Minnesota Higher Education Facilities Authority

1994 Annual Report

The Series Three-T Bonds were issued to finance the construction of manufactured housing on the campus of Vermilion Community College.

women's sports was reflected in a 1993 bond issue that enabled the College of St. Catherine to build and equip a new sports facility, including a gymnasium and pool. Saint Mary's College also responded to a need for additional recreational space and constructed a facility that linked their

existing field house and ice arena. This facility was financed with Authority bonds issued in June,1993.

The biggest change in the past few years, however, is the result of economic factors. Prompted by a combination of low interest rates and a remarkable upturn in the municipal bond market, several of Minnesota's private colleges have taken advantage of a rare opportunity to save by refinancing existing debt. Indeed, refinancing accounted for more than 80 percent of the $73 million in bond issues transacted by the Authority in fiscal 1994. The University of St. Thomas issued $46 million in bonds. By so doing, the University retired five smaller bond issues plus the lion's share of the $24 million bond issue from 1991 that financed the construction of its downtown Minneapolis campus.

A less dramatic change has been reflected in the different types of bond issues that the Authority has completed. In the past two years, the Authority has leaned away from its traditional process of fixed rate, public sale of bonds to utilizing more negotiated sales of bonds. These negotiated bond issues have included variable rate issues and a growing number of small bond issues for smaller projects—including lease financing. Of the nine bond issues transacted by the Authority in fiscal year 1994, four were for sums of less than $1 million. The smallest was a $225,000 issue that enabled the Minneapolis College of Art and Design to refinance two apartment buildings it acquired for student housing. The College of Associated Arts

November 1, 1994

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 1994.

In an era of rapid change, the Minnesota Higher Education Facilities Authority is a paragon of stability. For 23 years, the Authority has fulfilled its mission of helping the State's institutions of higher learning finance their necessary capital projects. It has done so quietly, without fanfare or extensive publicity. It has done so economically, by charging a reasonable fee for its services (the Authority receives no tax revenues). And it has done so safely: in 86 offerings totalling more than $400 million, the Authority has never had a bond issue in default.

Over the last several years, the Authority has responded when Minnesota's private colleges faced changing needs. The College of St. Benedict's newest residence hall, financed through bonds issued by the Authority in March 1994, incorporated a response to technological change by including additional area on each hall floor for computers that are part of the campus computer network and available for student use.

Some changes are the result of shifting attitudes in society as a whole. A trend toward greater emphasis on

Series Three-Y was issued for Minneapolis College of Art and Design to finance the construction of an addition to the College's main building.

used part of the proceeds from a $350,000 bond issue to purchase and improve a building for use as a classroom and studio. A $622,000 bond issue enabled Gustavus Adolphus College to lease needed telephone communication equipment, audiovisual equipment, and photocopying machines.

Fiscal years 1993 and 1994, with nine bond issues apiece, have been the most active in the Authority's history. Because each issue requires not one but a series of formal actions by the Authority, these past two years have been unusually busy for the Authority's board and staff. The Authority pledges to fulfill its mission of assisting the higher education community meet its financial challenges in an era of rapid change.

Sincerely,

Jack Amundson

Jack Amundson
Chairperson

The Series Three-R Bonds were issued to refinance previous Authority issues including the bonds that financed the construction of the Minneapolis Campus of the University of St. Thomas.

Board Members

Jack M. Amundson
Chairperson
Partner; McMahon, Hartmann, Amundson & Company; St. Cloud
Term Expires January, 1998

Kathryn Balstad Brewer
Vice Chair
Doctoral Candidate at University of Minnesota
Former Senior Vice President with First Bank Systems, New Brighton
Term Expires January, 1995

Earl R. Herring
Vice President for Administrative Affairs, Moorhead State University (Retired)
Term Expires January, 1997

John S. Hoyt
CEO, Effective Golf Course Systems, Inc. (EGCS), Edina
Term Expires January, 1997

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

James R. Miller
Owner and CEO, Rollin & Associates, St. Paul
Term Expires January, 1996

Christopher A. Nelson
Attorney; Pustorino, Pederson, Tilton & Parrington; Minneapolis
Term Expires January, 1998

Arlon Haupert
Ex-officio Member
Representing the Minnesota Higher Education Coordinating Board

Fred Shaw (Feng Hsiao)
Shaw-Lundquist Associates, Inc., St. Paul
Term Expires January, 1995

Mollie N. Thibodeau
Secretary
CFRE, Fund Raising Consultant, Duluth
Term Expires January, 1996

MHHEFA Staff

Joseph E. LaBelle
Executive Director

Elaine J. Yungerberg
Assistant Executive Director

Helen M. Savage
Secretary

Bond Counsel

Faegre and Benson, Minneapolis

Fiscal Advisors

Springsted Incorporated, St. Paul

Legal Advisor

Assistant Attorney General, St. Paul

Independent Auditors

Deloitte & Touche LLP, Minneapolis

Bond Series Three-R

University of St. Thomas
Issue Amount: $46,000,000
Date of issue: June, 1993

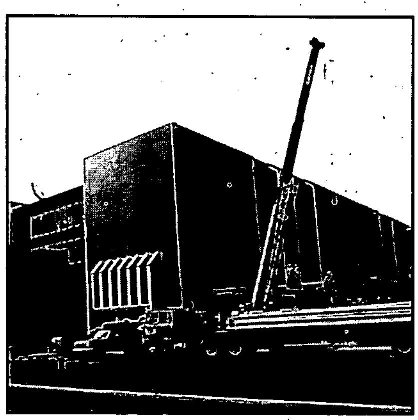
The Series Three-R1 Bonds for $22,985,000 were issued to refund all outstanding maturities of certain issues of the Authority issued on behalf of the University of St. Thomas for various purposes. Proceeds of the Series Three-R1 Bonds, together with funds of the University, were deposited in an Escrow Account to provide for payment of principal and interest on the Prior Bonds. The Prior Bonds consist of: First Mortgage Revenue Bonds, Series U refund of $375,000; First Mortgage Revenue Bonds, Series X refund of $1,200,000; Revenue Bonds, Series Two-I refund of $5,400,000; Revenue Bonds, Series Two-O refund of $9,900,000; Revenue Bonds, Series Two-S refund of $4,210,000.

The Series Three-R2 Bonds for $23,015,000 were issued to refund a portion of the Authority's Mortgage Revenue Bonds, Series Three-C (The University of St. Thomas) issued on behalf of the University. The Series Three-C Bonds to be refunded totalled $20,845,000, including all Series Three-C Bonds maturing from 1993 through 2014. Not included in the refunding are two term bonds totalling $3,560,000 due September 1, 2015 and September 1, 2016.

The Series Three-S

Minneapolis College of Art and Design
Issue Amount: $225,000
Date of issue: July, 1993

The proceeds were used to refinance a Contract for Deed in the acquisition of a four-plex apartment building at 200-204 East 26th Street and a four-plex apartment building at 206-210 East 26th Street, both to be owned and operated by the College as student housing facilities.



Bond Series Three-T

Vermilion Community College
Issue Amount: $950,000
Date of issue: July, 1993

The proceeds were used to finance the acquisition, installation and equipping of eleven manufactured duplex housing units, including related site improvements. These units will house approximately 80 students on the campus of the College in Ely, Minnesota.

Bond Series Three-U

Concordia College—Moorhead
Issue Amount: $6,420,000
Date of issue: August, 1993

The proceeds were used to refinance the following Authority bonds issued on behalf of the College: First Mortgage Revenue Bonds, Series Z for $5,100,000; and, Revenue Bonds, Series Two-F for $2,070,000.

Bond Series Three-V

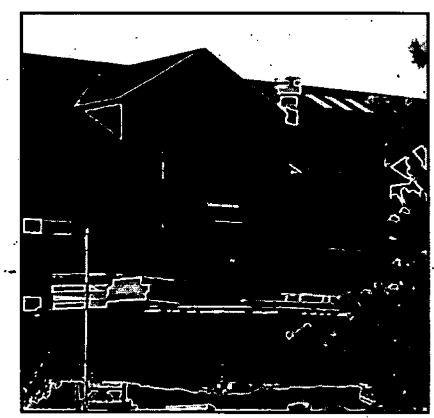
Gustavus Adolphus College
Issue Amount: $622,189
Date of issue: August, 1993

This issue was a lease equipment financing to enable the College to complete the acquisition and installation of telephone communication equipment, audio-visual equipment and photocopying machines.

Bond Series Three-W

College of St. Benedict
Issue Amount: $17,475,000
Date of issue: March, 1994

The proceeds of this bond issue were used to refund two existing Authority bond issues and to finance the construction of a dormitory. A portion of the net proceeds of the bonds refunded the Authority's Series Two-Q Bonds which were issued on behalf of the College. Another portion of the proceeds of the Bonds together with amount on deposit in the Series Three-D Bond Account and available general funds of the College were used to redeem the outstanding Series Three-D Bonds on May 2, 1994. The remaining portion of the proceeds of the Bonds will finance the acquisition, construction, furnishing and equipping of a three-story, 242-bed residence hall on a 2.35-acre site on the campus of the College. The entire residence hall project has an estimated cost of $6 million.



The Series Three-X

College of Associated Arts
Issue Amount: $350,000
Date of issue: March, 1994

The proceeds of this issue were used to finance the acquisition and improvement of a multi-unit building at 173-175 Western Avenue and 385 Selby Avenue, St. Paul, Minnesota, to be owned and operated as classroom and studio facilities by the College. Proceeds of the issue were also used to refinance a bank loan.

Bond Series Three-Y

Minneapolis College of Art and Design
Issue Amount: $1,612,000
Date of issue: June, 1994

The proceeds were used to finance the acquisition, construction and equipping of an approximately 13,500 square foot addition to the College's main building. The building is owned and operated by the College and will be used for studio and other educational purposes.

BOND SERIES A

AUGSBURG COLLEGE
AMOUNT: $2,200,000
ISSUED: DECEMBER, 1972

The proceeds were used for the construction of a student housing facility to house 312 students.

BOND SERIES B

BETHEL COLLEGE
AMOUNT: $1,935,000
ISSUED: DECEMBER, 1972

The proceeds were used to construct and furnish a student housing facility to accommodate 480 students.

BOND SERIES D

COLLEGE OF ST. SCHOLASTICA
AMOUNT: $520,000
ISSUED: MARCH, 1973

The proceeds were used to construct six four-plexes to house a total of 96 students.

BOND SERIES F

COLLEGE OF ST. BENEDICT
AMOUNT: $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.

BOND SERIES H

COLLEGE OF ST. SCHOLASTICA
AMOUNT: $340,000
ISSUED: JUNE, 1974

The proceeds were used to fund the Pine Apartment Building, which can house a total of 46 students.

BOND SERIES J

COLLEGE OF ST. BENEDICT
AMOUNT: $370,000
ISSUED: JULY, 1974

The proceeds were used for the construction, equipment, and furnishing of a campus center.

BOND SERIES M

COLLEGE OF ST. CATHERINE
AMOUNT: $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.

REFUNDING SERIES 1975-1

BETHEL COLLEGE
AMOUNT: $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.

BOND SERIES R

COLLEGE OF ST. CATHERINE
AMOUNT: $795,000
ISSUED: AUGUST, 1977

The proceeds were used to construct, furnish, and equip a student housing facility to accommodate 118 students.

BOND SERIES T

CARLETON COLLEGE
AMOUNT: $2,385,000
ISSUED: DECEMBER, 1977

The proceeds were used to remodel the Sayles Hill Gymnasium and two academic buildings—one for five humanities departments and one for four social science departments.

BOND SERIES W

BETHEL COLLEGE
AMOUNT: $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.

BOND SERIES Y

ST. OLAF COLLEGE
AMOUNT: $5,245,000
ISSUED: JUNE, 1979

The proceeds were used to construct a three-story student residence which houses 232 students.

BOND SERIES TWO-K

MINNEAPOLIS COLLEGE OF ART AND DESIGN
AMOUNT: $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.

BOND SERIES TWO-N

GUSTAVUS ADOLPHUS COLLEGE
AMOUNT: $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.

BOND SERIES TWO-P

VERMILION COMMUNITY COLLEGE
AMOUNT: $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.

BOND SERIES TWO-T

COLLEGE OF ST. SCHOLASTICA
AMOUNT: $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; and acquire and install new campus telephone and computer system.

BOND SERIES TWO-U

COLLEGE OF ST. BENEDICT
AMOUNT: $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.

BOND ISSUE TWO-V

GUSTAVUS ADOLPHUS COLLEGE
AMOUNT: $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 had a final maturity date of October 1, 1991.

BOND ISSUE TWO-W

ST. JOHN'S UNIVERSITY
AMOUNT: $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.

BOND SERIES TWO-X

NORTHWESTERN COLLEGE OF CHIROPRACTIC
AMOUNT: $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.

BOND SERIES TWO-Y

CONCORDIA COLLEGE-MOORHEAD
AMOUNT: $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.

BOND SERIES TWO-Z

AUGSBURG COLLEGE
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.

BOND SERIES THREE-A

HAMLINE UNIVERSITY
AMOUNT: $4,430,000
ISSUED: AUGUST, 1991

A portion of the proceeds of this bond issue were used to refund in advance of maturity the Series Two-G bonds. The balance of the proceeds were used for several projects including: the renovation of Manor House, Sorin Hall and Drew Hall, the purchase and installation of campus-wide signage, and miscellaneous deferred maintenance projects.

Bond Series Three-B

Gustavus Adophus College
Amount: $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.

Bond Series Three-C

University of St. Thomas
Amount: $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.

Bond Series Three-E

College of St. Scholastica
Amount: $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.

Bond Series Three-G

Augsburg College
Amount: $9,645,000
Issued: May, 1992

The proceeds of this bond issue were used to partially finance the construction, equipping and furnishing of a new residence facility on the College's campus. A portion of the proceeds were used to refinance a note originally issued to finance a portion of the Foss, Lobeck, Miles Center.

Bond Series Three-H

St. John's University
Amount: $5,000,000
Issued: June, 1992

The net proceeds of the bonds were used to finance the construction, furnishing and equipping of a new campus center and a new student residence facility, both to be located on the campus of the University.

Bond Series Three-I

University of St. Thomas
Amount: $10,200,000
Issued: April, 1992

The net proceeds of the bond issue were used for the purchase and installation of a new telecommunication system; the purchase, replacement and upgrading of two of the three boilers at the St. Paul campus; and, an expansion of the physical plant headquarters facility on the St. Paul campus.

Bonds Series Three-J

Macalester College
Amount: $15,670,000
Issued: June, 1992

A portion of the net proceeds of the bonds were used to redeem the Series Two-J bonds. The remaining proceeds of the bonds were used to finance the following projects on the campus of the College: the remodeling, furnishing and equipping of the Humanities Wing of the Janet Wallace Fine Arts Center; interior renovation of Old Main; acquisition and construction of a telecommunications network; renovation and improvement of track and field facilities; and the acquisition and installation of a keyless identification system.

Bond Series Three-K

Hamline University
Amount: $4,565,000
Issued: May 1, 1992

The net proceeds of this issue were used to redeem the remaining bonds for Series Two-A.

Bond Series Three-L1

Carleton College
Amount: $10,000,000
Issued: October, 1992

Series Three-L2

Carleton College
Amount: $10,300,000
Issued: October, 1992

Series Three-L3

Carleton College
Amount: $4,000,000
Issued: October, 1992

The proceeds of these issues were used to finance a portion of several new construction, remodeling and equipment acquisition projects, including appurtenant site improvements and a new telecommunications system.

Bond Series Three-M1

College of St. Catherine
Amount: $5,725,000
Issued: January, 1993

Series Three-M2

College of St. Catherine
Amount: $3,480,000
Issued: January, 1993

The proceeds of the bonds, together with other funds available to the College, were used to provide for the acquisition, construction, furnishing and equipping of a sports facility (including gym and pool) to be located on the St. Paul campus of the College; the acquisition and installation of air conditioning in the Art Building and replacement windows in Mendel Hall, and the remodeling, furnishing and equipping of the student lounge in St. Joseph Hall; and, the remodeling, furnishing and equipping of the Education Building and Old Main, both located on the Minneapolis campus of the College.

Bond Series Three-N

College of St. Scholastica
Amount: $3,695,000
Issued: March, 1993

Proceeds of this bond issue were used for the expansion and conversion of the campus steam plant and an approximate 25,000 square foot addition to Somers Hall, which will consist of a three-story wing, accommodating approximately 100 students in suite-style arrangements.

Bond Series Three-O

William Mitchell College of Law
Amount: $2,000,000
Issued: June, 1993

The net proceeds of the bonds, together with funds on deposit in the Series Two-R Bond and Reserve Accounts, were used to refinance the Series Two-R bonds.

Series Three-P

Augsburg College
Amount: $1,560,000
Issued: April, 1993

The proceeds of this lease financing were used to finance a replacement of the existing AstroTurf surface and a dome for the Anderson-Nelson Athletic Field.

Bond Series Three-Q

St. Mary's College
Amount: $12,535,000
Issued: June, 1993

A portion of the net proceeds of this bond issue were used to refund Series C, Series 1976-2, Series Two-M, and Series Three-F issued on behalf of the College. A portion of the net proceeds of the Series Three-Q bonds will finance the acquisition, construction, furnishing and equipping of a recreational facility on the College's campus which will link the existing field house and ice arena.

Executive Director and Members of the 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 (the Authority) as of June 30, 1994 and 1993 and the related statements of revenues, expenses, and changes in fund balances and of 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, such financial statements present fairly, in all material respects, the financial position of the funds of the Minnesota Higher Education Facilities Authority as of June 30, 1994 and 1993 and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

Deloitte + Touche LLP

Minneapolis, Minnesota
September 9, 1994

ASSETS

Cash and cash equivalents (Note 3)

Investments (Note 3)

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 $49,160 in 1994 and $40,522 in 1993)

Other

LIABILITIES AND FUND BALANCES

Liabilities:

- Accounts payable and other accrued liabilities
- Unearned administrative fees
- Revenue bonds and other debt obligations (less unamortized discount of $2,400,669 in 1994 and $2,045,539 in 1993) (Note 5)
- Accrued interest payable
- Reserve deposits from colleges
- Reserve deposits from restricted assets of General Operating Fund

Fund Balances:

- Unappropriated
- Appropriated (Note 1)

See notes to financial statements.

General Operating Fund				General Bond Reserve Fund (Note 5)	
Unrestricted		*Restricted*			
1994	1993	1994	1993	1994	1993
$ 1,506,275	$ 1,433,290	$ 16,056,590	$ 29,477,362	$ 685,548	$ 1,392,276
—	—	18,436,608	23,388,184	1,114,122	1,126,689
—	—	222,757	268,478	5,514	5,931
—	—	12,149,152	18,930,733	—	—
—	—	168,258,741	137,368,908	—	—
—	—	427,773	617,973	—	—
30,938	33,769	—	—	—	—
4,291	17,550	—	—	—	—
$ 1,541,504	$ 1,484,609	$215,551,621	$210,051,638	$ 1,805,184	$ 2,524,896

$ 40,744	$ 54,563	—	—	—	—
1,000	3,000	—	—	—	—
—	—	$212,695,278	$207,213,532	—	—
—	—	2,856,343	2,838,106	—	—
—	—	—	—	—	$ 63,560
—	—	—	—	$ 427,773	617,973
41,744	57,563	215,551,621	210,051,638	427,773	681,533
1,499,760	1,427,046	—	—	—	—
—	—	—	—	1,377,411	1,843,363
$ 1,541,504	$ 1,484,609	$215,551,621	$210,051,638	$ 1,805,184	$ 2,524,896

REVENUES

Annual administrative fees

Investment income

Revenues from institutions to finance interest expense (Note 1)

Gain on sale of investments

Total revenues

EXPENSES

Payroll, payroll taxes, and employee benefits

Rent expense (Note 6)

Legal, audit, and consulting expense

Other general and administrative expenses

Interest expense and bond discount amortization

Total expenses

EXCESS OF REVENUES OVER EXPENSES

FUND BALANCES AT BEGINNING OF YEAR

Distribution of pro-rata share of fund earnings upon final redemption of Series U, Series X, Series Z, Series FF, Series K, and Series Q bonds in fiscal 1994 and Series L, Series E, Series I, Series O, Series C, and Series 1976-2 bonds in fiscal 1993

FUND BALANCES AT END OF YEAR

See notes to financial statements.

	General Operating Fund				General Bond Reserve Fund (Note 5)	
	Unrestricted		Restricted			
	1994	1993	1994	1993	1994	1993
	$ 314,897	$ 356,925	—	—	—	—
	45,324	42,516	$ 1,439,358	$ 2,120,219	$ 69,578	$ 125,058
	—	—	10,944,099	10,168,585	—	—
	—	—	795,085	85,098	—	—
	$ 360,221	$ 399,441	$ 13,178,542	$ 12,373,902	$ 69,578	$ 125,058
	$ 173,008	$ 150,929	—	—	—	—
	36,453	37,100	—	—	—	—
	33,373	43,084	—	—	—	—
	44,673	51,317	—	—	$ 2,565	$ 5,869
	—	—	$ 13,178,542	$ 12,373,902	—	—
	$ 287,507	$ 282,430	$ 13,178,542	$ 12,373,902	$ 2,565	$ 5,869
	$ 72,714	$ 117,011	—	—	$ 67,013	$ 119,189
	1,427,046	1,310,035	—	—	1,843,363	2,398,905
	—	—	—	—	(532,965)	(674,731)
	$ 1,499,760	$ 1,427,046	$ —	$ —	$ 1,377,411	$ 1,843,363

Statement of Cash Flows

Year Ended June 30, 1994

CASH FLOWS FROM OPERATING ACTIVITIES:	GENERAL OPERATING FUND Unrestricted	Restricted	GENERAL BOND RESERVE FUND
Excess of revenues over expenses	$ 72,714	—	$ 67,013
Adjustments to reconcile excess of revenues over expenses to net cash flows provided by (used in) operating activities:			
Noncash items:			
Depreciation	9,440	—	—
Amortization of bond discount	—	$ 1,057,825	—
Gain on sale of investments	—	(795,085)	—
Changes in assets and liabilities:			
Other assets	13,259	—	—
Accounts payable and other accrued liabilities	(13,819)	—	—
Unearned administrative fees	(2,000)	—	—
Nonoperating items:			
Investment income	(45,324)	(1,439,358)	(69,578)
Interest expense	—	12,120,717	—
Other operating cash flows:			
Repayment of General Bond Reserve deposits	—	190,200	(253,760)
Collection of financing agreements receivable	—	42,845,049	—
Funds disbursed to institutions	—	(66,953,301)	—
Net cash flows provided by (used in) operating activities	34,270	(12,973,953)	(256,325)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Investments in fixed assets	(6,609)	—	—
Proceeds from revenue bonds and other debt issues	—	73,224,372	—
Repayment of revenue bonds and other debt principal	—	(68,800,451)	—
Interest payments	—	(12,102,480)	—
Net cash flows used in capital and related financing activities	(6,609)	(7,678,559)	—
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments	—	43,077,085	1,005,000
Purchase of investments	—	(37,330,424)	(979,302)
Distribution of pro-rata share of fund earnings upon final redemption of bonds	—	—	(532,965)
Investment income	45,324	1,485,079	56,864
Net cash flows provided by (used in) investing activities	45,324	7,231,740	(450,403)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,985	(13,420,772)	(706,728)
CASH AND CASH EQUIVALENTS AT JUNE 30, 1993	1,433,290	29,477,362	1,392,276
CASH AND CASH EQUIVALENTS AT JUNE 30, 1994	$ 1,506,275	$16,056,590	$ 685,548

See notes to financial statements.

Statement of Cash Flows

Year Ended June 30, 1993

CASH FLOWS FROM OPERATING ACTIVITIES:	General Operating Fund Unrestricted	General Operating Fund Restricted	General Bond Reserve Fund
Excess of revenues over expenses	$ 117,011	—	$ 119,189
Adjustments to reconcile excess of revenues over expenses to net cash flows provided by (used in) operating activities:			
Noncash items:			
Depreciation	8,305	—	—
Amortization of bond discount	—	$ 338,857	—
Gain on sale of investments	—	(85,098)	—
Changes in assets and liabilities:			
Other assets	(12,490)	—	—
Accounts payable and other accrued liabilities	4,394	—	—
Unearned administrative fees	1,000	—	—
Deferred rent	(2,496)	—	—
Nonoperating items:			
Investment income	(42,516)	(2,120,219)	(125,058)
Interest expense	—	12,035,045	—
Other operating cash flows:			
Repayment of General Bond Reserve deposits	—	208,775	(208,775)
Collection of financing agreements receivable	—	16,945,827	—
Funds disbursed to institutions	—	(49,183,114)	—
Net cash flows provided by (used in) operating activities	73,208	(21,859,927)	(214,644)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Investments in fixed assets	(6,121)	—	—
Proceeds from revenue bonds and other debt issues	—	52,838,524	—
Repayment of revenue bonds and other debt principal—		(21,020,696)	—
Interest payments	—	(11,701,648)	—
Net cash flows (used in) provided by capital and related financing activities	(6,121)	20,116,180	—
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments	—	20,101,099	1,290,000
Purchase of investments	—	(24,518,894)	(679,565)
Distribution of pro-rata share of fund earnings upon final redemption of bonds	—	—	(674,731)
Investment income	42,516	2,146,913	130,927
Net cash flows provided by (used in) investing activities	42,516	(2,270,882)	66,631
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	109,603	(4,014,629)	(148,013)
CASH AND CASH EQUIVALENTS AT JUNE 30, 1992	1,323,687	33,491,991	1,540,289
CASH AND CASH EQUIVALENTS AT JUNE 30, 1993	$ 1,433,290	$29,477,362	$ 1,392,276

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 $350 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 principally in United States obligations and Federated Trust accounts. 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. Based upon the intention and ability to hold the securities to maturity, no provision for loss has been provided in those instances where market values are below amortized cost.

Deferred Financing Costs — Issuance costs and discounts on bonds 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 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, 1993 and 1992, amounts rebatable relating to such excess earnings were not significant.

New Accounting Standard — In December 1993, Governmental Accounting Standards Board (GASB) Statement No. 23, Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities, was issued. This statement establishes standards of accounting and financial reporting for refundings resulting in defeasance of debt reported by proprietary activities. GASB No. 23 requires that the difference between the reacquisition price and the net carrying amount of the old debt be deferred and amortized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. On the balance sheet, the deferred amount will be reported as a deduction from or an addition to the new debt liability.

The provisions of this statement are effective for financial statements issued for periods beginning after June 15, 1994. The Authority has not yet evaluated the impact of the new standard on the financial statements. Management of the Authority does not intend to retroactively apply this Statement.

3. INVESTMENTS

Investments consist of those permitted by the various bond indentures or by Authority policy. Investments include 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 bond 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 Moody's.

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 (GASB No. 3 Credit Risk Category 1).

The carrying value of cash and cash equivalents and investments at June 30, 1994 consisted of:

	General Operating Fund		General Bond Reserve Fund
	Unrestricted	*Restricted*	
U.S. Government and agencies	—	$ 9,514,371	$ 1,122,000
Federated trust accounts	$ 1,499,659	7,206,818	584,573
Investment agreements	—	6,001,697	—
Deposits	6,616	2,478,534	100,976
Commercial paper	—	7,000,000	—
Bonds	—	2,133,559	—
	1,506,275	34,334,979	1,807,549
Unamortized premium/(discount)	—	158,219	(7,879)
	$ 1,506,275	$34,493,198	$ 1,799,670
Approximate market value at June 30, 1994	$ 1,506,275	$34,167,167	$ 1,793,168

The carrying value of cash and cash equivalents and investments at June 30, 1993 consisted of:

	General Operating Fund		General Bond Reserve Fund
	Unrestricted	*Restricted*	
U.S. Government and agencies	—	$39,910,968	$ 1,135,000
Federated trust accounts	$ 1,396,337	5,176,175	1,240,330
Deposits	36,953	2,950,044	151,946
Commercial paper	—	5,000,000	—
	1,433,290	53,037,187	2,527,276
Unamortized discount	—	(171,641)	(8,311)
	$ 1,433,290	$52,865,546	$ 2,518,965
Approximate market value at June 30, 1993	$ 1,433,290	$53,958,000	$ 2,527,000

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 through Series FF are recorded as financing leases. Agreements commencing with Series 1985-1 have been recorded as loans receivable, except for Series PPP and Series VVV which are financing leases.

The Authority's net investment in financing agreements consisted of the following at June 30, 1994 (with comparative totals at June 30, 1993):

	June 30, 1994 Financing Leases	Loans Receivable	Total	June 30 1993
Total minimum payments to be received	$ 26,088,932	$335,008,339	$361,097,271	$365,772,442
Assets held in trust	(2,450,600)	(32,237,454)	(34,688,054)	(52,959,430)
Unearned income	(11,489,180)	(134,512,144)	(146,001,324)	(156,513,371)
	$ 12,149,152	$168,258,741	$180,407,893	$156,299,641

Assets held in trust consist primarily of bond proceeds used to fund debt service reserves and construction accounts and are reported as cash and cash equivalents and investments.

Total minimum payments to be received consist of those from the participating institutions and from income earned on the investments in the required reserves and sinking funds as stipulated in the trust indentures.

At June 30, 1994 future minimum payments to be received under financing agreements to support aggregate bond payments approximates:

	Principal	Interest	Total
1995	$ 9,130,802	$ 12,183,177	$ 21,313,979
1996	8,618,745	11,660,397	20,279,142
1997	9,574,449	12,212,775	21,787,224
1998	9,498,426	11,847,938	21,346,364
1999	10,669,230	9,673,657	20,342,887
Thereafter	167,604,295	88,423,380	256,027,675
	$215,095,947	$146,001,324	$361,097,271

5. REVENUE BONDS AND OTHER DEBT OBLIGATIONS

Revenue bonds payable at June 30, 1994 consist of the following serial and term bonds (the Series ZZ, Series SSS, Series XXX, and Series YYY obligations are payable pursuant to a promissory note, and the Series PPP and Series VVV are payable pursuant to a capital lease agreement):

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%
520,000	Series D (College of St. Scholastica)	5.3% to 6.0%
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%
370,000	Series J (College of St. Benedict)	6.3% to 6.8%
690,000	Series M (College of St. Catherine)	7.4% to 8.0%
6,460,000	Series 1975-1 (Bethel College)	7.7% to 8.3%
795,000	Series R (College of St. Catherine)	4.0% to 6.625%
2,385,000	Series T (Carleton College)	5.625%
2,360,000	Series W (Bethel College)	6.4% to 7.0%
5,245,000	Series Y (St. Olaf College)	6.25% to 6.75%
830,000	Series KK (Minneapolis College of Art/Design)	6.5% to 8.75%
2,550,000	Series NN (Gustavus Adolphus College)	5.0% to 7.5%
1,300,000	Series PP (Vermillion Community College)	6.75% to 9.0%
5,105,000	Series TT (College of St. Scholastica)	6.6% to 7.25%
1,680,000	Series UU (College of St. Benedict)	6.1% to 6.9%
1,440,000	Series VV (Gustavus Adolphus College)	6.5% to 7.4%
2,500,000	Series WW (St. John's University)	6.2% to 7.0%
5,155,000	Series XX (Northwestern College of Chiropractic)	7.0% to 8.5%
3,800,000	Series YY (Concordia College)	6.4% to 7.1%
900,000	Series ZZ (Augsburg College)	7.44% to 7.54%
4,430,000	Series AAA (Hamline University)	6.375% to 7.0%
3,000,000	Series BBB (Gustavus Adolphus College)	6.7% to 8.05%
24,405,000	Series CCC (University of St. Thomas)	5.5% to 7.125%
3,400,000	Series EEE (College of St. Scholastica)	5.2% to 7.2%
9,645,000	Series GGG (Augsburg College)	5.0% to 6.5%
5,000,000	Series HHH (St. John's University)	4.0% to 6.1%
10,200,000	Series III (University of St. Thomas)	5.4% to 6.2%
15,760,000	Series JJJ (Macalester College)	5.1% to 6.4%
4,565,000	Series KKK (Hamline University)	5.3% to 6.6%
24,300,000	Series LLL (Carleton College)	2.6% to 5.5%
9,205,000	Series MMM (College of St. Catherine)	2.8% to 6.0%
3,695,000	Series NNN (College of St. Scholastica)	3.25% to 6.2%
2,000,000	Series OOO (William Mitchell College of Law)	Variable
1,560,000	Series PPP (Augsburg College)	6.08%
12,535,000	Series QQQ (College of St. Mary)	3.25% to 6.15%
46,000,000	Series RRR (University of St. Thomas)	2.5% to 5.6%
225,000	Series SSS (Minneapolis College of Art/Design)	6.18%
950,000	Series TTT (Vermillion Community College)	6.0%
6,420,000	Series UUU (Concordia College)	3.0% to 4.9%
622,189	Series VVV (Gustavus Adolphus College)	5.18%
17,475,000	Series WWW (College of St. Benedict)	3.6% to 6.375%
350,000	Series XXX (College of Associated Arts)	6.35%
1,612,000	Series YYY (Minneapolis College of Art/Design)	6.33%
$ 257,524,189		

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
Dec 1, 1975 to Dec 1, 2012	$1,775,000	$(10,494)	$1,764,506
Jun 1, 1974 to Jun 1, 1997	450,000	(1,621)	448,379
Mar 1, 1974 to Mar 1, 1997	110,000	(251)	109,749
Mar 1, 1974 to Mar 1, 1998	425,000	(1,078)	423,922
Jun 1, 1975 to Jun 1, 1999	120,000	(592)	119,408
Jul 1, 1976 to Jul 1, 2002	215,000	(1,665)	213,335
Nov 1, 1976 to Nov 1, 1996	205,000	(537)	204,463
Oct 1, 1976 to Oct 1, 1994	1,100,000	(664)	1,099,336
May 1, 1977 to May 1, 1997	195,000	(757)	194,243
Mar 1, 2007	2,385,000	—	2,385,000
Apr 1, 1979 to Apr 1, 2001	1,275,000	—	1,275,000
Apr 1, 1981 to Apr 1, 2010	4,200,000	(39,435)	4,160,565
Feb 1, 1988 to Feb 1, 2001	535,000	(4,731)	530,269
Oct 1, 1988 to Oct 1, 2003	1,930,000	(17,939)	1,912,061
Jan 1, 1990 to Jan 1, 2007	1,105,000	(17,035)	1,087,965
Dec 1, 1990 to Dec 1, 2014	4,560,000	(59,595)	4,500,405
Sep 1, 1990 to Sep 1, 1999	1,335,000	(8,702)	1,326,298
Oct 1, 1991 to Oct 1, 2004	1,330,000	(12,382)	1,317,618
Oct 1, 1990 to Oct 1, 1999	1,710,000	(17,563)	1,692,437
Oct 1, 1992 to Oct 1, 2005	4,740,000	—	4,740,000
Oct 1, 1992 to Oct 1, 2000	3,205,000	(22,861)	3,182,139
Feb 1, 1991 to Aug 1, 2000	484,190	—	484,190
Oct 1, 1992 to Oct 1, 2010	4,210,000	—	4,210,000
Oct 1, 1992 to Oct 1, 2010	2,870,000	—	2,870,000
Sep 1, 1993 to Sep 1, 2016	3,560,000	(362,884)	3,197,116
Dec 1, 1993 to Dec 1, 2011	3,220,000	(46,140)	3,173,860
Jan 1, 1995 to Jan 1, 2017	9,645,000	(47,538)	9,597,462
Oct 1, 1993 to Oct 1, 2002	4,700,000	(5,882)	4,694,118
Oct 1, 1993 to Oct 1, 2003	9,850,000	(83,952)	9,766,048
Mar 1, 1997 to Mar 1, 2022	15,670,000	(110,788)	15,559,212
Jun 1, 1994 to Jun 1, 2009	4,405,000	(55,570)	4,349,430
Nov 1, 1993 to Nov 1, 2012	23,860,000	(79,138)	23,780,862
Oct 1, 1993 to Oct 1, 2010	8,775,000	(80,486)	8,694,514
Dec 1, 1994 to Dec 1, 2012	3,695,000	(48,649)	3,646,351
Aug 1, 2003	1,600,000	(13,389)	1,586,611
Dec 1, 1994 to Dec 1, 2002	1,560,000	—	1,560,000
Oct 1, 1994 to Oct 1, 2023	12,535,000	(178,115)	12,356,885
Oct 1, 1993 to Oct 1, 2015	43,945,000	(666,449)	43,278,551
Jan 1, 1994 to July 1, 2005	218,538	—	218,538
Jan 1, 1995 to Jan 1, 2013	950,000	—	950,000
Oct 1, 1994 to Oct 1, 2002	6,420,000	(49,299)	6,370,701
Feb 4, 1994 to Aug 4, 2000	584,751	—	584,751
Mar 1, 1995 to Mar 1, 2020	17,475,000	(354,488)	17,120,512
Jun 25, 1994 to Mar 25, 2009	346,468	—	346,468
Dec 1, 1994 to Jun 1, 2006	1,612,000	—	1,612,000
	$215,095,947	$ 2,400,669	$212,695,278

Revenue bonds payable at June 30, 1993 consist of the following serial and term bonds (the Series ZZ obligation is payable pursuant to a promissory note, and the Series PPP obligation is payable pursuant to a capital lease agreement):

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%
520,000	Series D (St. Scholastica)	5.3% to 6.0%
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%
370,000	Series J (College of St. Benedict)	6.3% to 6.8%
800,000	Series K (University of St. Thomas)	5.5% to 6.9%
690,000	Series M (College of St. Catherine)	7.4% to 8.0%
800,000	Series Q (Concordia College)	4.0% to 6.375%
6,460,000	Series 1975-1 (Bethel College)	7.7% to 8.3%
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 (University 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 (University 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%
3,055,000	Series FF (Concordia College)	5.0% to 8.8%
8,055,000	Series 1985-1 (University of St. Thomas)	5.25% to 8.2%
5,500,000	Series II (University of St. Thomas)	6.5% to 7.5%
830,000	Series KK (Minneapolis College of Art/Design)	6.5% to 8.75%
2,550,000	Series NN (Gustavus Adolphus College)	5.0% to 7.5%
11,100,000	Series OO (University 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%
4,415,000	Series SS (University of St. Thomas)	7.1% to 7.3%
5,105,000	Series TT (College of St. Scholastica)	6.6% to 7.25%
1,680,000	Series UU (College of St. Benedict)	6.1% to 6.9%
1,440,000	Series VV (Gustavus Adolphus College)	6.5% to 7.4%
2,500,000	Series WW (St. John's University)	6.2% to 7.0%
5,155,000	Series XX (Northwestern College of Chiropractic)	7.0% to 8.5%
3,800,000	Series YY (Concordia College)	6.4% to 7.1%
900,000	Series ZZ (Augsburg College)	7.44% to 7.54%
4,430,000	Series AAA (Hamline University)	6.375% to 7.0%
3,000,000	Series BBB (Gustavus Adolphus College)	6.7% to 8.05%
24,405,000	Series CCC (University of St. Thomas)	5.5% to 7.125%
5,100,000	Series DDD (College of St. Benedict)	Variable
3,400,000	Series EEE (College of St. Scholastica)	5.2% to 7.2%
9,645,000	Series GGG (Augsburg College)	5.0% to 6.5%
5,000,000	Series HHH (St. John's University)	4.0% to 6.1%
10,200,000	Series III (University of St. Thomas)	5.4% to 6.2%
15,670,000	Series JJJ (Macalester College)	5.1% to 6.4%
4,565,000	Series KKK (Hamline University)	5.3% to 6.6%
24,300,000	Series LLL (Carleton College)	2.6% to 5.5%
9,205,000	Series MMM (College of St. Catherine)	2.8% to 6.0%
3,695,000	Series NNN (College of St. Scholastica)	3.25% to 6.2%
2,000,000	Series OOO (William Mitchell College of Law)	Variable
1,560,000	Series PPP (Augsburg College)	6.08%
12,535,000	Series QQQ (College of St. Mary)	3.25% to 6.15%
$ 237,955,000		

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
Dec 1, 1975 to Dec 1, 2012	$1,815,000	$(11,409)	$1,803,591
Jun 1, 1974 to Jun 1, 1997	580,000	(2,254)	577,746
Mar 1, 1974 to Mar 1, 1997	145,000	(429)	144,571
Mar 1, 1974 to Mar 1, 1998	525,000	(1,664)	523,336
Jun 1, 1975 to Jun 1, 1999	140,000	(818)	139,182
Jun 1, 1976 to Jul 1, 2002	230,000	(1,996)	228,004
Sep 1, 1975 to Sep 1, 1994	125,000	(84)	124,916
Nov 1, 1976 to Nov 1, 1996	250,000	(1,032)	248,968
Apr 1, 1978 to Apr 1, 1994	165,000	(260)	164,740
Oct 1, 1976 to Oct 1, 1994	1,650,000	(3,660)	1,646,340
May 1, 1977 to May 1, 1997	250,000	(1,252)	248,748
Mar 1, 2007	2,385,000	—	2,385,000
Apr 1, 1980 to Apr 1, 2000	375,000	(2,489)	372,511
Apr 1, 1979 to Apr 1, 2001	1,375,000	—	1,375,000
Apr 1, 1980 to Apr 1, 1999	1,200,000	(4,208)	1,195,792
Apr 1, 1981 to Apr 1, 2010	4,310,000	(43,135)	4,266,865
Apr 1, 1983 to Apr 1, 2006	5,100,000	(67,032)	5,032,968
Oct 1, 1984 to Oct 1, 2003	2,200,000	(28,171)	2,171,829
Jul 1, 1985 to Jul 1, 1993	1,175,000	—	1,175,000
Nov 1, 1995 to Nov 1, 2015	5,400,000	(30,272)	5,369,728
Feb 1, 1988 to Feb 1, 2001	590,000	(5,998)	584,002
Oct 1, 1988 to Oct 1, 2003	2,050,000	(21,044)	2,028,956
Oct 1, 1989 to Oct 1, 2007	9,900,000	(103,475)	9,796,525
Jan 1, 1990 to Jan 1, 2008	1,150,000	(19,137)	1,130,863
Sep 1, 1988 to Mar 1, 2003	4,900,000	—	4,900,000
Nov 1, 1990 to Nov 1, 2014	4,210,000	(50,241)	4,159,759
Dec 1, 1990 to Dec 1, 2014	4,715,000	(64,383)	4,650,617
Sep 1, 1990 to Sep 1, 1999	1,435,000	(11,141)	1,423,859
Oct 1, 1991 to Oct 1, 2004	1,400,000	(14,354)	1,385,646
Oct 1, 1990 to Oct 1, 1999	1,935,000	(20,225)	1,914,775
Oct 1, 1992 to Oct 1, 2005	4,965,000	—	4,965,000
Oct 1, 1992 to Oct 1, 2000	3,510,000	(28,859)	3,481,141
Feb 1, 1991 to Aug 1, 2000	614,071	—	614,071
Oct 1, 1992 to Oct 1, 2010	4,355,000	—	4,355,000
Oct 1, 1992 to Oct 1, 2010	2,945,000	—	2,945,000
Sep 1, 1993 to Sep 1, 2016	24,405,000	(649,424)	23,755,576
Feb 1, 2016	5,100,000	(30,549)	5,069,451
Dec 1, 1992 to Dec 1, 2011	3,310,000	(50,392)	3,259,608
Jan 1, 1995 to Jan 1, 2017	9,645,000	(50,832)	9,594,168
Oct 1, 1993 to Oct 1, 2002	5,000,000	(7,018)	4,992,982
Oct 1, 1993 to Oct 1, 2003	10,200,000	(99,728)	10,100,272
Mar 1, 1997 to Mar 1, 2022	15,670,000	(116,554)	15,553,446
Jun 1, 1994 to Jun 1, 2009	4,565,000	(61,370)	4,503,630
Nov 1, 1993 to Nov 1, 2012	24,300,000	(94,709)	24,205,291
Oct 1, 1993 to Oct 1, 2010	9,205,000	(90,374)	9,114,626
Dec 1, 1994 to Dec 1, 2012	3,695,000	(53,454)	3,641,546
Aug 1, 2003	2,000,000	(14,864)	1,985,136
Dec 1, 1994 to Dec 1, 2002	1,560,000	—	1,560,000
Oct 1, 1994 to Oct 1, 2023	12,535,000	(187,249)	12,347,751
	$209,259,071	$(2,045,539)	$207,213,532

5. REVENUE BONDS AND OTHER DEBT OBLIGATIONS (CONTINUED)

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, which is 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 for all bonds through Series Z
- Restricted assets in the General Operating Fund pertaining to each issue, including a debt service reserve for all issues except Series 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, 1994, as follows:

Series T	**$3,020,030**
Series KK	**637,362**

In June 1991, the College of St. Scholastica deposited funds 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 LL bonds upon redemption. The last payments on the defeased debt are due December 1, 1995. At June 30, 1993, outstanding principal on the bonds was $705,000.

During the year ended June 30, 1993, the Authority issued bond Series QQQ for the purpose of refunding Series C, Series 1976-2, Series MM, and Series FFF and issued Series OOO for the purpose of refunding Series RR. A portion of the proceeds of the refunding bond issues was deposited with a trustee to pay the principal and interest on redemption of Series C, Series 1976-2, and Series RR. Series C and Series 1976-2 were subsequently redeemed. At June 30, 1994, outstanding principal on Series RR was $4,300,000 and the bonds were subsequently redeemed in August 1994. The remaining proceeds were deposited 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 MM and Series FFF upon redemption. The last payments on the defeased debt are due May 1, 1999 and October 1, 2001, respectively. At June 30, 1994, outstanding principal on the bonds was $2,500,000 for Series MM and $2,365,000 for Series FFF.

During the year ended June 30, 1993, Series D, Series L, and Series O bonds were called and redeemed.

During the year ended June 30, 1994, the Authority issued bond Series RRR in the aggregate amount of $46,000,000 for the purpose of refunding portions of Series U, Series X, Series II, Series OO, Series SS, and Series CCC; issued Series UUU for the purpose of refunding Series Z and Series FF; and issued Series WWW for the purpose of refunding Series QQ and Series DDD. A portion of the proceeds of the refunding bond issues was deposited with a trustee to pay the principal and interest on redemption of Series U, Series X, Series Z, Series FF, and Series DDD, which were subsequently redeemed. Remaining proceeds were deposited 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 II, Series OO, Series QQ, Series SS, and Series CCC upon redemption. Bonds will be called for redemption November 1, 1994 through September 1, 2000. At June 30, 1994, outstanding principal on the bonds was $5,225,000, $9,550,000, $4,900,000, $4,130,000, and $20,345,000, respectively.

6. LEASE COMMITMENT

The Authority has a lease commitment for office space of $3,038 per month through November 1997 with remaining aggregate payments of $124,548 at June 30, 1994. Rent expense was $36,453 and $37,100 for the years ended June 30, 1994 and 1993, respectively.

Minnesota Higher Education Facilities Authority

St.Paul, Minnesota

Printed on recycled paper
Simpson Quest - 100% recycled, 100% postconsumer waste
Simpson Evergreen - 50% recycled, 10% postconsumer waste