B"	47,258.04	"	567,096	4.32	3,336.76	"	50,594.80
ST. MARY'S	"C"	12,481.28	"	149,775	1.14	880.53	"	13,361.81
ST. SCHOLASTICA	"D"	11,899.58	"	142,795	1.09	841.91	"	12,741.49
GUSTAVUS ADOLPHUS	"E"	26,579.78	"	318,957	2.43	1,876.92	"	28,456.70
ST. BENEDICT'S	"F"	29,327.36	"	351,928	2.68	2,070.02	"	31,397.38
MPLS. SOCIETY	"G"	292,394.59	"	3,508,735	26.70	20,623.00	"	313,017.60
ST. SCHOLASTICA	"H"	7,473.02	"	89,676	.68	525.23	"	7,998.25
AUGSBURG	"I"	37,652.63	"	451,832	3.44	2,657.05	"	40,309.68
ST. BENEDICT'S	"J"	8,658.80	"	103,906	.79	610.10	"	9,268.99
ST. THOMAS	"K"	16,638.92	"	199,667	1.52	1,174.04	"	17,812.96
ST. MARY'S JUNIOR	"L"	55,087.01	"	661,044	5.03	3,885.16	"	58,972.17
ST. CATHERINE	"M"	13,863.20	"	166,358	1.27	980.94	"	14,844.14
ST. BENEDICT'S	"N"	32,355.97	"	388,272	2.96	2,286.30	"	34,642.27
CARLETON	"O"	83,264.41	"	999,173	7.60	5,870.22	"	89,134.63
ST. OLAF	"P"	59,695.78	"	716,349	5.45	4,209.56	"	63,905.34
CONCORDIA	"Q"	18,381.32	"	220,576	1.68	1,297.63	"	19,678.95
ST. CATHERINE	"R"	15,939.69	"	191,276	1.46	1,127.70	"	17,067.39
GOLDEN VALLEY	"S"	39,734.55	"	476,815	3.63	2,803.80	"	42,538.35
CARLETON	"T"	30,000.00	7	210,000	1.60	1,235.84	"	31,235.84
ST. THOMAS	"U"	11,200.00	6	67,200	.51	393.92	"	11,593.92
BETHEL	75-1	152,535.63	12	1,830,428	13.93	10,759.49	"	163,295.12
ST. TERESA	76-1	43,494.49	12	521,934	3.97	3,066.42	"	46,560.91
ST. MARY'S JUNIOR	76-2	23,084.55	12	277,015	2.10	1,622.03	"	24,706.58
		<u>\$1,113,012.76</u>		<u>13,138,953</u>	<u>100%</u>	<u>77,239.71</u>		<u>1,190,252.47</u>

SERIES RESERVE ACCOUNTS\*

CONTRIBUTIONS

NEW BOND ISSUES

	<u>BOND ISSUE</u>	<u>INITIAL SERIES RESERVE</u>
First Mortgage revenue Bonds, Series W (BETHEL COLLEGE)	\$ 2,360,000.00	\$ 160,000.00
First Mortgage Revenue Bonds Series X (COLLEGE OF ST. THOMAS)	\$ 1,800,000.00	\$ 112,000.00
First Mortgage Revenue Bonds Series Y (ST. OLAF COLLEGE)	<u>\$5,245,000.00</u>	<u>\$ 336,000.00</u>
	\$9,405,000.00	\$ 608,000.00

\*Funds and investments in the Series Reserve Account are irrevocably pledged to and shall be used by banks and trust companies appointed as Trustees; the Trustees shall use the money in these accounts for required debt service of each of the bond issues. All contributions and earnings not used for debt service are rebated to each of the participating institutions. No money from these accounts can be used to pay operating expenses of the Authority.

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

	<u>BOND ISSUE</u>	<u>INITIAL SERIES RESERVE</u>
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
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
First Mortgage Revenue Bonds, Series O (CARLETON COLLEGE)	\$ 4,000,000.00	\$ TERM BOND

SERIES RESERVE ACCOUNTS

CONTRIBUTIONS

PREVIOUS BOND ISSUES

	<u>BOND ISSUE</u>	<u>INITIAL SERIES RESERVE</u>
First Mortgage Revenue Bonds, Series P (ST. OLAF COLLEGE)	\$2,350,000.00	\$ 213,703.34
First Mortgage Revenue Bonds, Refunding Series 1975-1 (BETHEL COLLEGE)	\$6,460,000.00	\$ 552,000.00
First Mortgage Revenue Bonds, Refunding Series 1976-1 (COLLEGE OF ST. TERESA)	\$1,695,000.00	\$ 160,000.00
First Mortgage Revenue Bonds, Series Q (CONCORDIA COLLEGE)	\$ 800,000.00	\$ 68,000.00
First Mortgage Revenue Bonds, Series R (COLLEGE OF SAINT CATHERINE)	\$ 795,000.00	\$ 60,000.00
First Mortgage Revenue Bonds, Series S (GOLDEN VALLEY LUTHERAN COLLEGE)	\$2,070,000.00	\$ 156,000.00
Mortgage Revenue Bonds, Refunding Series 1976-2 (ST. MARY'S COLLEGE)	\$1,300,000.00	\$ 91,200.00
First Mortgage Revenue Bonds, Series T (CARLETON COLLEGE)	\$2,385,000.00	\$ 30,000.00
Mortgage Revenue Bonds, Series U (COLLEGE OF ST. THOMAS)	<u>\$ 685,000.00</u>	<u>\$ 44,800.00</u>
Total	\$44,025,000.00	\$3,329,914.94
New Issues	<u>\$ 9,405,000.00</u>	<u>\$ 608,000.00</u>
Total of all issues as of June 30, 1979	\$53,430,000.00	\$3,937,914.94



MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

---

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS

for the years ended June 30, 1979 and 1978

## C O N T E N T S

---

	<u>Pages</u>
Accountants' Report	1
Financial Statements:	
Balance Sheet	2
Statement of Revenues and Expenses	3
Statement of Changes in Fund Balance	4
Statement of Changes in Financial Position	5
Notes to Financial Statements	6-10

COOPERS & LYBRAND

CERTIFIED PUBLIC ACCOUNTANTS

A MEMBER FIRM OF  
COOPERS & LYBRAND (INTERNATIONAL)

To the Executive Director and Chairman of the Board 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, 1979 and 1978, and the related statements of revenues and expenses, changes in fund balance and changes in financial position for the years then ended. Our examinations were 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.

As discussed in Note 3 to the financial statements, during 1979 the Authority became a defendant in a lawsuit by a former employee claiming disability benefits under workers' compensation. The ultimate outcome of the lawsuit cannot be determined, and no provision for any liability that may result has been made in the 1979 financial statements.

In our opinion, subject to the effects on the 1979 financial statements of the operating fund of such adjustments, if any, as might have been required had the outcome of the uncertainty referred to in the preceding paragraph been known; the aforementioned financial statements present fairly the financial position of the various funds of the Minnesota Higher Education Facilities Authority at June 30, 1979 and 1978 and the results of their operations and changes in their 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 21, 1979

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

BALANCE SHEET, June 30, 1979 and 1978

ASSETS	General Operating Fund		General Bond Reserve Fund (Note 5)		Revenue Bonds Fund	
	1979	1978	1979	1978	1979	1978
Cash	\$16,540	\$20,862	\$ 13,042	\$ 19,925		
Investments, at cost which approximates market	20,000		1,395,236	1,154,143		
Accrued interest receivable			34,265	16,425		
Leases receivable (Notes 4 and 5):						
Cash (including certificates of deposit of \$56,263 in 1979 and \$857,302 in 1978)					\$ 1,267,570	\$ 992,325
Investments, at cost which approximates market					10,199,948	5,676,461
Accrued interest receivable					104,913	117,873
Property under lease					44,005,332	39,236,969
Reserve deposits to General Bond Reserve Fund					1,087,174	935,174
Furniture and equipment (less accumulated depreciation of \$5,297 in 1979 and \$4,395 in 1978)	3,598	4,357				
Other	1,333	278				
Total assets	<u>\$41,471</u>	<u>\$25,497</u>	<u>\$1,442,543</u>	<u>\$1,190,493</u>	<u>\$56,664,937</u>	<u>\$46,958,802</u>
LIABILITIES AND FUND BALANCE						
Revenue bonds payable (less unamortized discount of \$799,949 in 1979 and \$754,407 in 1978) (Note 5)					50,000,051	42,465,593
Reserve deposits from Revenue Bonds Fund			1,087,174	935,174		
Accrued interest payable					841,146	793,235
Accounts payable, operations	5,507	3,104	653	278		
Accounts payable, State of Minnesota		25,121				
Total liabilities	<u>5,507</u>	<u>28,225</u>	<u>1,087,827</u>	<u>935,452</u>	<u>50,841,197</u>	<u>43,258,828</u>
Fund balance:						
Unappropriated	35,964	(2,728)				
Appropriated (Note 1)			354,716	255,041	5,823,740	3,699,974
Total fund balance	<u>35,964</u>	<u>(2,728)</u>	<u>354,716</u>	<u>255,041</u>	<u>5,823,740</u>	<u>3,699,974</u>
Total liabilities and fund balance	<u>\$41,471</u>	<u>\$25,497</u>	<u>\$1,442,543</u>	<u>\$1,190,493</u>	<u>\$56,664,937</u>	<u>\$46,958,802</u>

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

STATEMENT OF REVENUES AND EXPENSES  
for the years ended June 30, 1979 and 1978

REVENUES	General Operating Fund		General Bond Reserve Fund		Revenue Bonds Fund	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
Rental income					\$4,791,776	\$4,003,938
Application fees	\$ 3,000	\$ 4,000				
Initial administrative fees	32,917	10,745				
Annual administrative fees	81,874	63,064				
Investment income	<u>1,882</u>	<u>1,555</u>	<u>\$100,247</u>	<u>\$77,443</u>	<u>568,284</u>	<u>376,551</u>
Total revenues	<u>119,673</u>	<u>79,364</u>	<u>100,247</u>	<u>77,443</u>	<u>5,360,060</u>	<u>4,380,489</u>
EXPENSES						
Interest expense					3,104,123	2,883,415
Payroll, payroll taxes and employee benefits	52,387	52,769				
Rent expense	8,150	7,908				
Legal and audit expense	7,125	6,897	375	204		
Other general and administrative expenses	13,319	8,210	197			
Bond issuance costs and trustees' fees					<u>132,171</u>	<u>35,345</u>
Total expenses	<u>80,981</u>	<u>75,784</u>	<u>572</u>	<u>204</u>	<u>3,236,294</u>	<u>2,918,760</u>
Excess of revenues over expenses	<u>\$ 38,692</u>	<u>\$ 3,580</u>	<u>\$ 99,675</u>	<u>\$77,239</u>	<u>\$2,123,766</u>	<u>\$1,461,729</u>

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

STATEMENT OF CHANGES IN FUND BALANCE  
for the years ended June 30, 1979 and 1978

	<u>General Operating Fund</u>	<u>General Bond Reserve Fund</u>	<u>Revenue Bonds Fund</u>
Unappropriated fund (deficit), June 30, 1977	\$(6,308)		
Appropriated fund balance, June 30, 1977		\$177,802	\$2,238,245
Excess of revenues over expenses	<u>3,580</u>	<u>77,239</u>	<u>1,461,729</u>
Unappropriated fund (deficit), June 30, 1978	(2,728)		
Appropriated fund balance, June 30, 1978		255,041	3,699,974
Excess of revenues over expenses	<u>38,692</u>	<u>99,675</u>	<u>2,123,766</u>
Unappropriated fund balance, June 30, 1979	35,964		
Appropriated fund balance, June 30, 1979		<u>354,716</u>	<u>5,823,740</u>
Total fund balance	<u>\$35,964</u>	<u>\$354,716</u>	<u>\$5,823,740</u>

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

STATEMENT OF CHANGES IN FINANCIAL POSITION  
for the years ended June 30, 1979 and 1978

	General Operating Fund		General Bond Reserve Fund		Revenue Bonds Fund	
	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>	<u>1979</u>	<u>1978</u>
Funds provided:						
From activities:						
Revenues in excess of expenses	\$38,692	\$ 3,580	\$ 99,675	\$ 77,239	\$ 2,123,766	\$1,461,729
Charges not requiring cash:						
Depreciation	902	864				
Amortization of bond discount					84,444	85,240
Total from activities	39,594	4,444	99,675	77,239	2,208,210	1,546,969
Deposits from Revenue Bonds Fund			152,000	41,200		
Proceeds from revenue bonds issued					9,275,014	3,057,027
Increase in accrued interest payable					47,911	113,504
Decrease in accrued interest receivable				1,232	12,960	
Increase in accounts payable			375			
Total funds provided	39,594	4,444	252,050	119,671	11,544,095	4,717,500
Funds applied:						
Decrease in accounts payable	22,718	16,371		22		258
Construction drawings					4,768,363	2,106,295
Net increase in funds invested	20,000		241,093	111,489	4,523,487	591,881
Deposits to General Bond Reserve Fund					152,000	41,200
Redemption of revenue bonds					1,825,000	1,600,000
Increase in accrued interest receivable			17,840			65,531
Other	1,198	337				
Total funds applied	43,916	16,708	258,933	111,511	11,268,850	4,405,165
Increase (decrease) in cash	(4,322)	(12,264)	(6,883)	8,160	275,245	312,335
Cash, beginning of year	20,862	33,126	19,925	11,765	992,325	679,990
Cash, end of year	\$16,540	\$ 20,862	\$ 13,042	\$ 19,925	\$ 1,267,570	\$ 992,325

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

## NOTES TO FINANCIAL STATEMENTS

---

### 1. Authorizing Legislation and Funds:

#### AUTHORIZING LEGISLATION:

The Minnesota Higher Education Facilities Authority is a state agency created to assist nonprofit institutions of higher education in financing the construction of educational facilities. The Authority is authorized to have a maximum of \$100 million of revenue bonds outstanding. Bonds issued by the Authority are payable only from specified revenues and collateral and do not constitute a 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:

The revenue of the General Operating Fund consists principally of the following fees paid by the participating institutions:

Issuance fee - .35% of original bond principal (1/3% for bond issues prior to August 12, 1975).

Annual fee - .2% of original bond principal until repayment (1/8% of the bond principal for applications received prior to August 12, 1975).

General and administrative expenses of the Authority are paid from this fund. The General Bond Reserve Fund and the Revenue Bonds Fund are appropriated for the purposes specified in the mortgage trust indentures and cannot be used to pay the operating expenses of the Authority.

#### General Bond Reserve Fund:

A specified portion of the proceeds from each issuance of Authority bonds is deposited in the General Bond Reserve Fund. Monies in the fund are invested in United States obligations and certificates of deposit. The investments and the earnings thereon are pledged as collateral for repayment of all Revenue Bonds outstanding (see Note 5). Upon repayment of its bonds, a participating institution will be rebated its share of the fund consisting of the institutions original deposit adjusted for a proportionate share of fund earnings and charges for collateral payments, if any, to date.

Continued



## NOTES TO FINANCIAL STATEMENTS, Continued

---

### 1. Authorizing Legislation and Funds, continued:

FUNDS, continued:

#### Revenue Bonds Fund:

The Revenue Bonds Fund is comprised of separate trust accounts maintained to account for each bond issue's proceeds, to receive rental payments and to accumulate the required reserves and sinking funds stipulated in the related mortgage trust indentures.

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

Under the terms of the net lease agreements, the participating institutions lease the projects from the Authority over the life of the bond issue. The lease agreements define rental payments as the amount required to provide sufficient revenues to fund debt service, principal redemptions and other related expenses.

Upon retirement of a bond series, any remaining fund balance in the related trust accounts will be rebated to the participating institution.

### 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.

#### BOND DISCOUNTS:

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

#### 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.

Continued

## NOTES TO FINANCIAL STATEMENTS, Continued

---

### 2. Accounting Policies, continued:

#### LEASES 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 other 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 according to the respective trustees.

#### ISSUANCE COSTS:

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

### 3. Workmens' Compensation Lawsuit:

A former employee of the Authority has filed suit against the Authority claiming benefits under workers' compensation for a temporary partial disability. The suit seeks compensation in the amount of approximately \$14,000 including payment for the period of partial disability and related medical expenses. In the event that the employee wins the suit the operating fund of the Authority will be liable for the workers' compensation expense.

Legal counsel has advised the Authority that there are meritorious defences to the claim, however, counsel has offered no opinion as to the probable outcome of the suit.

### 4. Leases Receivable:

The Authority leases the assets of each project to the participating institution under the terms of a net lease agreement. The annual rental payments required under the leases are sufficient to fund debt service, principal redemptions (Note 5) and other related expenses.

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

4. Leases Receivable, continued:

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.

5. Revenue Bonds Payable:

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

				As at June 30, 1979		
Original Principal Amount		Interest Rate	Maturity Dates	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	\$ 2,170,000	\$ 25,750	\$ 2,144,250
1,935,000	Series B (Bethel College)	4.0% to 5.6%	Jun 1, 1974 to Jun 1, 1997	1,725,000	23,964	1,701,036
595,000	Series C (St. Mary's College)	4.2% to 5.6%	Jun 1, 1976 to Jun 1, 1998	545,000	7,423	537,577
520,000	Series D (College of St. Scholastica)	5.3% to 6.0%	Mar 1, 1974 to Mar 1, 1997	445,000	6,236	438,764
1,030,000	Series E (Gustavus Adolphus College)	4.0% to 5.5%	Mar 1, 1975 to Mar 1, 1993	870,000	10,940	859,060
1,610,000	Series F (College of St. Benedict)	4.9% to 5.8%	Mar 1, 1974 to Mar 1, 1998	1,445,000	18,902	1,426,098
8,450,000	Series G (Minneapolis Society of Fine Arts)	6.4%	Aug 1, 1976 to Aug 1, 1984	5,760,000	61,050	5,698,950
340,000	Series H (College of St. Scholastica)	6.0% to 6.4%	Jun 1, 1975 to Jun 1, 1999	315,000	6,282	308,718
1,600,000	Series I (Augsburg College)	5.75% to 6.2%	May 1, 1976 to May 1, 1995	1,440,000	20,628	1,419,372
370,000	Series J (College of St. Benedict)	6.3% to 6.8%	Jul 1, 1976 to Jul 1, 2002	355,000	8,365	346,635
800,000	Series K (College of St. Thomas)	5.5% to 6.9%	Sep 1, 1975 to Sep 1, 1994	705,000	5,890	699,110
2,280,000	Series L (St. Mary's Junior College)	7.0% to 8.25%	Jan 1, 1977 to Jan 1, 1994	2,085,000	61,926	2,023,074
690,000	Series M (College of St. Catherine)	7.4% to 8.0%	Nov 1, 1976 to Nov 1, 1996	650,000	13,286	636,714
1,450,000	Series N (College of St. Benedict)	8.0% to 8.25%	Nov 1, 1976 to Nov 1, 1994	1,335,000	30,352	1,304,648
4,000,000	Series O (Carleton College)	7.0%	Nov 1, 2000	4,000,000	64,853	3,935,147
2,350,000	Series P (St. Olaf College)	6.0% to 7.0%	Apr 1, 1976 to Oct 1, 1989	2,020,000	36,674	1,983,326
800,000	Series Q (Concordia College)	4.0% to 6.375%	Apr 1, 1978 to Apr 1, 1994	755,000	15,149	739,851
6,460,000	Series 1975-1 (Bethel College)	7.7% to 8.3%	Oct 1, 1976 to Oct 1, 1994	6,130,000	145,940	5,984,060
1,695,000	Series 1976-1 (College of St. Theresa)	5.875% to 7.1%	Apr 1, 1978 to Apr 1, 1991	1,570,000	35,555	1,534,445
1,300,000	Series 1976-2 (St. Mary's College)	6.0% to 6.5%	Apr 1, 1979 to Apr 1, 2002	1,280,000		1,280,000
795,000	Series R (College of St. Catherine)	4.0% to 6.625%	May 1, 1977 to May 1, 1997	720,000	16,096	703,904
2,070,000	Series S (Golden Valley Lutheran College)	6.5%	Apr 1, 1979 to Apr 1, 1997	2,015,000	43,102	1,971,898
2,385,000	Series T (Carleton College)	5.625%	Mar 1, 2007	2,385,000		2,385,000
685,000	Series U (College of St. Thomas)	4.4% to 5.9%	Apr 1, 1980 to Apr 1, 2000	685,000	13,377	671,623
2,360,000	Series W (Bethel College)	6.4% to 7.0%	Apr 1, 1979 to Apr 1, 2001	2,350,000		2,350,000
1,800,000	Series X (St. Thomas College)	6.0% to 7.0%	Apr 1, 1980 to Apr 1, 1999	1,800,000	25,604	1,774,396
5,245,000	Series Y (St. Olaf College)	6.25% to 6.75%	Apr 1, 1981 to Apr 1, 2010	5,245,000	102,605	5,142,395
				<u>\$50,800,000</u>	<u>\$799,949</u>	<u>\$50,000,051</u>

Continued

NOTES TO FINANCIAL STATEMENTS, Continued

---

5. Revenue Bonds Payable, continued:

Aggregate principle payments of \$1,860,000 are due on the revenue bonds in 1980. 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. In addition, \$4,400,000 and \$2,625,000 of Carleton College investment securities are pledged as collateral on Series O and Series T, respectively.

6. Commitments:

At June 30, 1979 the Authority had a lease commitment to pay, from the General Operating Fund, monthly rentals of \$672 through November 1982 for office space. Rentals charged to expense in 1979 and 1978 amounted to \$8,150 and \$7,908, respectively.

7. Subsequent Events:

Subsequent to June 30, 1979 the Authority issued two additional revenue bonds; Series Z for \$6,500,000 and Series Two-A for \$6,000,000 which will mature serially through 2006 and 2008, respectively.



