Minnesota Higher Education Facilities Authority

1991 Annual Report

September 25, 1991

Honorable Arne Carlson, 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 Carlson, 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 1991.

World events may have captured national headlines throughout the year, but the dramatic campus improvements of Minnesota private colleges this past year should have received far more attention than they did. Minnesota was not exempt from the recession that gripped the country. Still, many of our private colleges greatly improved their campus facilities during the period. Also, private higher education has faced ever-increasing competition of late in the area of fund raising. Again, our colleges have been quite successful in increasing their endowments. Let me review for you those colleges that have applied and received financing for capital improvements this past fiscal year.

Concordia College, Moorhead, received $3,800,000 in July, 1990, for six campus improvement projects. Augsburg College received $900,000 in August, 1990, for the acquisition and installation of a new campus telecommunication system and a new administrative computer system. Northwestern College of Chiropractic received $5,155,000 in September, 1990. Proceeds were used to refinance a contract for deed on the main campus, to finance a new center for clinical studies, and to finance a number of smaller improvements. Gustavus Adolphus received $3,000,000 in October, 1990, to construct, furnish and equip Confer Hall, and also, to acquire and install an air conditioning system to serve five campus buildings. The University of St. Thomas received $24,405,000 in March, 1991, to finance the construction of a new campus in downtown Minneapolis. The College of St. Benedict received $5,100,000 in May, 1991, to finance a new science building. The College of St. Scholastica received $3,400,000 in June, 1991, to renovate the auditorium, student union and theater; also, to construct an addition to Tower Hall. Finally, Saint Mary's College received $2,950,000 in late June, 1991, to redeem the outstanding variable rate Series Two-H bonds with a new fixed rate Series Three-F bonds.

Golden Valley Lutheran College was sold in the fall of 1990 to the State of Minnesota to be used for the new Minnesota Center for Arts Education. A portion of the proceeds were used to defease all of the outstanding bonds of Series S. The Authority and the Trustee were paid in full.

The Authority has had 62 bond issues totaling $232,275,000 of which $149,581,929 is outstanding as of June 30, 1991.

The private colleges continue to thrive in Minnesota. Some are seeing a decline in enrollment, as both national and regional demographics predicted. So far, Minnesota colleges have been able to counter the demographics with better financial management.

We look forward to helping the private Colleges continue their missions.

Respectfully submitted,

Carol A Blomberg

Carol A. Blomberg
Chairperson

BOARD MEMBERS

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

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

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

Kathryn Balstad Brewer, General Member
Student, University of Minnesota
Term Expires January, 1993

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

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

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

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

Fred Shaw (Feng Hsiao), Construction Expert
Shaw-Lundquist Associates, Inc., St. Paul
Term Expires January, 1993

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

STAFF

Joseph E. LaBelle, Executive Director
Elaine J. Yungerberg, Office Manager
Helen M. Savage, Secretary

BOND COUNSEL

Faegre and Benson, Minneapolis, Minnesota

FISCAL ADVISORS

Springsted, Incorporated, St. Paul, Minnesota

LEGAL ADVISOR

Special Assistant Attorney General, St. Paul, Minnesota

INDEPENDENT AUDITORS

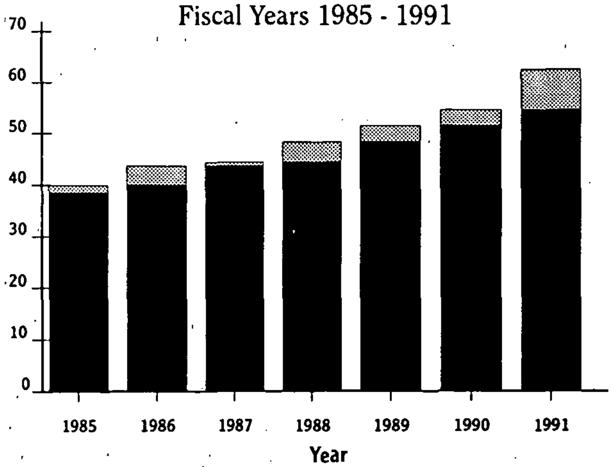
Deloitte & Touche, St. Paul, Minnesota

THE AUTHORITY: ITS PURPOSE

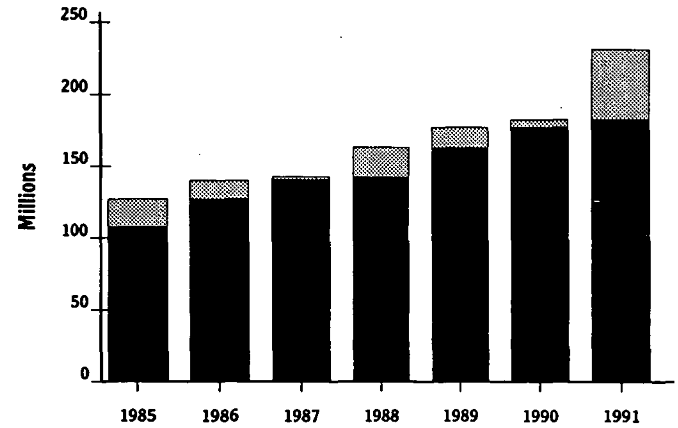
The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists 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 62 bond issues (including refunded and retired issues) totaling $232,275,000 of which $149,581,929 was outstanding as of June 30, 1991. 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.

Total Number of Bonds Issued
Fiscal Years 1985 - 1991



Dollar Amount of Bonds Issued
Fiscal Years 1985 - 1991



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.

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.

PARTICIPATING COLLEGES AND THEIR PROJECTS

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: $1,890,000
- 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: $560,000
- Bond Series 1983-A (pooled issue), issued November, 1983. Augsburg's share of the issue was $772,563, which accounted for 4.91 percent of the total amount of the issue. These funds were used for improvements to Memorial Hall and the Science Building. Principal outstanding: $154,398
- Bond Series Two-Z, Revenue Notes for $900,000, issued August, 1990. The proceeds were used for the acquisition and installation of a new campus telecommunications system and a new administrative computer system and software. Principal outstanding: $846,929

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: $815,000
- 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: $2,630,000
- 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: $1,575,000

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 percent 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: $482,065

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: $705,000
- 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: $260,000
- 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: $5,550,000
- Bond Issue Two-U for $1,680,000, issued September, 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: $1,605,000
- Bond Issue Three-D for $5,100,000, issued May, 1991. The proceeds of this bond issue will be used for financing a portion of the acquisition, construction, furnishing and equipping of a new science building on the College's campus. Principal outstanding: $5,100,000

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: $330,000
- 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: $350,000
- 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: $745,000

THE COLLEGE OF ST. SCHOLASTICA

is a four-year liberal arts college which was founded by the Benedictine Sisters Benevolent 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: $205,000
- 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: $175,000
- Bond Series Two-B for $1,160,000, issued July, 1980. The

St. Scholastica *(continued on next page)*

St. Scholastica *(continued)*

proceeds were used to repay interim financing used for the construction of a multipurpose recreation building and related outdoor facilities. Principal outstanding: -0-

- Bond Series 1983-A (pooled issue), issued November, 1983. St. Scholastica's share of the pooled issue was 3.60 percent 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: $113,011
- 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: -0-
- 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 $4,985,000
- Bond Series Three-E for $3,400,000, issued June, 1991. Proceeds of this bond issue were used for the following: expansion and renovation of the Auditorium and Student Union, construction of an addition to Tower Hall and renovation and expansion of the College's theater facility. Principal outstanding $3,400,000

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-

CONCORDIA COLLEGE (Moorhead)

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: $290,000
- 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: $5,425,000
- 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: $2,435,000
- Bond Series 1983-A (pooled issue), issued November, 1983. Concordia's share of the proceeds was $2,048,867 or 13.02 percent of the total issue and was used for improvements to student residence and food facility buildings. Principal outstanding: $408,941
- Bond Series Two-Y for $3,800,000, issued July, 1990. Proceeds of this bond issue were used for the following: 1) Remodeling the College's field house; 2) Construction of a bell tower and improvements to the central campus mall; 3) Remodel third and fourth floors of the Carl B. Ylvisiker Library; 4) Expand and upgrade the College's electrical system; 5) Install central air conditioning to service a large section of campus; and 6) Construction of tennis courts and parking lots. Principal outstanding: $3,800,000

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: -0-

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: $185,000
- Bond Series 1983-A (pooled issue), issued November, 1983. Gustavus' share of the proceeds $3,223,178, or 20.48 percent of the total issue. These funds were used to construct a physical education/health facility. Principal outstanding: $643,325
- 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: $2,265,000
- Bond Issue Two-V for $1,440,000, issued November, 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
- Bond Series Three-B for $3,000,000, issued October, 1990. The proceeds of this bond issue were used for the construction, furnishing and equipping of Confer Hall and the acquisition and installation of an air conditioning system that will serve five buildings on the campus. Principal outstanding: $3,000,000

HAMLINE UNIVERISTY

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: $5,050,000
- 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: $1,550,000

MACALESTER COLLEGE

is a four-year, coeducational, liberal arts institution 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: $4,975,000

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 percent of the total, and was used to purchase equipment. Principal outstanding: $80,415
- 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: $685,000

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.

Bond issues through the Authority include:

- Bond Series 1983-A (pooled issue), issued November, 1983. Northwestern's share was 5.32 percent of the total issue or $838,026, which was used for financing the downpayment for the purchase of and remodeling of an academic building. Principal outstanding: $167,264
- Bond Series Two-X for $5,155,000, issued September, 1990. Proceeds of this bond issue were used to refinance a contract for deed for the land and buildings that now constitutes the main campus of the College; construction and furnishing the Center for Clinical Studies, refurbishing the College's auditorium and acquisition, improving, furnishing and equipping an outpatient teaching clinic. Principal outstanding: $5,155,000

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 percent of the total. It was used for improvements to the main auditorium on campus. Principal outstanding: $428,884
- Bond Issue Two-W for $2,500,000, issued January, 1990. The proceeds were used to finance the construction and furnishing of a new art building with appurtenant equipment and site improvements. Principal outstanding: $2,350,000

ST. MARY'S COLLEGE

of Minnesota is a four-year, coeducational, private, liberal arts, residential college founded in 1912 by the second bishop of Winona and administered by the Christian Brothers. 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: $270,000
- 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: $855,000
- Bond Series 1983-A (pooled issue), issued November, 1983. Saint Mary's share of this issue was $580,172, or 3.69 percent of the total, which was used for improvement of campus buildings and energy conservation projects. Principal outstanding: $115,798
- 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: -0-
- 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
- Bond Series Three-F for $2,950,000, issued June, 1991. The proceeds of this bond issue were used to redeem the outstanding Series Two-H bonds. Principal outstanding: $2,950,000

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

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: $4,515,000

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: $240,000
- 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: $440,000
- 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: $1,410,000
- 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,

St. Thomas *(continued on next page)*

St. Thomas *(continued)*

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 percent 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: $547,897
- 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: $3,475,000
- 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: $10,550,000
- Bond Series Two-S for $4,415,000, issues 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 existing dining facility used primarily by students and faculty of the School of Divinity; however, the addition will be used by other students of the University. Principal outstanding: $4,355,000
- Bond Series Three-C for $24,405,000, issued March, 1991. The proceeds of this bond issue were used for the acquisition of land and construction of an educational facility, which will be the principal structure of the University's downtown Minneapolis campus. Principal outstanding: $24,405,000

VERMILLION 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: $1,230,000

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.

GENERAL BOND RESERVE BALANCES as of June 30, 1991

SERIES	DEPOSIT	06/30/91 FUND BALANCE (Cost Basis)	TOTAL RESERVE BALANCE
SECURED POOL ISSUE			
A	$ 31,743.83	$ 116,322.69	$ 148,066.52
B	34,082.00	124,119.11	158,201.11
C	9,000.00	32,925.06	41,925.06
D	8,643.00	31,330.70	39,973.70
E	19,308.00	69,624.08	88,932.08
F	21,304.00	77,343.24	98,647.24
H	6,000.00	19,145.48	25,145.48
I	30,000.00	95,932.08	125,932.08
J	7,000.00	21,987.27	28,987.27
K	14,000.00	41,970.09	55,970.09
L	47,667.00	135,533.63	183,200.63
M	12,000.00	34,624.59	46,624.59
O	80,000.00	218,922.29	298,922.29
1975-1	138,000.00	375,882.96	513,882.96
1976-2	22,800.00	55,152.40	77,952.40
Q	17,000.00	44,745.08	61,745.08
R	15,000.00	33,113.14	48,113.14
T	30,000.00	68,659.94	98,659.94
U	11,200.00	25,241.56	36,441.56
W	40,000.00	85,160.25	125,160.25
X	28,000.00	58,863.61	86,863.61
Y	84,000.00	161,694.38	245,694.38
Z	120,000.00	227,126.62	347,126.62
AA	100,000.00	183,785.88	283,785.88
UNSECURED POOL ISSUES			
FF	63,560.00	65,299.28	128,859.28
GG	42,500.00	40,090.67	82,590.67
GRAND TOTAL	$1,032,807.83	$2,444,596.08	$3,477,403.91

Prepared
by Springsted Incorporated

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INDEPENDENT AUDITORS' REPORT

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, 1991 and 1990, and the related statements of revenues, expenses and changes in fund balances, and cash flows for the years then ended. 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, 1991 and 1990, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Deloitte & Touche

St. Paul, Minnesota
August 21, 1991

BALANCE SHEETS

	General Operating Fund Unrestricted	
	1991	1990
ASSETS		
Cash and cash equivalents (Note 3)	$1,138,788	$1,040,470
Investments (Note 3)		
Series S rentals and fees receivable (Note 7)		28,171
Accrued interest receivable		
Financing agreements (Note 4):		
Rentals receivable, financing leases		
Loans receivable		
Reserve deposits to General Bond Reserve		
Furniture and equipment (less accumulated depreciation of $34,080 in 1991 and $26,781 in 1990)	36,402	37,671
Other	14,853	5,028
	$1,190,043	$1,111,340
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	$ 45,400	$ 33,508
Unearned administrative fees	13,295	57,317
Revenue bonds payable and promissory note (less unamortized discount of $1,886,873 in 1991 and $1,132,864 in 1990) (Note 5)		
Accrued interest payable		
Deferred rent	8,512	14,528
Reserve deposits from colleges		
Reserve deposits from restricted assets of General Operating Fund		
TOTAL	67,207	105,353
Fund balances:		
Unappropriated	1,122,836	1,005,987
Appropriated (Note 1)		
	$1,190,043	$1,111,340

See notes to financial statements.

General Operating Fund Restricted		General Bond Reserve Fund (Note 5)	
1991	1990	1991	1990
$ 19,257,039	$ 12,071,745	$1,404,932	$ 56,490
25,543,413	10,295,105	2,062,245	2,534,172
			754,480
448,460	351,275	11,012	163,341
31,409,528	35,257,603		
72,588,449	55,521,730		
926,748	997,748		
$150,173,637	$114,495,206	$3,478,189	$3,508,483
		$ 200	
$147,695,056	$112,487,136		
2,478,581	2,008,070		
		106,060	$ 176,152
		926,748	997,748
150,173,637	114,495,206	1,033,008	1,173,900
		2,445,181	2,334,583
$150,173,637	$114,495,206	$3,478,189	$3,508,483

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES

	General Operating Fund Unrestricted	
	1991	1990
REVENUES:		
Annual administrative fees	$ 318,952	$ 268,794
Investment income	75,573	83,731
Revenues from institutions to finance interest expense and bond issuance costs (Note 1)		
Total revenues	394,525	352,525
EXPENSES:		
Payroll, payroll taxes and employee benefits	159,508	133,822
Rent expense (Note 6)	37,979	35,744
Legal, audit and consulting expense	32,620	37,068
Other general and administrative expenses	47,569	46,744
Interest expense and bond discount amortization		
Bond issuance costs		
Total expenses	277,676	253,378
EXCESS OF REVENUES OVER EXPENSES	116,849	99,147
FUND BALANCES, beginning of year	1,005,987	906,840
Distribution of pro rata share of fund earnings upon final redemption of Series S and Series BB bonds in fiscal 1991 and Series N and Series P bonds in fiscal 1990		
FUND BALANCES, end of year	$1,122,836	$1,005,987

See notes to financial statements.

General Operating Fund Restricted		General Bond Reserve Fund (Note 5)	
1991	1990	1991	1990
$2,217,833	$2,512,479	$ 251,180	$ 314,887
7,030,477	5,890,641		
9,248,310	8,403,120	251,180	314,887
		3,732	2,304
9,202,482	8,363,407		
45,828	39,713		
9,248,310	8,403,120	3,732	2,304
–	–	247,448	312,583
		2,334,583	2,205,372
		(136,850)	(183,372)
$ –	$ –	$2,445,181	$2,334,583

	General Operating Fund Unrestricted	General Operating Fund Restricted	General Bond Reserve Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	$ 116,849		$ 247,448
Adjustments to reconcile excess of revenues over expenses to net cash flows from operating activities:			
Noncash items:			
Depreciation	7,921		
Amortization of unearned administrative fees	(36,702)		
Amortization of bond discount		$ 195,523	
Changes in assets and liabilities:			
Other assets	(9,825)		
Series S fees receivable	28,171		
Accounts payable	11,892		200
Unearned administrative fees	(7,320)		
Deferred rent	(6,016)		
Nonoperating items:			
Investment income	(75,573)	(2,217,833)	(251,180)
Interest and bond issuance costs		9,248,310	
Other operating cash flows:			
Repayment of General Bond Reserve deposit		71,000	(71,000)
Collection of financing agreements receivable		6,062,247	
Funds disbursed to institutions		(19,280,891)	
Total reconciling items to be added (deducted)	(87,452)	(5,921,644)	(321,980)
Net cash flows from operating activities	29,397	(5,921,644)	(74,532)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Investments in fixed assets	(6,652)		
Proceeds from revenue bond sales		47,760,468	
Repayment of revenue bond principal		(12,748,071)	
Interest paid on revenue bonds		(8,731,971)	
Bond issuance costs		(45,828)	
Net cash flows from capital and related financing activities	(6,652)	26,234,598	
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments		29,941,151	2,995,000
Purchase of investments		(45,189,459)	(2,523,073)
Collection of payment for Series S rentals			754,480
Distribution of pro rata share of fund earnings upon final redemption of bonds			(206,943)
Investment income	75,573	2,120,648	403,510
Net cash flows from investing activities	75,573	(13,127,660)	1,422,974
NET INCREASE IN CASH AND CASH EQUIVALENTS	98,318	7,185,294	1,348,442
CASH AND CASH EQUIVALENTS, June 30, 1990	1,040,470	12,071,745	56,490
CASH AND CASH EQUIVALENTS, June 30, 1991	$ 1,138,788	$ 19,257,039	$ 1,404,932

See notes to financial statements.

	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 and related 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.

1. 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 bonds 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.

2. Accounting policies:

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

Basis of Accounting

The Authority follows the accrual basis of accounting.

Investments

Investments are 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, generally five and ten years.

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 follows 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".

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, 1991 and 1990 amounts rebatable relating to such excess earnings were not significant.

3. Investments

Investments consist of those permitted by the various bond indentures or by Authority policy. 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 deposits 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. Also allowed is commercial paper maturing in 365 days or less and rated within the top two categories without gradation by either Standard and Poor or by Moody's.

The carrying value of cash and cash equivalents and investments at June 30, 1991 consisted of:

	General Operating Fund		General Bond
	Unrestricted	Restricted	Reserve Fund
U.S. Government and agencies		$18,531,722	$2,089,000
Federated trust accounts	$1,122,190	5,840,072	1,331,384
Investment agreements		6,941,556	
Deposits	16,598	2,541,831	73,548
Commercial paper		10,806,978	
	1,138,788	44,662,159	3,493,932
Unamortized discount			(26,755)
Unamortized premium		138,293	
	$1,138,788	$44,800,452	$3,467,177
Approximate market value at June 30, 1991	$1,138,788	$45,115,000	$3,458,000

The carrying value of cash and cash equivalents and investments at June 30, 1990 consisted 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 agreements		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 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 deposits 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 (GASB No. 3 Credit Risk Category 1).

4. 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, 1985-1, II, JJ, KK, 1983-A, MM, NN, OO, PP, QQ, RR, SS, TT, UU, VV, WW, XX, YY, ZZ, BBB, CCC, DDD, EEE and FFF which are recorded as loans receivable.

The Authority's net investment in financing agreements consists of the following at June 30, 1991 (with comparative totals at June 30, 1990):

	June 30, 1991			
	Financing leases	Loans receivable	Total	June 30, 1990
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	$ 62,723,468	$205,192,753	$ 267,916,221	$192,308,165
Assets held in trust	(6,330,473)	(39,253,480)	(45,583,953)	(22,840,667)
Unearned income	(24,983,467)	(93,350,824)	(118,334,291)	(78,688,165)
	$ 31,409,528	$ 72,588,449	$ 103,997,977	$ 90,779,333

At June 30, 1991 future minimum payments to be received under financing agreements to support aggregate bond payments approximates:

	Principal	Interest	Total
1992	$ 11,322,162	$ 9,802,117	$ 21,124,279
1993	6,270,697	9,653,393	15,924,090
1994	7,039,881	9,144,629	16,184,510
1995	6,744,763	8,666,781	15,411,544
1996	5,291,601	8,508,029	13,799,630
Thereafter	112,912,826	72,559,342	185,472,168
	$149,581,930	$118,334,291	$ 267,916,221

5. Revenue bonds payable and promissory note*

Revenue bonds payable at June 30, 1991 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%
2,385,000	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%
3,055,000	Series FF (Concordia College)	5.0% to 8.8%
1,970,000	Series GG (Hamline University)	6.5% to 10.25%
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%
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%
5,155,000	Series XX (Northwestern College of Chiropractic)	7.00% to 8.50%
3,800,000	Series YY (Concordia College)	6.40% to 7.10%
900,000	* Series ZZ (Augsburg College)	7.44% to 7.54%
3,000,000	Series BBB (Gustavus Adolphus College)	6.70% to 8.050%
24,405,000	Series CCC (College of St. Thomas)	5.50% to 7.125%
5,100,000	Series DDD (College of St. Benedict)	Variable
3,400,000	Series EEE (College of St. Scholastica)	5.20% to 7.20%
2,950,000	Series FFF (St. Mary's College)	5.25% to 7.625%

Maturity dates	Principal outstanding	Unamortized discount	Principal less unamortized discount
Dec 1, 1975 to Dec 1, 2012	$ 1,890,000	$(13,296)	$ 1,876,704
Jun 1, 1974 to Jun 1, 1997	815,000	(3,905)	811,095
Jan 1, 1976 to Jan 1, 1998	270,000	(1,201)	268,799
Mar 1, 1974 to Mar 1, 1997	205,000	(907)	204,093
Mar 1, 1975 to Mar 1, 1993	185,000	(351)	184,649
Mar 1, 1974 to Mar 1, 1998	705,000	(3,168)	701,832
Jun 1, 1975 to Jun 1, 1999	175,000	(1,358)	173,642
May 1, 1976 to May 1, 1995	560,000	(2,105)	557,895
Jul 1, 1976 to Jul 1, 2002	260,000	(2,724)	257,276
Sep 1, 1975 to Sep 1, 1994	240,000	(408)	239,592
Jan 1, 1977 to Jan 1, 1994	745,000	(4,334)	740,666
Nov 1, 1976 to Nov 1, 1996	330,000	(2,097)	327,903
Nov 1, 2000	4,000,000	(28,373)	3,971,627
Apr 1, 1978 to Apr 1, 1994	290,000	(1,291)	288,709
Oct 1, 1976 to Oct 1, 1994	2,630,000	(13,497)	2,616,503
Apr 1, 1979 to Apr 1, 2002	855,000		855,000
May 1, 1977 to May 1, 1997	350,000	(2,548)	347,452
Mar 1, 2007	2,385,000		2,385,000
Apr 1, 1980 to Apr 1, 2000	440,000	(3,679)	436,321
Apr 1, 1979 to Apr 1, 2001	1,575,000		1,575,000
Apr 1, 1980 to Apr 1, 1999	1,410,000	(6,717)	1,403,283
Apr 1, 1981 to Apr 1, 2010	4,515,000	(50,818)	4,464,182
Apr 1, 1983 to Apr 1, 2006	5,425,000	(82,718)	5,342,282
Jun 1, 1982 to Jun 1, 2008	5,050,000	(85,109)	4,964,891
Oct 1, 1984 to Oct 1, 2003	2,435,000	(37,645)	2,397,355
May 1, 1985 to May 1, 1996	1,550,000	(20,614)	1,529,386
Jul 1, 1985 to Jul 1, 1993	3,475,000	(6,911)	3,468,089
Nov 1, 1995 to Nov 1, 2015	5,500,000	(33,458)	5,466,542
Mar 1, 1991 to Mar 1, 2006	4,975,000	(66,919)	4,908,081
Feb 1, 1988 to Feb 1, 2001	685,000	(8,840)	676,160
Oct 1, 1986 to Oct 1, 1991	5,920,000	(5,074)	5,914,926
May 1, 1995 to May 1, 2017	2,500,000	(37,492)	2,462,508
Oct 1, 1988 to Oct 1, 2003	2,265,000	(27,697)	2,237,303
Oct 1, 1989 to Oct 1, 2007	10,550,000	(125,647)	10,424,353
Jan 1, 1990 to Jan 1, 2007	1,230,000	(23,539)	1,206,461
Sep 1, 1988 to Mar 1, 2003	5,550,000		5,550,000
Aug 1, 1998	4,250,000	(58,460)	4,191,540
Nov 1, 1990 to Nov 1, 2014	4,355,000	(57,675)	4,297,325
Dec 1, 1990 to Dec 1, 2014	4,985,000	(74,378)	4,910,622
Sep 1, 1990 to Sep 1, 1999	1,605,000	(16,468)	1,588,532
Oct 1, 1991 to Oct 1, 2004	1,440,000	(18,494)	1,421,506
Oct 1, 1990 to Oct 1, 1999	2,350,000	(26,486)	2,323,514
Oct 1, 1992 to Oct 1, 2005	5,155,000		5,155,000
Oct 1, 1992 to Oct 1, 2000	3,800,000	(42,253)	3,757,747
Feb 1, 1991 to Aug 1, 2000	846,929		846,929
Oct 1, 1992 to Oct 1, 2010	3,000,000		3,000,000
Sep 1, 1993 to Sep 1, 2016	24,405,000	(740,040)	23,664,960
Feb 1, 2016	5,100,000	(33,255)	5,066,745
Dec 1, 1992 to Dec 1, 2011	3,400,000	(59,134)	3,340,866
Oct 1, 1992 to Oct 1, 2016	2,950,000	(55,790)	2,894,210
	$149,581,929	$(1,886,873)	$147,695,056

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

Aggregate principal and interest due on the revenue bonds are equal to the future minimum payments to be received under financing agreements as shown in Note 4. 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 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, 1985-1 II, JJ, KK, MM, NN OO, PP, QQ, RR, SS, TT, UU, VV, WW, XX, YY, ZZ, BBB, CCC, DDD, EEE, and FFF.
- Restricted assets in the General Operating Fund pertaining to each issue, including a debt service reserve for all issues except Series O, T and DDD.
- 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, 1991, as follows:

Series O	$4,971,755
Series T	3,087,285
Series GG	2,635,284
Series 1983-A	273,886
Series KK	898,850

- Irrevocable letters of credit for series 1983-A and DDD of $179,056 and $5,100,000, respectively.

In June 1991, the Authority issued bond Series FFF with a face value of $2,950,000 for the purpose of refunding Series HH. A portion of the proceeds of the refunding issue were deposited with a trustee. These funds were used to pay the principal and interest on the refunded bonds which were subsequently redeemed.

In June 1991, the College of St. Scholastica deposited $1,346,000 with a trustee with instructions to purchase certain investments such that the principal amount and accrued interest thereon, will be sufficient to pay the principal and interest of Series BB and Series LL bonds upon redemption. The last payments on the defeased debt are due May 1, 1993 and December 1, 2001, respectively. At June 30, 1991, outstanding principal on the Series BB bonds was $480,000 and outstanding principal on the Series LL bonds was $870,000.

6. Lease commitment

The Authority has a lease commitment of $3,666 per month for office space through November 1992 with remaining aggregate payments of $62,325 at June 30, 1991. Rent expense for the years ended June 30, 1991 and 1990 was $37,979 and $35,744, respectively.

7. Series S rentals receivable

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 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 also recovered.