Minnesota Higher Education Facilities Authority

1990 Annual Report

October 1, 1990

Honorable Rudy Perpich, Governor
Members of the Legislature
State Capitol
St. Paul, Minnesota 55115

Members of the Higher Education Coordinating Board
Suite 400, Capitol Square Building
St. Paul, Minnesota 55101

Dear Governor Perpich, Members of the Legislature, Members of the Higher Education Coordinating Board:

The Minnesota Higher Education Facilities Authority is pleased to send its Annual Report for Fiscal Year 1990.

World events have had profound effects on the world and national economies this past year. In addition, the federal deficit has grown at an alarming rate and the country has slid into a mild recession. In Minnesota, the Twin Cities area remains relatively strong, but the outlying areas are reflecting all too closely the fiscal downturn of most of the country.

The Minnesota private colleges started out the 1990 Fiscal Year with a flood of new applications to the Authority. It was the largest number of applications and the largest amount of requests ever. The private colleges increased their enrollments, added to their endowments, and made significant improvements in their physical facilities.

The Authority issued bonds this past fiscal year at attractive interest rates for the College of St. Benedict, Gustavus Adolphus College and St. John's University. The College of St. Benedict received $1,680,000 to refund their Series N Bonds and to finance the renovation of East Apartments and St. Gertrude Hall. Gustavus Adolphus College received $1,440,000 to refund their Series 1983-A Bonds. St. John's University received $2,500,000 to finance the construction and furnishing of a new art building.

Concordia College, Augsburg College, Northwestern College of Chiropractic and Gustavus Adolphus also applied in Fiscal 1990 and were successful in getting financing, but went to market in Fiscal 1991. Concordia received $3,800,000 to finance six new construction or renovation projects. Augsburg College received $900,000 to acquire and install a new telecommunication system and an administrative computer system. Northwestern College of Chiropractic received $5,155,000 to refinance a contract for deed and to finance new construction projects and renovation of existing facilities. Gustavus Adolphus College received $3,000,000 to construct classrooms and faculty offices attached to Vickner Hall, as well as acquire and install a major piece of air conditioning for five campus buildings.

Hamline University applied for $5,430,000 to refund Series Two-G Bonds, to finance, in two phases, a new science center and renovate a residence hall. The University had to hold up this financing for the time being. The University of St. Thomas has applied for approximately $25,000,000 to acquire land and build a new campus in downtown Minneapolis. This financing is expected to go to market sometime in Fiscal 1991. The Authority staff is consulting with four other institutions that may result in 1991 financings.

The best news is the successful sale of the Golden Valley Lutheran College campus to the State of Minnesota for the new Minnesota Center for Arts Education. The outstanding bonds of Series S are being defeased, all debts to the Trustee and the Authority have been paid, and the College received the remainder of the proceeds.

The Authority has had 54 bond issues totaling $183,565,000 of which $113,620,000 is outstanding as of June 30, 1990.

College financing in the next few years will be more difficult, more expensive and more selective. The need for the Authority services in these difficult years is apparent. We look forward to the challenge.

Respectfully submitted,

Catherine Warrick

Catherine Warrick
Chairperson

Minnesota Higher Education Facilities Authority

Board Members

Jack M. Amundson, Municipal Finance Expert
Managing Partner, McMahon, Hartmann, Amundson & Company, St. Cloud, Minnesota
Term Expires January, 1994

Carol A. Blomberg, Vice Chairperson
Vice President and Cashier, Merchants and Miners Bank, Hibbing, Minnesota
Term Expires January, 1994

Earl R. Herring, Higher Education Expert
Vice President for Administrative Affairs, Moorhead State University (Retired)
Term Expires January, 1993

Kathryn D. Jarvinen, Secretary
Nurse Manager of Medical Services, Community Memorial Hospital, Winona, Minnesota
Term Expires January, 1993

David R. Powers, Ex-officio Member
Executive Director, Minnesota Higher Education Coordinating Board

Tom Martinson, General Member
Principal of Private City Planning Practice, Minneapolis, Minnesota
Term Expires January, 1992

David B. Laird, Jr., Ex-officio, Non-voting Member
President, Minnesota Private College Council

Steve Senich, General Member
Director of Physical Therapy, Leisure Hills Health Care Ctr., Hibbing, Minnesota
Term Expires January, 1991

Catherine M. Warrick, Chairperson
Community Faculty Member, Metropolitan State University, St. Paul, Minnesota
Term Expires January, 1992

John Young, Jr., Construction Expert
Olson Pool Co., Hawley, Minnesota
Term Expires January, 1991

Staff

Joseph E. LaBelle, Executive Director
Elaine J. Yungerberg, Administrative Assistant
Helen M. Savage, Secretary

Bond Counsel:

Faegre and Benson, Minneapolis, Minnesota

Fiscal Advisors:

Springsted Incorporated, St. Paul, Minnesota

Legal Advisors:

Special Assistant Attorney General, St. Paul, Minnesota

Independent Auditors:

Deloitte & Touche, St. Paul, Minnesota

The Authority: Its purpose

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of eight members appointed by the Governor with the advice and consent of the Senate, a ninth member who is the Executive Director of the Minnesota Higher Education Coordinating Board and a tenth non-voting member who is President of the Minnesota Private College Council. Dr. Joseph E. LaBelle has been the Executive Director of the Authority since its inception.

The Authority is authorized and empowered to issue revenue bonds of which the aggregate outstanding principal amount at any time shall not exceed $250,000,000. The Authority has had 54 bond issues (including refunded and retired issues) totaling $183,565,000 of which $113,620,000 was outstanding as of June 30, 1990. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payments. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

The Authority: Its Role

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.

The Authority is financed solely from fees paid by the institutions; it has no taxing power. Commencing as of the closing date of the issue and payable annually thereafter during the life of the bonds, the Authority receives an annual fee, currently .125 of 1 percent of the outstanding principal amount of the issue for its original term, regardless of whether the issue is prepaid, unless the Authority waives its rights to such payment.

Bond issuance costs, including fees of bond counsel, the financial advisor and trustee, are paid by the institution. The fees of bond counsel and the financial advisor usually are paid from bond proceeds.

Who Is Eligible?

Institutions eligible for assistance by the Authority include nonprofit 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. The Authority can issue tax-exempt revenue bonds to refinance debts incurred by Minnesota higher education institutions in the construction of facilities used solely for nonsectarian education purposes.

Participating Colleges and Their Projects

Augsburg College

Augsburg College is a private four-year liberal arts college located in Minneapolis at the center of the Twin Cities metropolitan area. The College was founded in 1869 and is affiliated with the Evangelical Lutheran Church.

Bond issues through the Authority include:

- Bond Series A for $2,200,000, issued December, 1972. The proceeds were used for the construction of a student housing facility to house 312 students. Principal outstanding: $1,925,000
- Bond Series I for $1,600,000, issued May, 1974. The proceeds were used for the construction of a two-rink artificial ice center. Principal outstanding: $660,000
- Bond Series 1983-A (pooled issue), issued November, 1983. Augsburg's share of the issue was $772,563, which accounted for 4.91% of the total amount of the issue. These funds were used for improvements to Memorial Hall and the Science Building. Principal outstanding: $297,150

Bethel College

Bethel College was founded in Chicago in 1871. The College is a nonprofit, coeducational, residential, four-year liberal arts college owned and operated by the Baptist General Conference. In 1972, the College moved its former St. Paul campus to a 168-acre site in Arden Hills, a northern suburb of St. Paul.

Bond issues through the Authority include:

- Bond Series B for $1,935,000, issued December, 1972. The proceeds were used to construct and furnish a student housing facility to accommodate 480 students. Principal outstanding: $920,000
- Refunding Series 1975-1 for $6,460,000, issued December, 1975. The proceeds were used to help repay the outstanding debt incurred in the construction of the library and food service building, the cultural arts building, and academic classrooms. Principal outstanding: $3,070,000
- Bond Series W for $2,360,000, issued August, 1978. The proceeds were used to construct two housing residences to house approximately 282 students, with one apartment for house parents. Principal outstanding: $1,675,000

Carleton College

Carleton College is a Minnesota nonprofit, coeducational, residential, liberal arts college located in Northfield, Minnesota. It was founded by the Congregational Church (now the United Church of Christ) and was chartered in December, 1866. It is now non-sectarian and independent.

Bond issues through the Authority include:

- Bond Series O for $4,000,000, issued November, 1975. The proceeds were used to construct and equip a three-story chemistry and geology building, and to help pay for the renovation of Burton Hall, the oldest of Carleton's dormitories. Principal outstanding: $4,000,000
- Bond Series T for $2,385,000, issued December, 1977. The proceeds were used to remodel two academic buildings—one for five humanities departments and one for four social science departments—and the Sayles Hill Gymnasium was remodeled to provide an adequate college center for the campus. Principal outstanding: $2,385,000
- Bond Series Two-E for $9,400,000, issued December, 1982. The proceeds were used to construct an addition to and remodel the library building, and also to remodel two residence halls for energy conservation and general improvement. Principal outstanding: -0-
- Bond Series 1983-A (pooled issue), issued November, 1983. Carleton's share of this issue was $2,415,235, which accounted for 15.34% of the total issue amount. These funds were used for improvements to academic buildings, dormitories and athletic facilities, energy conservation projects and the purchase of a computer. Principal outstanding: $927,768

The College of St. Benedict

The College of St. Benedict is an accredited, private, four-year liberal arts college for women located in St. Joseph, Minnesota. The College traces its beginning to 1863 when the Sisters of St. Benedict transferred their St.Cloud School for Girls to St. Benedict's Academy in St. Joseph. College courses were first offered in 1913, and the name, College of St. Benedict, was adopted in 1927. The College is separately incorporated.

Bond issues through the Authority include:

- Bond Series F for $1,610,000, issued March, 1973. The proceeds were used to construct furnished student housing, to construct an indoor swimming pool addition to the physical education building, to remodel and improve the home economics department facility, and to remodel and improve the dining facility in St. Gertrude Hall. Principal outstanding: $790,000
- Bond Series J for $370,000, issued July, 1974. The proceeds were used for the construction, equipment, and furnishing of a campus center. Principal outstanding: $270,000
- Bond Series N for $1,450,000, issued May, 1974. The proceeds were used to construct, furnish, and equip a student residence facility to house 200 students and two faculty residents. Principal outstanding: -0-
- Bond Series Two-Q for $6,365,000, issued May, 1988. The proceeds were used to construct a furnished student residence hall, renovate St. Teresa Hall, add central air conditioning to Claire Lynch Hall and construct a storm sewer system in the central part of the campus. Principal outstanding: $5,850,000
- Bond Issue Two-U for $1,680,000, issued September 1, 1989. A portion of the proceeds were used to pay and redeem the outstanding Series N bonds. The remaining portion of the proceeds were used to finance the renovation of East Apartments and renovate the first and fourth floors of St. Gertrude Hall. Principal outstanding: $1,680,000.

The College of St. Catherine

The College of St. Catherine was founded in 1905 by the Sisters of St. Joseph of Carondelet. It is one of the largest women's colleges in the United States. The College campus covers more than 100 acres midway between downtown St. Paul and downtown Minneapolis. In 1986, the College of St. Catherine merged with St. Mary's Junior College which resulted in St. Mary's Junior College being a branch campus of the College of St. Catherine.

Bond issues through the Authority include:

- Bond Series M for $690,000, issued May, 1974. The proceeds were used to construct the Fairview Apartments student housing residences with 13 one bedroom apartments and 23 two bedroom apartments. Principal outstanding: $370,000
- Bond Series R for $795,000, issued August, 1977. The proceeds were used to construct, furnish, and equip a student housing facility to accommodate 118 students. Principal outstanding: $395,000
- Bond Series L for $2,280,000, issued April, 1975. The proceeds were used to construct an academic building with classrooms, offices, laboratories, and a library for the St. Mary's Campus. Principal outstanding: $905,000

The College of St. Scholastica

The College of St. Scholastica is a four-year liberal arts college which was founded by the Benedictine Sisters Benovolent Association in 1906. In 1962, it was incorporated as a separate entity. Formerly a women's college, it became coeducational in 1968. It is located in Duluth, Minnesota.

Bond issues through the Authority include:

- Bond Series D for $520,000, issued March, 1973. The proceeds were used to construct six four-plexes to house a total of 96 students. The apartments are furnished. Principal outstanding: $230,000
- Bond Series H for $340,000, issued June, 1974. The proceeds were used to fund the Pine Apartment Building, which can house a total of 46 students. Principal outstanding: $190,000
- Bond Series Two-B for $1,160,000, issued July, 1980. The proceeds were used to repay interim financing used for the construction of a multipurpose recreation building and related outdoor facilities. Principal outstanding: $580,000

- Bond Series 1983-A (pooled issue), issued November, 1983. St. Scholastica's share of the pooled issue was 3.60% of the total, or $566,205, which was used for improvements to campus buildings and facilities, energy conservation and the purchase of a computer. Principal outstanding: $217,497
- Bond Series Two-L for $1,065,000, issued December, 1985. The proceeds of this issue were used for renovation and expansion of the College's library. Principal outstanding: $915,000
- Bond Series Two-T for $5,105,000 issued June, 1989. The proceeds were used to construct, furnish and equip student residence facilities; acquire, construct and equip garage stalls for campus grounds equipment; acquire, renovate and equip office and classroom space in Tower Hall; acquire and install new campus telephone and computer system. Principal outstanding: $5,105,000.

The College of St. Teresa

The College of St. Teresa was a nonprofit, residential four-year, liberal arts college located in Winona, Minnesota. The origination of the College can be traced to 1894 when the Winona Seminary was opened by the Sisters of the Third Order Regular of the Congregation of Our Lady of Lourdes of St. Francis. The first college-level courses were opened in 1909 and the name was changed to the College of St. Teresa in 1912. The College was closed in May, 1989.

The bond issue through the Authority is:

- Refunding Series 1976-1 for $1,695,000, issued April, 1976. The proceeds were used to refinance the outstanding debts on the construction and remodeling of Mary A. Molloy Library, Maria Hall Student Residence, the service center, dining hall and kitchen of Lourdes Hall. Principal outstanding: -0-

The University of St. Thomas

The University of St. Thomas was founded in 1885 by Archbishop John Ireland. Its main campus is located midway between downtown St. Paul and downtown Minneapolis. The University serves students in both baccalaureate and graduate programs.

Bond issues through the Authority include:

- Bond Series K for $800,000, issued December, 1974. The proceeds were used to construct, equip, and furnish a 23-bedroom faculty residence. Principal outstanding: $295,000
- Bond Series U for $685,000, issued January, 1978. The proceeds were used to construct a student residential addition to the student union (Murray Hall) to help meet the residency requirements of female students. Principal outstanding: $470,000
- Bond Series X for $1,800,000, issued September, 1978. The proceeds were used to construct a five-story dormitory to house approximately 140 students. Principal outstanding: $1,510,000
- Bond Series Two-C for $5,980,000, issued November, 1980. Proceeds of this issue were used to construct and equip a physical education and activities building and to construct and equip new physical plant headquarters. Principal outstanding: -0-
- Refunding Series 1982-1 for $6,110,000, issued July, 1982. The proceeds were used to refund in advance of maturity the Series Two-C bonds. The Series Two-C bonds were discharged but the principal thereof was not paid until November 20, 1983, which was the maturity date for the Series Two-C bonds. Principal outstanding: -0-
- Bond Series Two-D for $2,500,000, issued July, 1982. The proceeds were used to acquire grounds for, construct an addition to, and remodel the Daniel C. Gainey Conference Center in Owatonna, Minnesota. Principal outstanding: -0-
- Bond Series 1983-A (pooled issue), issued November, 1983. St. Thomas' share of the pooled issue was $2,745,073, or 17.44% of the total, and was used for building construction and improvement, and acquisition of equipment on the St. Paul campus and the Gainey Conference Center in Owatonna. Principal outstanding: $1,054,468
- Bond Series 1985-1 for $8,055,000, issued May, 1985. The proceeds were used to refund in advance of maturity Bond Series Two-D and Bond Series 1982-1. Principal outstanding: $4,500,000
- Bond Series Two-I for $5,500,000, issued December, 1985. The proceeds of this issue funded the construction, equipping and furnishing of two additional stories for Brady Hall and Dowling Hall, on-campus student residences, and the construction of additional campus parking facilities. Principal outstanding: $5,500,000

- Bond Series Two-O for $11,100,000, issued May, 1988. The proceeds were used to build additions to and remodel Murray Hall and Brady Center, repair the roof and exterior of Grace and Cretin Residences, renovate the heating plant, acquire and install computer hardware and software and acquire real property adjacent to the St. Paul campus. Principal outstanding: $10,850,000
- Bond Series Two-S for $4,415,000, issued May, 1989. The proceeds were used in the renovation of Grace and Cretin Residences, and in the construction of an addition and remodeling of Binz Refectory, an exisiting dining facility used primarily by students and faculty of the School of Divinity; however, the addition will be used by other students of the College. Principal outstanding: $4,415,000

Concordia College (Moorhead)

Concordia College, founded in 1891, is a nonprofit, coeducational, four year, liberal arts college of the Evangelical Lutheran Church in America. The 120-acre campus is located within the residential section of Moorhead, Minnesota. Its facilities include 30 major buildings, half of which have been built since 1955.

Bond issues through the Authority include:

- Bond Series Q for $800,000, issued May, 1976. The proceeds were used to construct, finance, and equip a student apartment building which can accommodate a maximum of 126 students. Principal outstanding: $345,000
- Bond Series Z for $6,500,000, issued August, 1979. The proceeds were used to construct, equip, and furnish an academic building for the biology and home economics departments. Principal outstanding: $5,575,000
- Bond Series Two-F for $3,055,000, issued March, 1983. The proceeds were used to make improvements to Brown Hall, a student residence for approximately 270 students. Principal outstanding: $2,540,000
- Bond Series 1983-A (pooled issue), issued November, 1983. Concordia's share of the proceeds was $2,048,867 or 13.02% of the total issue and was used for improvements to student residence and food facility buildings. Principal outstanding: $787,035

Golden Valley Lutheran College

Golden Valley Lutheran College was a coeducational, two-year, liberal arts college. The College was established in 1967 by the Lutheran Bible Institute of Minneapolis (LBI), and ceased operations effective the fall term, 1985.

The bond issue through the Authority is:

- Bond Series S for $2,070,000, issued April, 1977. The proceeds were used to construct, furnish, and equip a student residence that can accommodate up to 202 students, and also to refund part of an existing first lien mortgage on the campus. Principal outstanding: $1,135,000

Gustavus Adolphus College

Gustavus Adolphus College is a private, coeducational, fully accredited liberal arts college located in St. Peter, Minnesota. It was founded in 1862 by Eric Norelius, an immigrant Swedish Lutheran pastor, and was given its name in 1876 to honor the Swedish king who defended Protestantism during the Thirty Years War. It is affiliated with the Evangelical Lutheran Church in America.

Bond issues through the Authority include:

- Bond Series E for $1,030,000, issued March, 1973. Proceeds were used to remodel the old library building into a science classroom, and also to construct a new administration building. Principal outstanding: $265,000
- Bond Series 1983-A (pooled issue), issued November, 1983. Gustavus' share of the proceeds $3,223,178, or 20.48% of the total issue. These funds were used to construct a physical education/health facility. Principal outstanding: $1,238,124
- Bond Series Two-N for $2,550,000, issued August, 1987. The proceeds were used to remodel the Johnson Student Union, construct campus roads and expand parking, and construct an Interpretative Center in the Arboretum. Principal outstanding: $2,365,000

- Bond Issue Two-V for $1,440,000, issued November 1, 1989. Net proceeds of this bond issue will be used to refund, in advance of maturity, the outstanding principal of the Series 1983-A note which has a final maturity date of October 1, 1991. Principal outstanding: $1,440,000.

Hamline University

Hamline University, Minnesota's oldest college (founded in 1854) is a selective liberal arts college. Hamline is coeducational, affiliated with the United Methodist Church, and is comprised of an undergraduate college, the Hamline University School of Law, two graduate programs and a continuing professional studies division.

Bond issues through the Authority include:

- Bond Series Two-A for $6,000,000, issued November, 1979. The proceeds were used to construct a two and one-half story law building. Principal outstanding: $5,175,000
- Bond Series Two-G for $1,970,000, issued August, 1983. The proceeds were used for renovating, refurbishing, and repairing Sorin Hall dining room and kitchen and four residences on campus. Principal outstanding: $1,625,000

Macalester College

Macalester College is a four-year, coeducational, liberal arts institute located in St. Paul. The College offers a variety of four year programs leading to a Bachelor of Arts degree. The College was established in 1885 and is associated with the Presbyterian Church (USA).

The bond issue through the Authority is:

- Bond Series Two-J for $5,075,000, issued December 1985. Proceeds of the bond issue were used to remodel the student union, renovate the gymnasium and construct and equip a natatorium. Principal outstanding: $5,075,000

Minneapolis College of Art and Design

The Minneapolis College of Art and Design is a fully accredited, coeducational, four-year professional college. It was operated by the Minneapolis Society of Fine Arts, a nonprofit organization founded in 1883, which also operates the Minneapolis Institute of Arts. The College became a separate corporation on July 1, 1988.

Bond issues through the Authority include:

- Bond Series G for $8,450,000, issued August, 1973. The proceeds were used for the construction of a new technical academic building with appurtenant equipment, furnishings, utilities and site improvement. Principal outstanding: -0-
- Bond Series 1983-A (pooled issue), issued November, 1983. The College's share of the pooled issue was $402,897 or 2.56% of the total, and was used to purchase equipment. Principal outstanding: $154,765
- Bond Series Two-K for $830,000, issued December, 1985. The proceeds were used for acquiring, constructing, furnishing and equipping a bookstore, student gallery and artist work space. The project also included remodeling the main College building and purchasing equipment for the computer lab. Principal outstanding: $725,000

Northwestern College of Chiropractic

Northwestern College of Chiropractic was founded in 1941 and offers a six-year pre-professional and professional program for a Doctor of Chiropractic degree. Incoming students must have completed two academic years of college coursework to gain admission to Northwestern. It is located in Bloomington, Minnesota, and is coeducational.

The bond issue through the Authority is:

- Bond Series 1983-A (pooled issue), issued November, 1983. Northwestern's share was 5.32% of the total issue or $838,026, which was used for financing the downpayment for the purchase and remodeling of an academic building. Principal outstanding: $321,912

St. John's University

St. John's University, founded in 1857, is located in Collegeville, Minnesota, and is operated by the Benedictine monks of St. John's Abby. The University is in close cooperation with the College of St. Benedict, a Benedictine women's college located in St. Joseph, Minnesota. This cooperation has enabled both colleges to offer coeducational programs. St. John's offers a four-year liberal arts program leading to either a Bachelor of Arts degree or a Bachelor of Science degree.

Bond issues through the Authority include:

- Bond Series 1983-A (pooled issue), issued November, 1983. St. John's share of the proceeds was $2,148,785, or 13.65% of the total. It was used for improvements to the main auditorium on campus. Principal outstanding: $825,417
- Bond Issue Two-W for $2,500,000, issued January 1, 1990. The proceeds were used to finance the construction and furnishing of a new art building with appurtenant equipment and site improvements. Principal outstanding: $2,500,000

Saint Mary's College

Saint Mary's College of Minnesota is a non-sectarian institution of higher learning, founded in 1912 by the second bishop of Winona and administered by the Brothers of the Christian Schools since 1933. In addition to the original liberal arts undergraduate campus in Winona, Saint Mary's maintains graduate school centers in Minneapolis and Rochester. The College, originally a men's school, has been coeducational since 1969, the same year in which the College became an independent corporation under an outside board of trustees.

Bond issues through the Authority include:

- Bond Series C for $595,000, issued January, 1973. The proceeds were used to construct a student residence to house 108 students and two faculty members. Principal outstanding: $300,000
- Refunding Series 1976-2 for $1,300,000, issued April, 1977. The proceeds were used to refinance part of the outstanding debt incurred for the construction of the college center. Principal outstanding: $905,000
- Bond Series 1983-A (pooled issue), issued November, 1983. Saint Mary's share of this issue was $580,172, or 3.69% of the total, which was used for improvement of campus buildings and energy conservation projects. Principal outstanding: $222,862
- Bond Series Two-H for $2,825,000, issued October, 1984. The proceeds were used to finance the construction of a theater/recital hall. Principal outstanding: $2,750,000
- Bond Series Two-M for $2,500,000, issued May, 1987. The proceeds were used for a variety of projects including the construction of a building to enclose an existing ice arena, an addition to Hoffman Science Hall, remodeling of Saint Mary's/Griffin Hall, the purchase of a computer system and a campus-wide telecommunications system. Principal outstanding: $2,500,000

St. Mary's Junior College

St. Mary's Junior College is a two-year institution that was founded in 1964. It was established to meet the needs of the community in the area of health care personnel. It is located in Minneapolis and was operated by the Sisters of St. Joseph of Carondelet. It merged with the College of St. Catherine in 1986 and is now known as St. Mary's Campus, The College of St. Catherine.

Bond Series L. (See The College of St. Catherine)

St. Olaf College

St. Olaf College is a four-year liberal arts college located in Northfield, Minnesota. It was founded in 1874, but was operated as an academy until 1886. The name was changed to St. Olaf College in 1889. It is affiliated with the Evangelical Lutheran Church in America.

Bond issues through the Authority include:

- Bond Series P for $2,350,000, issued October, 1975. The proceeds were used to help pay for a 63,200 square foot music hall. Principal outstanding: -0-
- Bond Series Y for $5,245,000, issued June, 1979. The proceeds were used to construct a three-story student residence which houses 232 students. Principal outstanding: $4,605,000

Vermilion Community College

Vermilion Community College was established in 1922 as Ely Junior College and became a part of the Minnesota state-wide system of community colleges in 1964. In 1982, the College became part of the new five campus Arrowhead Community College administrative unit. The College offers one and two-year degrees in several programs. The College emphasizes career training in natural resource and environmental programs.

The bond issue through the Authority is:

- Bond Series Two-P for $1,300,000, issued November, 1987. The proceeds were used to construct and furnish a residence hall on the College campus. The residence hall will accommodate approximately 144 students. Principal outstanding: $1,265,000

William Mitchell College of Law

The William Mitchell College of Law is a private, independent law school. It is accredited by the American Bar Association and is a member of the American Association of Law Schools. William Mitchell was created in 1958 through successive mergers of several Twin Cities Law schools. In 1976, the College moved to its present campus at 875 Summit Avenue in St. Paul.

The bond issue through the Authority is:

- Bond Issue Two-R for $4,250,000 issued November, 1988. The proceeds of this bond issue were used to finance the construction of The Warren E. Burger Law Library. Principal outstanding: $4,250,000.

Series	Deposit	06/30/90 Fund Balance (Cost Basis)	Total Reserve Balance	Percentage of Secured Issue Totals	Maximum Non-Limited GBR Balance
Secured Pool Issue					
A	31,743.83	105,662.09	137,405.92	4.42%	203,526.00
B	34,082.00	113,415.36	147,497.36	4.74%	153,922.00
C	9,000.00	29,907.34	38,907.34	1.25%	53,250.00
D	8,643.00	28,449.46	37,092.46	1.19%	43,426.00
E	19,308.00	63,610.62	82,918.62	2.67%	77,268.00
F	21,304.00	70,246.28	91,550.28	2.94%	156,284.00
H	6,000.00	17,340.91	23,340.91	0.75%	25,659.00
I	30,000.00	87,450.42	117,450.42	3.78%	120,000.00
J	7,000.00	20,050.75	27,050.75	0.87%	25,835.00
K	14,000.00	37,936.35	51,936.35	1.67%	64,000.00
M	12,000.00	31,273.25	43,273.25	1.39%	52,742.00
O	80,000.00	197,403.95	277,403.95	8.92%	600,000.00
1976-2	22,800.00	49,541.56	72,341.56	2.33%	103,800.00
T	30,000.00	61,562.98	91,562.98	2.94%	357,750.00
U	11,200.00	22,831.68	34,031.68	1.09%	30,736.00
W	40,000.00	76,559.81	116,559.81	3.75%	114,000.00
X	28,000.00	52,615.86	80,615.86	2.59%	88,000.00
Y	84,000.00	144,012.65	228,012.65	7.33%	450,750.00
Z	120,000.00	202,135.64	322,135.64	10.36%	466,530.00
AA	100,000.00	163,359.38	263,359.38	8.47%	473,001.00
Subtotal	709,080.83	1,575,366.34	2,284,447.17	73.47%	
GVLC Issue					
S	39,000.00	85,535.31	124,535.31		
Unsecured Pool Issue					
FF	63,560.00	56,018.64	119,578.64		124,798.00
GG	42,500.00	34,146.21	76,646.21		1,808.00
Subtotal	106,060.00	90,164.85	196,224.85		
Pool Total	854,140.83	1,751,066.50	2,605,207.33		
Sub-Accounts					
L	47,667.00	122,785.28	170,452.28	5.48%	137,680.00
Q	17,000.00	40,403.57	57,403.57	1.85%	49,000.00
1975-1	138,000.00	339,611.14	477,611.14	15.36%	387,000.00
R	15,000.00	30,298.51	45,298.51	1.46%	26,209.00
BB	32,000.00	42,001.79	74,001.79	2.38%	41,493.00
Subtotal	249,667.00	575,100.29	824,767.29	26.53%	
Total Secured Pool & Sub-Accounts	958,747.83	2,150,466.63	3,109,214.46	100.00%	
Grand Total	1,103,807.83	2,326,166.79	3,429,974.62		

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Executive Director and Members of the Authority
Minnesota Higher Education Facilities Authority
Saint Paul, Minnesota

We have audited the accompanying balance sheets of the funds of the Minnesota Higher Education Facilities Authority as of June 30, 1990 and 1989, and the related statements of revenues and expenses and changes in fund balances for the years then ended, the statement of cash flows for the year ended June 30, 1990 and the statement of changes in financial position for the year ended June 30, 1989. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the funds of the Minnesota Higher Education Facilities Authority as of June 30, 1990 and 1989, and the results of their operations for the years then ended, their cash flows for the year ended June 30, 1990 and their changes in financial position for the year ended June 30, 1989, in conformity with generally accepted accounting principles.

As discussed in Note B to the financial statements, the Authority has adopted Governmental Accounting Standards Board Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting", for the year ended June 30, 1990.

Deloitte & Touche

St. Paul, Minnesota
September 25, 1990

Minnesota Higher Education Facilities Authority
Balance Sheets

	General Operating Fund Unrestricted	
	1990	1989
ASSETS		
Cash and cash equivalents (Note C)	$1,040,470	$1,006,359
Investments (Note C)		
Series S rentals and fees receivable (Note G)	28,171	
Accrued interest receivable		
Financing agreements (Notes D and G):		
Rentals receivable, financing leases		
Loans receivable		
Reserve deposits to General Bond Reserve		
Furniture and equipment (less accumulated depreciation of $26,781 in 1990 and $19,141 in 1989)	37,671	38,006
Other	5,028	3,539
TOTAL	$1,111,340	$1,047,904
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 33,508	$ 32,767
Unearned administrative fees	57,317	90,019
Revenue bonds payable (less unamortized discount of $1,132,864 in 1990 and $1,218,578 in 1989) (Note E)		
Accrued interest payable		
Deferred rent	14,528	18,278
Reserve deposits from colleges		
Reserve deposits from restricted assets of		
TOTAL	105,353	141,064
Fund balances:		
Unappropriated	1,005,987	906,840
Appropriated (Note A)		
TOTAL	$1,111,340	$1,047,904

See notes to financial statements.

General Operating Fund Restricted		General Bond Reserve Fund	
1990	1989	1990	1989
$ 12,071,745	$ 17,235,429	$ 56,490	$ 19,567
10,295,105	12,750,159	2,534,172	2,653,799
		754,480	662,693
351,275	320,898	163,341	66,482
35,257,603	37,560,055		
55,521,730	47,744,133		
997,748	1,079,174		
$114,495,206	$116,689,848	$3,508,483	$3,402,541
$112,487,136	$114,511,422		
2,008,070	2,178,426		
		$ 176,152	$ 117,995
		997,748	1,079,174
114,495,206	116,689,848	1,173,900	1,197,169
		2,334,583	2,205,372
$114,495,206	$116,689,848	$3,508,483	$3,402,541

Statements of Revenues, Expenses and Changes in Fund Balances

	General Operating Fund Unrestricted	
	1990	1989
REVENUES:		
Annual administrative fees	$ 268,794	$243,378
Investment income	83,731	78,484
Revenues from institutions to finance interest expense and bond issuance costs (Note A)		
TOTAL REVENUES	352,525	321,862
EXPENSES:		
Payroll, payroll taxes and employee benefits	133,822	114,673
Rent expense (Note F)	35,744	30,315
Legal, audit and consulting expense	37,068	39,614
Other general and administrative expenses	46,744	36,366
Interest expense		
Bond issuance costs		
TOTAL EXPENSES	253,378	220,968
EXCESS OF REVENUES OVER EXPENSES	99,147	100,894
FUND BALANCES, beginning of year	906,840	805,946
Distribution of pro rata share of fund earnings upon final redemption of Series N and Series P bonds in fiscal 1990		
FUND BALANCES, end of year	$1,005,987	$906,840

See notes to financial statements.

General Operating Fund Restricted		General Bond Reserve Fund	
1990	1989	1990	1989
$2,512,479	$2,175,710	$ 314,887	$ 201,539
5,890,641	5,896,176		
8,403,120	8,071,886	314,887	201,539
		2,304	2,285
8,363,407	8,044,016		
39,713	27,870		
8,403,120	8,071,886	2,304	2,285
—	—	312,583	199,254
		2,205,372	2,006,118
		(183,372)	
$ —	$ —	$2,334,583	$2,205,372

Statement of Cash Flows

	General Operating Fund Unrestricted	General Operating Fund Restricted	General Bond Reserve Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	$ 99,147		$ 312,583
Adjustments to reconcile excess of revenues over expenses to net cash flows from operating activities:			
Noncash items:			
Depreciation	8,433		
Amortization of unearned administrative fees	(36,702)		
Amortization of bond discount		$ 161,418	
Changes in assets and liabilities:			
Other assets	(1,489)		
Series S fees receivable	(28,171)		
Accounts payable	741		
Unearned administrative fees	4,000		
Deferred rent	(3,750)		
Nonoperating items:			
Investment income	(83,731)	(2,512,479)	(314,887)
Interest and bond issuance costs		8,403,120	
Other operating cash flows:			
Repayment of General Bond Reserve deposit		81,426	(81,426)
Collection of financing agreements receivable		8,116,185	
Funds disbursed to institutions		(13,591,330)	
Total reconciling items to be added (deducted)	(140,669)	(658,340)	(396,313)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(41,522)	658,340	(83,730)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Investments in fixed assets	(8,098)		
Proceeds from revenue bond sales		5,544,296	
Repayment of revenue bond principal		(7,730,000)	
Interest paid on revenue bonds		(8,533,763)	
Bond issuance costs		(39,713)	
NET CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	(8,098)	(10,759,180)	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments		10,223,113	1,981,900
Purchase of investments		(7,768,059)	(1,862,273)
Payment of Series S rentals			(91,787)
Distribution of pro rata share of fund earnings upon final redemption of bonds			(125,215)
Investment income	83,731	2,482,102	218,028
NET CASH FLOWS FROM INVESTING ACTIVITIES	83,731	4,937,156	120,653
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	34,111	(5,163,684)	36,923
CASH AND CASH EQUIVALENTS, June 30, 1989	1,006,359	17,235,429	19,567
CASH AND CASH EQUIVALENTS, June 30, 1990	$1,040,470	$ 12,071,745	$ 56,490

See notes to financial statements.

	General Operating Fund Unrestricted	General Operating Fund Restricted	General Bond Reserve Fund
SOURCES OF FUNDS:			
Operations:			
Excess of revenues over expenses	$ 100,894		$ 199,254
Items not affecting cash:			
Depreciation	5,971		
Amortization of unearned administrative fees	(33,381)		
Amortization of bond discount		$ 155,966	
Changes in accounts:			
Interest receivable	2,869	67,023	5,624
Accounts payable	14,463		
Interest payable		302,106	
Deferred rent	595		
Cash provided from operations	91,411	525,095	204,878
Proceeds from revenue bonds issued		13,542,286	
Collection of financing agreements receivable		6,323,597	
Other	1,576		
TOTAL SOURCES OF FUNDS	92,987	20,390,978	204,878
USES OF FUNDS:			
Funds disbursed to institutions		17,247,448	
Repayment of revenue bonds		6,040,000	
Payment of Series S rentals			185,456
Purchase of fixed assets	4,500		
TOTAL USES OF FUNDS	4,500	23,287,448	185,456
INCREASE (DECREASE) IN CASH AND INVESTMENTS	88,487	(2,896,470)	19,422
CASH AND INVESTMENTS, June 30, 1988	917,872	32,882,058	2,653,944
CASH AND INVESTMENTS, June 30, 1989	$1,006,359	$29,985,588	$2,673,366

See notes to financial statements.

A. Authorizing legislation and funds:

Authorizing legislation:

The Minnesota Higher Education Facilities Authority (the 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 $250 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 trust indentures.

General Operating Fund - The unrestricted revenues of the General Operating Fund consist principally of annual administrative fees paid by the participating institutions of .125% of the outstanding bond principal (.125% of the original bond principal for applications received prior to August 12, 1975 and .2% of the original bond principal balance for applications received subsequent to August 11, 1975 and issued prior to December 19, 1989).

General and administrative expenses of the Authority are paid from unrestricted assets. Assets arising from financing activities, including debt service reserves and assets in the General Bond Reserve Fund are appropriated for the purposes specified in the trust indentures and cannot be used to pay the operating expenses of the Authority.

The restricted assets of the General Operating Fund consist of capitalized financing leases and loans receivable. Separate trust accounts are maintained to account for the proceeds of each bond issue, to receive rental and loan payments and to accumulate the required reserves and sinking funds stipulated in the related trust indentures.

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

Under the terms of each net lease or loan agreement, the participating institution leases the project from the Authority or makes loan repayments over the life of the bond issue. The agreements define rental and loan payments as the amount required to provide sufficient revenues to fund debt service, principal redemptions and other related expenses.

Rental and loan payments to be received from the participating institutions are reduced by the amount of income earned on the investments in the required reserves (other than the General Bond Reserve) and sinking funds stipulated in the trust indentures.

Upon retirement of a bond issue, any remaining assets in the related trust accounts are distributed to the participating institution.

General Bond Reserve Fund - A specified portion of the proceeds from certain issuances 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 related revenue bonds outstanding. Upon repayment of its bonds, a participating institution receives a distribution of its share of the fund consisting of the institution's original deposit adjusted for a proportionate share of fund earnings and charges for collateral payments, if any, to date. The distribution is shown as a reduction in fund balance. The Authority functions as a custodian for general bond reserve fund deposits; the institutions involved retain the right to reimbursement of deposits and interest thereon (provided all terms of the rental or loan agreement have been met) as well as responsibility for losses resulting from collateral payments made.

B. 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 carried at amortized cost. In those instances where market values are below amortized cost, no provision for loss has been provided since the Authority has the intent and ability to hold the securities to maturity.

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 lives of the assets.

Accounting for financing agreements:

Lease agreements have been accounted for as direct financing leases in accordance with Statement No. 13 of the Financial Accounting Standards Board (FASB). The net investment is comprised of the total lease payments receivable under the contract, less unearned income. The unearned finance income is recognized as revenue over the lease term as interest expense is recognized on the related bonds payable. This method approximates a constant rate of return on the net investment in the contract. Since the participating institutions have the option to acquire the project from the Authority at the expiration of the lease for $500, the estimated residual value of the property under lease at the end of the lease term is not included in the net investment. Loan agreements are accounted for substantially the same as lease agreements.

Income taxes:

The Authority is an agency of the State of Minnesota and is exempt from federal and state income taxes. Accordingly, no provision for income taxes is necessary.

Statement of cash flows:

The Authority has adopted Governmental Accounting Standards Board Statement No. 9 (GASB 9), "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting", during the year ended June 30, 1990.

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Arbitrage regulations:

The tax-exempt bonds issued by the Authority are subject to the 1986 Tax Reform Act regulations relating to arbitrage reporting and rebate. Any earnings in excess of the bond yield must be remitted to the United States Government not more than five years following the issue date of the bonds. These regulations relate only to bonds issued subsequent to December 31, 1985. At June 30, 1990 such excess earnings were not significant.

Reclassifications:

Certain reclassifications have been made to the June 30, 1989 financial statements to conform to the classifications used in the June 30, 1990 financial statements. The reclassifications had no effect on the excess of revenues over expenses or fund balances as previously reported.

C. Investments:

Investments consist of those permitted by the various bond indentures. They are comprised primarily of government bonds, notes, bills, mortgages and other securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities or organizations created by an act of Congress.

In addition, for colleges meeting certain criteria, the proceeds may be invested in general obligation or revenue bonds of any state or any political subdivision provided the general obligation bonds are rated AA or better for states and AAA or better for political subdivisions, and revenue bonds are rated AAA or better for both. Savings accounts, time deposits and certificates of deposit with commercial banks, savings and loans and mutual savings banks are allowed provided they are fully insured by a federal agency. In some cases, investment agreements with corporations rated AA by Standard and Poor or Aa by Moody's are allowed as well as repurchase agreements fully collateralized by United States Government securities.

The carrying value of cash and investments at June 30, 1990 consists of:

	General Operating Fund		General Bond
	Unrestricted	Restricted	Reserve Fund
U.S. Government and agencies		$ 8,768,980	$2,584,000
Federated trust accounts	$1,004,776	5,586,279	
Investment agreement		2,778,000	
Deposits	35,694	5,091,386	56,490
	1,040,470	22,224,645	2,640,490
Unamortized discount			(49,828)
Unamortized premium		142,205	
	$1,040,470	$22,366,850	$2,590,662
Approximate market value at June 30, 1990	$1,040,470	$22,722,000	$2,589,000

The carrying value of cash and investments at June 30, 1989 consists of:

	General Operating Fund		General Bond
	Unrestricted	Restricted	Reserve Fund
U.S. Government and agencies		$17,308,307	$2,695,900
Federated trust accounts	$ 970,339	5,187,656	
Investment agreement		2,778,000	
Deposits	36,020	4,589,461	19,567
	1,006,359	29,863,424	2,715,467
Unamortized discount			(42,101)
Unamortized premium		122,164	
	$1,006,359	$29,985,588	$2,673,366
Approximate market value at June 30, 1989	$1,006,359	$30,066,000	$2,678,000

The federated trust accounts are diversified investment funds which offer daily liquidity and invest primarily in U.S. Treasury and agency securities. Federated trust account funds and deposits consisting of certificates of deposit and minor demand deposits are carried at cost which approximates market value. U.S. Government securities are carried at cost net of unamortized discounts and premiums. Investments are held by independent trustees in the Authority's name.

D. Financing agreements:

The annual payments required under financing agreements are sufficient to fund debt service, principal redemptions and other related expenses. The term of each agreement corresponds to the maturity of the related bond issue. All agreements are recorded as financing leases except Series GG, HH, 1985-1, II, JJ, KK, LL, 1983-A, MM, NN, OO, PP, QQ, RR, SS, TT, UU, VV and WW which are recorded as loans receivable.

The Authority's net investment in financing agreements consists of the following at June 30, 1990 (with comparative totals at June 30, 1989):

	June 30, 1990			
	Financing leases	Loans receivable	Total	June 30, 1989
Aggregate payments to be received from the participating institutions and from income earned on the investments in the required reserves and sinking funds stipulated in the trust indentures	$ 68,398,034	$123,910,131	$192,308,165	$200,103,131
Assets held in trust	(6,227,397)	(16,613,270)	(22,840,667)	(30,425,812)
Unearned income	(26,913,034)	(51,775,131)	(78,688,165)	(84,373,131)
	$ 35,257,603	$ 55,521,730	$ 90,779,333	$ 85,304,188

At June 30, 1990 future minimum payments to be received under financing agreements to support aggregate bond payments approximates:

	Principal	Interest	Total
1991	$ 7,680,000	$ 7,906,277	$ 15,586,277
1992	10,980,000	6,766,648	17,746,648
1993	6,015,000	6,631,674	12,646,674
1994	5,880,000	6,164,547	12,044,547
1995	5,515,000	5,761,739	11,276,739
Thereafter	77,550,000	45,457,280	123,007,280
	$113,620,000	$78,688,165	$192,308,165

E. Revenue bonds payable:

Revenue bonds payable at June 30, 1990 consist of the following serial and term bonds:

Original principal amount		Interest rates
$ 2,200,000	Series A (Augsburg College)	4.0% to 5.6%
1,935,000	Series B (Bethel College)	4.0% to 5.6%
595,000	Series C (St. Mary's College)	4.2% to 5.6%
520,000	Series D (College of St. Scholastica)	5.3% to 6.0%
1,030,000	Series E (Gustavus Adolphus College)	4.0% to 5.5%
1,610,000	Series F (College of St. Benedict)	4.9% to 5.8%
340,000	Series H (College of St. Scholastica)	6.0% to 6.4%
1,600,000	Series I (Augsburg College)	5.75% to 6.2%
370,000	Series J (College of St. Benedict)	6.3% to 6.8%
800,000	Series K (College of St. Thomas)	5.5% to 6.9%
2,280,000	Series L (St. Mary's Junior College)	7.0% to 8.25%
690,000	Series M (College of St. Catherine)	7.4% to 8.0%
4,000,000	Series O (Carleton College)	7.0%
800,000	Series Q (Concordia College)	4.0% to 6.375%
6,460,000	Series 1975-1 (Bethel College)	7.7% to 8.3%
1,300,000	Series 1976-2 (St. Mary's College)	6.0% to 6.5%
795,000	Series R (College of St. Catherine)	4.0% to 6.625%
2,070,000	Series S (Golden Valley Lutheran College)	6.5%
2,385,000	Series T (Carleton College)	5.625%
685,000	Series U (College of St. Thomas)	4.4% to 5.9%
2,360,000	Series W (Bethel College)	6.4% to 7.0%
1,800,000	Series X (College of St. Thomas)	6.0% to 7.0%
5,245,000	Series Y (St. Olaf College)	6.25% to 6.75%
6,500,000	Series Z (Concordia College)	6.0% to 6.7%
6,000,000	Series AA (Hamline University)	7.25% to 7.75%
1,160,000	Series BB (College of St. Scholastica)	6.0% to 7.5%
3,055,000	Series FF (Concordia College)	5.0% to 8.8%
1,970,000	Series GG (Hamline University)	6.5% to 10.25%
2,825,000	Series HH (College of St. Mary's)	Variable
8,055,000	Series 1985-1 (College of St. Thomas)	5.25% to 8.2%
5,500,000	Series II (College of St. Thomas)	6.5% to 7.5%
5,075,000	Series JJ (Macalester College)	6.75% to 8.7%
830,000	Series KK (Minneapolis College of Art/Design)	6.5% to 8.75%
1,065,000	Series LL (College of St. Scholastica)	6.0% to 8.9%
18,520,000	Series 1983-A (Pooled Revenue Bonds: Augsburg College, Carleton College, College of St. Scholastica, College of St. Thomas, Concordia College, Gustavus Adolphus College, Minneapolis College of Art and Design, Northwestern College of Chiropractic, St. John's University and St. Mary's College)	6.75% to 8.5%
2,500,000	Series MM (St. Mary's College)	7.0% to 8.375%
2,550,000	Series NN (Gustavus Adolphus College)	5.0% to 7.5%
11,100,000	Series OO (College of St. Thomas)	6.5% to 7.6%
1,300,000	Series PP (Vermillion Community College)	6.75% to 9.0%
6,365,000	Series QQ (College of St. Benedict)	5.0% to 8.1%
4,250,000	Series RR (William Mitchell College of Law)	7.375%
4,415,000	Series SS (College of St. Thomas)	7.10% to 7.30%
5,105,000	Series TT (College of St. Scholastica)	6.60% to 7.25%
1,680,000	Series UU (College of St. Benedict)	6.10% to 6.90%
1,440,000	Series VV (Gustavus Adolphus College)	6.50% to 7.40%
2,500,000	Series WW (St. John's University)	6.20% to 7.00%

Maturity dates	Principal outstanding	Unamortized discount	Principal less unamortized discount
Dec 1, 1975 to Dec 1, 2012	$ 1,925,000	$(14,266)	$ 1,910,734
Jun 1, 1974 to Jun 1, 1997	920,000	(4,905)	915,095
Jan 1, 1976 to Jan 1, 1998	300,000	(1,555)	298,445
Mar 1, 1974 to Mar 1, 1997	230,000	(1,200)	228,800
Mar 1, 1975 to Mar 1, 1993	265,000	(724)	264,276
Mar 1, 1974 to Mar 1, 1998	790,000	(4,070)	785,930
Jun 1, 1975 to Jun 1, 1999	190,000	(1,664)	188,336
May 1, 1976 to May 1, 1995	660,000	(3,038)	656,962
Jul 1, 1976 to Jul 1, 2002	270,000	(3,121)	266,879
Sep 1, 1975 to Sep 1, 1994	295,000	(652)	294,348
Jan 1, 1977 to Jan 1, 1994	905,000	(7,030)	897,970
Nov 1, 1976 to Nov 1, 1996	370,000	(2,741)	367,259
Nov 1, 2000	4,000,000	(31,413)	3,968,587
Apr 1, 1978 to Apr 1, 1994	345,000	(1,989)	343,011
Oct 1, 1976 to Oct 1, 1994	3,070,000	(20,150)	3,049,850
Apr 1, 1979 to Apr 1, 2002	905,000		905,000
May 1, 1977 to May 1, 1997	395,000	(3,338)	391,662
Apr 1, 1979 to Apr 1, 1997	1,135,000	(9,402)	1,125,598
Mar 1, 2007	2,385,000		2,385,000
Apr 1, 1980 to Apr 1, 2000	470,000	(4,335)	465,665
Apr 1, 1979 to Apr 1, 2001	1,675,000		1,675,000
Apr 1, 1980 to Apr 1, 1999	1,510,000	(8,108)	1,501,892
Apr 1, 1981 to Apr 1, 2010	4,605,000	(54,788)	4,550,212
Apr 1, 1983 to Apr 1, 2006	5,575,000	(90,877)	5,484,123
Jun 1, 1982 to Jun 1, 2008	5,175,000	(92,551)	5,082,449
May 1, 1982 to May 1, 1993	580,000	(3,800)	576,200
Oct 1, 1984 to Oct 1, 2003	2,540,000	(42,687)	2,497,313
May 1, 1985 to May 1, 1996	1,625,000	(23,664)	1,601,336
Oct 1, 1987 to Oct 1, 2004	2,750,000	(15,098)	2,734,902
Jul 1, 1985 to Jul 1, 1993	4,500,000	(18,278)	4,481,722
Nov 1, 1995 to Nov 1, 2015	5,500,000	(34,833)	5,465,167
Mar 1, 1991 to Mar 1, 2006	5,075,000	(73,080)	5,001,920
Feb 1, 1988 to Feb 1, 2001	725,000	(10,390)	714,610
Dec 1, 1986 to Dec 1, 2001	915,000	(11,692)	903,308
Oct 1, 1986 to Oct 1, 1991	8,825,000	(27,637)	8,797,363
May 1, 1995 to May 1, 2017	2,500,000	(39,294)	2,460,706
Oct 1, 1988 to Oct 1, 2003	2,365,000	(31,217)	2,333,783
Oct 1, 1989 to Oct 1, 2007	10,850,000	(137,211)	10,712,789
Jan 1, 1990 to Jan 1, 2007	1,265,000	(25,828)	1,239,172
Sep 1, 1988 to Mar 1, 2003	5,850,000		5,850,000
Aug 1, 1998	4,250,000	(65,225)	4,184,775
Nov 1, 1990 to Nov 1, 2014	4,415,000	(61,480)	4,353,520
Dec 1, 1990 to Dec 1, 2014	5,105,000	(79,563)	5,025,437
Sep 1, 1990 to Sep 1, 1999	1,680,000	(19,352)	1,660,648
Oct 1, 1991 to Oct 1, 2004	1,440,000	(20,591)	1,419,409
Oct 1, 1990 to Oct 1, 1999	2,500,000	(30,027)	2,469,973
	$113,620,000	$(1,132,864)	$112,487,136

Revenue bonds payable at June 30, 1989 consisted of the following serial and term bonds:

Original principal amount		Interest rates
$ 2,200,000	Series A (Augsburg College)	4.0% to 5.6%
1,935,000	Series B (Bethel College)	4.0% to 5.6%
595,000	Series C (St. Mary's College)	4.2% to 5.6%
520,000	Series D (College of St. Scholastica)	5.3% to 6.0%
1,030,000	Series E (Gustavus Adolphus College)	4.0% to 5.5%
1,610,000	Series F (College of St. Benedict)	4.9% to 5.8%
340,000	Series H (College of St. Scholastica)	6.0% to 6.4%
1,600,000	Series I (Augsburg College)	5.75% to 6.2%
370,000	Series J (College of St. Benedict)	6.3% to 6.8%
800,000	Series K (College of St. Thomas)	5.5% to 6.9%
2,280,000	Series L (St. Mary's Junior College)	7.0% to 8.25%
690,000	Series M (College of St. Catherine)	7.4% to 8.0%
1,450,000	Series N (College of St. Benedict)	8.0% to 8.25%
4,000,000	Series O (Carleton College)	7.0%
2,350,000	Series P (St. Olaf College)	6.0% to 7.0%
800,000	Series Q (Concordia College)	4.0% to 6.375%
6,460,000	Series 1975-1 (Bethel College)	7.7% to 8.3%
1,300,000	Series 1976-2 (St. Mary's College)	6.0% to 6.5%
795,000	Series R (College of St. Catherine)	4.0% to 6.625%
2,070,000	Series S (Golden Valley Lutheran College)	6.5%
2,385,000	Series T (Carleton College)	5.625%
685,000	Series U (College of St. Thomas)	4.4% to 5.9%
2,360,000	Series W (Bethel College)	6.4% to 7.0%
1,800,000	Series X (College of St. Thomas)	6.0% to 7.0%
5,245,000	Series Y (St. Olaf College)	6.25% to 6.75%
6,500,000	Series Z (Concordia College)	6.0% to 6.7%
6,000,000	Series AA (Hamline University)	7.25% to 7.75%
1,160,000	Series BB (College of St. Scholastica)	6.0% to 7.5%
3,055,000	Series FF (Concordia College)	5.0% to 8.8%
1,970,000	Series GG (Hamline University)	6.5% to 10.25%
2,825,000	Series HH (College of St. Mary's)	Variable
8,055,000	Series 1985-1 (College of St. Thomas)	5.25% to 8.2%
5,500,000	Series II (College of St. Thomas)	6.5% to 7.5%
5,075,000	Series JJ (Macalester College)	6.75% to 8.7%
830,000	Series KK (Minneapolis College of Art/Design)	6.5% to 8.75%
1,065,000	Series LL (College of St. Scholastica)	6.0% to 8.9%
18,520,000	Series 1983-A (Pooled Revenue Bonds: Augsburg College, Carleton College, College of St. Scholastica, College of St. Thomas, Concordia College, Gustavus Adolphus College, Minneapolis College of Art and Design, Northwestern College of Chiropractic, St. John's University and St. Mary's College)	6.75% to 8.5%
2,500,000	Series MM (St. Mary's College)	7.0% to 8.375%
2,550,000	Series NN (Gustavus Adolphus College)	5.0% to 7.5%
11,100,000	Series OO (College of St. Thomas)	6.5% to 7.6%
1,300,000	Series PP (Vermillion Community College)	6.75% to 9.0%
6,365,000	Series QQ (College of St. Benedict)	5.0% to 8.1%
4,250,000	Series RR (William Mitchell College of Law)	7.375%
4,415,000	Series SS (College of St. Thomas)	7.1% to 7.3%
5,105,000	Series TT (College of St. Scholastica)	6.6% to 7.25%

Maturity dates	Principal outstanding	Unamortized discount	Principal less unamortized discount
Dec 1, 1975 to Dec 1, 2012	$ 1,955,000	$(15,251)	$ 1,939,749
Jun 1, 1974 to Jun 1, 1997	1,020,000	(6,176)	1,013,824
Jan 1, 1976 to Jan 1, 1998	330,000	(1,945)	328,055
Mar 1, 1974 to Mar 1, 1997	255,000	(1,525)	253,475
Mar 1, 1975 to Mar 1, 1993	340,000	(1,215)	338,785
Mar 1, 1974 to Mar 1, 1998	870,000	(5,066)	864,934
Jun 1, 1975 to Jun 1, 1999	205,000	(1,993)	203,007
May 1, 1976 to May 1, 1995	760,000	(4,112)	755,888
Jul 1, 1976 to Jul 1, 2002	280,000	(3,532)	276,468
Sep 1, 1975 to Sep 1, 1994	345,000	(946)	344,054
Jan 1, 1977 to Jan 1, 1994	1,055,000	(10,222)	1,044,778
Nov 1, 1976 to Nov 1, 1996	405,000	(3,454)	401,546
Nov 1, 1976 to Nov 1, 1994	755,000	(6,267)	748,733
Nov 1, 2000	4,000,000	(34,453)	3,965,547
Apr 1, 1976 to Oct 1, 1989	440,000	(847)	439,153
Apr 1, 1978 to Apr 1, 1994	400,000	(2,800)	397,200
Oct 1, 1976 to Oct 1, 1994	3,470,000	(27,846)	3,442,154
Apr 1, 1979 to Apr 1, 2002	950,000		950,000
May 1, 1977 to May 1, 1997	435,000	(4,208)	430,792
Apr 1, 1979 to Apr 1, 1997	1,240,000	(11,663)	1,228,337
Mar 1, 2007	2,385,000		2,385,000
Apr 1, 1980 to Apr 1, 2000	495,000	(5,025)	489,975
Apr 1, 1979 to Apr 1, 2001	1,750,000		1,750,000
Apr 1, 1980 to Apr 1, 1999	1,600,000	(9,580)	1,590,420
Apr 1, 1981 to Apr 1, 2010	4,690,000	(58,835)	4,631,165
Apr 1, 1983 to Apr 1, 2006	5,725,000	(99,247)	5,625,753
Jun 1, 1982 to Jun 1, 2008	5,300,000	(100,165)	5,199,835
May 1, 1982 to May 1, 1993	670,000	(5,660)	664,340
Oct 1, 1984 to Oct 1, 2003	2,640,000	(47,904)	2,592,096
May 1, 1985 to May 1, 1996	1,700,000	(26,836)	1,673,164
Oct 1, 1987 to Oct 1, 2004	2,775,000	(16,157)	2,758,843
Jul 1, 1985 to Jul 1, 1993	5,425,000	(29,645)	5,395,355
Nov 1, 1995 to Nov 1, 2015	5,500,000	(36,208)	5,463,792
Mar 1, 1991 to Mar 1, 2006	5,075,000	(79,272)	4,995,728
Feb 1, 1988 to Feb 1, 2001	765,000	(12,015)	752,985
Dec 1, 1986 to Dec 1, 2001	955,000	(13,540)	941,460
Oct 1, 1986 to Oct 1, 1991	11,515,000	(59,662)	11,455,338
May 1, 1995 to May 1, 2017	2,500,000	(41,096)	2,458,904
Oct 1, 1988 to Oct 1, 2003	2,460,000	(34,855)	2,425,145
Oct 1, 1989 to Oct 1, 2007	11,100,000	(149,061)	10,950,939
Jan 1, 1990 to Jan 1, 2007	1,300,000	(28,168)	1,271,832
Sep 1, 1988 to Mar 1, 2003	6,125,000		6,125,000
Aug 1, 1998	4,250,000	(71,990)	4,178,010
Nov 1, 1990 to Nov 1, 2014	4,415,000	(65,320)	4,349,680
Dec 1, 1990 to Dec 1, 2014	5,105,000	(84,816)	5,020,184
	$115,730,000	$(1,218,578)	$114,511,422

Aggregate principal and interest due on the revenue bonds is equal to the future minimum payments to be received under financing agreements as shown in Note D. Under the terms of the related trust indentures, each bond issue is collateralized as follows:

- All assets financed by the bond issue except Series FF, GG and 1983-A which are insured by the American Municipal Bond Assurance Corporation (AMBAC).
- All rights and revenues (except Authority fees) under the financing agreement between the Authority and the institution.
- A security interest in the assets of the General Bond Reserve Fund, except Series FF, GG, 1983-A, HH, 1985-1, II, JJ, KK, LL, MM, NN, OO, PP, QQ, RR, SS, TT, UU, VV and WW.
- Restricted assets in the General Operating Fund pertaining to each issue, including a debt service reserve for all issues except Series O and T.
- Investments pledged as collateral by the institutions and not included in restricted assets of the General Operating Fund, with a market value not less than the following amounts as of June 30, 1990, as follows:

Series O	$5,033,416
Series T	3,007,185
Series GG	2,203,900
Series 1983-A	427,496
Series KK	837,850
Series LL	309,531

- Irrevocable letters of credit for series 1983-A and HH of $657,935 and $2,825,000, respectively.

F. Lease commitment:

The Authority has a lease commitment of $3,666 per month for office space through November 1992 with remaining aggregate payments of $106,314 at June 30, 1990. Rent expense for the years ended June 30, 1990 and 1989 was $35,744 and $30,315, respectively.

G. Subsequent event:

During fiscal year 1985 the Board of Regents of Golden Valley Lutheran College closed the school and campus and ceased making payments under their lease financing agreement.

On September 21, 1990, the property securing the Series S bonds was sold. This sale resolved the uncertainty surrounding the collectibility of Series S bond principal and interest payments made from the General Bond Reserve Fund. Such advances totaling $754,480 (recorded as Series S Rentals Receivable at June 30, 1990) were collected in full. Previously unrecorded interest on the advances of $104,127 and administrative fees and out-of-pocket costs of $28,171 were recovered and have been reflected in the General Bond Reserve Fund and Unrestricted Operating Fund, respectively, as of June 30, 1990.

In connection with the sale of the property on September 21, 1990, the Authority deposited $1,171,000 from the sale proceeds with a trustee with instructions to purchase certain investments. The principal amount and accrued interest thereon, will be sufficient to pay the principal and interest of Series S bonds at the redemption date of April 1, 1991. At June 30, 1990, outstanding principal on the Series S bonds was $1,135,000.