MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

FISCAL YEAR 1995

ANNUAL REPORT

DEDICATION

With grateful apprecation for his outstanding leadership, this annual report is dedicated to Dr. Joseph E. LaBelle, Executive Director of the Minnesota Higher Education Facilities Authority from its inception in 1971 through his retirement in April, 1995.

A MESSAGE FROM THE CHAIRPERSON

November 1, 1995

Honorable Arne Carlson, Governor
Members of the Legislature
State Capitol
Saint Paul, Minnesota 55115

Dear Governor Carlson and Members of the Legislature:

The Minnesota Higher Education Facilities Authority is pleased to submit its Annual Report for Fiscal Year 1995.

During the year the Facilities Authority continued its long-term record of providing an economical financing source for Minnesota's private not-for-profit colleges and universities through the issuance of tax-exempt debt on behalf of those institutions. As before, this function was carried out in a low-profile and cost-effective manner; the Authority receives no State appropriations but rather is funded by modest fees related to the outstanding bonds, paid by the borrowing colleges and universities.

The year was marked by a low level of new debt issuance, consistent with reduced general levels of activity nationwide in the tax-exempt debt markets. After two unusually busy years, a single new financing was brought to completion. The $6,660,000 Series Three-Z was issued on behalf of Macalester College. It lent financial support to the College's overall campus enhancement program, with the proceeds of the issue being applied to renovations and roof repairs to a number of campus buildings as well as expansion of athletic fields and construction of a campus road. The bonds were issued in variable rate form; through September 1, the average rate has been an attractive 3.77%. Some additional features of the financing are described elsewhere in this report. At the beginning of the new fiscal year two new applications were in process and at this writing two more have been received, so a return to a more normal pace of financing activity is well underway.

During 1995, the Authority undertook and completed a selection process for a new Executive Director, occasioned by the retirement of Dr. Joseph E. LaBelle, who served the Authority with outstanding skill and dedication as Executive Director from its inception in 1971. The process employed was a thorough and deliberate one. A search committee was organized from the membership of the Authority, and was ably led by Jack Amundson, who was also serving his final year as Chair of the Authority. Over a period of several months, applications were solicited, finalists were selected and interviewed, and references were reviewed. The outcome was the selection of J. Luther Anderson, formerly an Executive Vice President with Springsted Incorporated. He accepted the appointment and began his work for the Authority as the fiscal year drew to a close. During the transition period, Elaine Yungerberg, Assistant Executive Director, very capably served as Interim Executive Director.

A MESSAGE FROM THE CHAIRPERSON

(Continued)

As we look to the future, the Authority recognizes that Minnesota's private colleges and universities share in the many and varied challenges facing private higher education all across the nation. Our purpose is to assist them in dealing with those challenges by making available cost-effective financing to maintain and enhance their physical plants. The transition the Authority experienced during the past year provided an excellent opportunity to review its mission and goals. We begin a new fiscal year with renewed vigor to maintain and enhance the service to private, not-for-profit colleges and universities that has been characteristic of the Authority throughout its history.

Respectfully submitted,

Kathryn Balstad Brewer

Kathryn Balstad Brewer
Chairperson

BOARD MEMBERS

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

Kathryn Balstad Brewer, Chair
Doctoral Candidate at University of Minnesota
Former Senior Vice President with First Bank Systems
Term Expires January, 1999

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

Tom Martinson
Principal of City Planning & Economic Development, Minneapolis
Term Expires January, 1999

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

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

Timothy M. Medd, *Ex-officio Member*
Minnesota Higher Education Services Office

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

STAFF

J. Luther Anderson, Executive Director
Elaine J. Yungerberg, Assistant Executive Director
Helen M. Savage, Secretary

ADVISORS

BOND COUNSEL
Faegre and Benson *(Marianne Remedios)*, Minneapolis

FINANCIAL ADVISORS
Springsted Incorporated *(Barry Fick)*, St. Paul

INDEPENDENT AUDITORS
Coopers & Lybrand L.L.P., Minneapolis

THE MISSION OF THE AUTHORITY

The mission of the Minnesota Higher Education Facilities Authority is to assist eligible institutions of higher education in the State of Minnesota in financing their capital needs in an efficient and cost-effective manner.

Within the framework of Minnesota Statutes 136A.25 - 136A.42, the Authority works to assist educational institutions primarily through the issuance of tax-exempt debt obligations on their behalf. The Authority also actively seeks to develop financing programs that may be of benefit to institutions and shall make its staff and technical resources available to institutions whenever the application of those resources may prove beneficial in the development or implementation of institutional debt financing plans. The Authority shall, where appropriate, actively seek to have laws and regulations amended to empower the Authority to provide such assistance. The Authority will also endeavor to inform and update the representatives of the institutions on the current regulations and strategies of debt financing.

The Authority shall conduct its activities in strict accordance with all applicable laws and regulations. The Authority will not act as a regulatory body with respect to the internal policies and activities, financial or otherwise, of any educational institution, except as may be required by law and prudent fiscal policy in the course of providing assistance to such educational institutions.

Bonds issued by the Authority in Fiscal Year 1995

In September 1994, the Authority issued its Series Three-Z Revenue Bonds on behalf of Macalester College in the amount of $6,660,000. The proceeds were used for a variety of campus renovation and improvement projects that are part of the College's overall campus improvement plan.

The College chose to have the financing structured in the form of variable rate demand bonds ("VRDB's"). In that format the interest rate is reset weekly and the owner has the right, on seven days notice, to have the bonds repurchased at their par value. With that level of liquidity, VRDB's command interest rates at the short end of the yield curve, generally the lowest available at any given time. Five other colleges have utilized this form of issuance through the Authority with generally very satisfactory results.

An offset to the low interest cost for VRDB's in most cases is the need to provide a letter of credit or other liquidity vehicle, to ensure funds are available to purchase bonds, in the event any are put and cannot be quickly remarketed. The higher cost and more limited availability of such vehicles in recent years has to some extent limited the desirability and cost-effectiveness of VRDB's. Macalester was able to forego that added cost by utilizing the availability of a liquid investment fund the College already was maintaining for other purposes.

The key to acceptance of the bonds in the short-term marketplace is a short-term bond rating, which normally is based on the purchased credit enhancement. In this case, the finance team (College and its counsel, Authority, bond counsel, underwriters, financial advisor, and trustee) all worked together with Moody's Investors Service to structure a special liquidity covenant, related to the College's fund of liquid assets, on the basis of which Moody's assigned its highest short-term rating to the bonds. That, together with the College's Aa long-term rating, has been adequate to keep the Series Three-Z Bonds successfully marketed at extremely attractive weekly interest rates, averaging 3.77% from inception through September 1, 1995. With no added ongoing liquidity fees, this makes for a particularly cost-effective financing for the College.

The College's financial means, of course, are the bedrock upon which the financing strategy was built, but the creative work of the entire financing team in turning those resources into an innovative and cost-effective financing plan exemplify the kind of service to Minnesota's colleges that the Authority strives to facilitate at every opportunity.

Outstanding Bond Issues of the Authority

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 in America.

- *Series A issued December, 1972 in the amount of $2,200,000*

  The proceeds were used for the construction of a student housing facility with a capacity of 312 students.

- *Series Two-Z issued August, 1990 in the amount of $900,000*

  The proceeds were used for the acquisition and installation of a new campus telecommunications system and a new administrative computer system and software.

- *Series Three-G issued May, 1992 in the amount of $9,645,000*

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

- *Series Three-P issued April, 1993 in the amount of $1,560,000*

  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.

BETHEL COLLEGE is a four-year, liberal arts college. Bethel's wooded, lakeside campus is located 15 minutes from downtown St. Paul and Minneapolis in suburban Arden Hills. Bethel College is owned and operated by the Baptist General Conference.

- *Series B issued December, 1972 in the amount of $1,935,000*

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

- *Series 1975-1 issued December, 1975 in the amount of $6,460,000*

  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. (These bonds matured in FY1995 and the series was fully retired.)

- *Series W issued August, 1978 in the amount of $2,360,000*

  The proceeds were used to construct two student housing residences to accommodate 282 students.

Outstanding Bond Issues of the Authority
(Continued)

CARLETON COLLEGE is a coeducational, residential, liberal arts college located in Northfield, Minnesota. Carleton was chartered in December, 1866.

- *Series T, issued December, 1977 in the amount of $2,385,000*

  The proceeds were used to remodel the Sayles Hill Gymnasium and two academic buildings for the humanities and social sciences departments.

- *Series Three-L1, Three-L2, Three-L3 issued October, 1992 in the amount of $24,300,000*

  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.

COLLEGE OF ASSOCIATED ARTS is a four-year, liberal arts college emphasizing the visual arts. The College is located in St. Paul.

- *Series Three-X issued March, 1994 in the amount of $350,000*

  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.

COLLEGE OF SAINT BENEDICT is a Catholic liberal arts college for women founded by Benedictine monastic women in 1887. Academic and social programs are carried out in cooperation with nearby Saint John's University for men allowing students access to the faculties and facilities of two campuses.

- *Series F issued March, 1973 in the amount of $1,610,000*

  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.

- *Series J issued July 1974 in the amount of $370,000*

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

- *Series Two-U issued September, 1989 in the amount of $1,680,000,*

  A portion of the proceeds were used to 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.

Outstanding Bond Issues of the Authority
(Continued)

- *Series Three-W issued March, 1994 in the amount of $17,475,000*

  A portion of the proceeds of this bond issue were used to refund Series Two-Q and Series Three-D bond issues. The remaining portion of the proceeds financed the acquisition, construction, and furnishing of a three-story, 242-bed residence hall on a 2.35-acre site on the campus of the College.

COLLEGE OF ST. CATHERINE is a Catholic, liberal arts college founded in 1905 by the Sisters of St. Joseph of Carondelet. The college offers its programs on two campuses, one in St. Paul and one in Minneapolis. Although the combined resources of the two campuses allow for the development of cooperative programs, each campus maintains its institutional integrity.

- *Series M issued May, 1974 in the amount of $690,000*

  The proceeds were used to construct the Fairview Apartments student housing residences with 13 one-bedroom apartments and 23 two-bedroom apartments.

- *Series R issued August, 1977 in the amount of $795,000*

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

- *Series Three-M1, Three-M2, issued January, 1993 in the amount of $9,205,000*

  The proceeds of the bonds, together with other funds available to the College, were used to provide for the construction and furnishing of a sports facility (including gym and pool) to be located on the St. Paul campus. The remaining proceeds of this bond issue were used for various remodeling and construction projects in the Arts Building, Mendel Hall and St. Joseph Hall on the St. Paul campus and in the Education Building and Old Main, both located on the Minneapolis campus.

COLLEGE OF ST. SCHOLASTICA is a coeducational, liberal arts Benedictine College located in Duluth, Minnesota. The College was founded in 1912, and offers a variety of undergraduate and graduate programs.

- *Series D issued March, 1973 in the amount of $520,000*

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

- *Series H issued June, 1974 in the amount of $340,000*

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

Outstanding Bond Issues of the Authority
(Continued)

- *Series Two-T issued June, 1989 in the amount of $5,105,000*

  The proceeds were used to construct and furnish student residence facilities; construct and equip garage stalls for campus grounds equipment; renovate and equip office and classroom space in Tower Hall; and acquire and install a new campus telephone and computer system.

- *Series Three-E issued June, 1991 in the amount of $3,400,000*

  Proceeds of this bond issue were used for the 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.

- *Series Three-N issued March, 1993 in the amount of $3,695,000*

  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, consisting of a three-story wing, accommodating approximately 100 students in suite-style arrangements.

CONCORDIA COLLEGE - MOORHEAD is a four-year, liberal arts college of the Evangelical Lutheran Church in America. The College was founded in 1891 and is located within the residential section of Moorhead, Minnesota.

- *Series Two-Y issued July, 1990 in the amout of $3,800,000*

  Proceeds of this bond issue were used for the renovation of the College's field house; construction a bell tower and improvements to the central campus mall; remodeling third and fourth floors of the Carl B. Ylvisiker Library; expansion and upgrading of the College's electrical system; installing central air conditioning to service a large section of campus; and construction of tennis courts and parking lots.

- *Series Three-U issued August, 1993 in the amount of $6,420,000*

  The proceeds were used to refinance Bond Series Z and Series Two-F.

GUSTAVUS ADOLPHUS COLLEGE is a residential, four-year, liberal arts college with a Swedish and Lutheran heritage. It was founded in 1862 and was given its name to honor the Swedish king who defended Protestantism during the Thirty Years War. The College is located in St. Peter, Minnesota.

- *Series Two-N issued August, 1987 in the amount of $2,550,000*

  The proceeds were used to remodel the Johnson Student Union, construct campus roads, expand parking, and construct an interpretative center in the Arboretum.

Outstanding Bond Issues of the Authority

(Continued)

- *Series Two-V issued November, 1989 in the amount of $1,440,000*

  Net proceeds of this bond issue were used to refund, in advance of maturity, the outstanding principal of the Series 1983-A note, which was originally issued by the Facilities Authority.

- *Series Three-B issued October, 1990 in the amount of $3,000,000*

  The proceeds of this bond issue were used for the construction and furnishing of Confer Hall and the acquisition and installation of an air conditioning system that will serve five buildings on the campus.

- *Series Three-V issued August, 1993 in the amount of $622,189*

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

HAMLINE UNIVERSITY, located in St. Paul, was founded in 1854 and is affiliated with the United Methodist Church. The University is composed of an undergraduate college, the Hamline University School of Law, graduate programs, and a continuing professional studies division.

- *Series Three-A issued August, 1991 in the amount of $4,430,000*

  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 maintenance projects.

- *Series Three-K issued May, 1992 in the amount of $4,565,000*

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

MACALESTER COLLEGE is a four-year, coeducational, undergraduate residential liberal arts college located in St. Paul, Minnesota. The College was founded in 1874 and is affiliated with the Presbyterian Church (U.S.A.)

- *Series Three-J issued June, 1992 in the amount of $15,670,000*

  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 various renovations and improvements on the campus.

- *Series Three-Z issued September, 1994 in the amount of $6,660,000*

  The proceeds of this bond issue were used for the expansion of the College athletic fields and other renovations on the campus.

Outstanding Bond Issues of the Authority

(Continued)

MINNEAPOLIS COLLEGE OF ART AND DESIGN is a fully accredited, private, four-year college located in a residential neighborhood just south of downtown Minneapolis. The curriculum is structured with studio emphasis and a liberal arts core.

- *Series Two-K issued December, 1985 in the amount of $830,000*

  The proceeds were used for constructing and furnishing a bookstore, student gallery and artist work space. The project also included remodeling the main College building and purchasing equipment for the computer lab.

- *Series Three-S issued July, 1993 in the amount of $225,000*

  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.

- *Series Three-Y issued June, 1994 in the amount of $1,612,000*

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

NORTHWESTERN COLLEGE OF CHIROPRACTIC was founded in 1941 and offers a pre-professional and professional program for a Doctor of Chiropractic degree. Students must have completed two academic years of college coursework to gain admission to Northwestern. The College is located in Bloomington, Minnesota.

- *Series Two-X issued September, 1990 in the amount of $5,155,000*

  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, acquiring, remodeling, and furnishing an outpatient teaching clinic.

SAINT JOHN'S UNIVERSITY is a Catholic, liberal arts college for men which offers its academic and extracurricular program in conjunction with nearby College of Saint Benedict, which is a Catholic, liberal arts college for women. Founded in 1857, Saint John's is located in Collegeville, Minnesota, and is operated by Benedictine monastic men of Saint John's Abbey.

- *Series Two-W issued January, 1990 in the amount of $2,500,000*

  The proceeds were used to finance the construction of a new art building with appurtenant equipment and site improvements.

- *Series Three-H issued June, 1992 in the amount of $5,000,000*

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

SAINT MARY'S UNIVERSITY OF MINNESOTA, formerly Saint Mary's College, is a four-year, coeducational, residential, liberal arts institution. It was founded in 1912 and is administered by the Christian Brothers. In addition to the original undergraduate campus located in Winona, Minnesota, Saint Mary's maintains graduate school centers in Minneapolis and Rochester.

- *Series Three-Q issued June, 1993 in the amount of $12,535,000*

  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. The remaining portion of the proceeds of the Series Three-Q bonds financed the construction and furnishing of a recreational facility on the University's Winona campus.

SAINT OLAF COLLEGE is a four-year liberal arts college located in Northfield, Minnesota. It was founded in 1874 and is associated with the Evangelical Lutheran Church in America. St. Olaf has academic standards and traditions rooted in the rich heritage of the region's Scandinavian pioneers.

- *Series Y issued June, 1979 in the amount of $5,245,000*

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

UNIVERSITY OF ST. THOMAS was founded in 1885 by Archbishop John Ireland and is a coeducational, liberal arts university. The main campus is located in St. Paul and the center for graduate studies of the University is located in downtown Minneapolis.

- *Series Three-C issued March 1991 in the amount of $24,405,000*

  The proceeds of this bond issue were used for the acquisition of land and construction of an educational facility, which is the principal structure of the University's downtown Minneapolis campus.

- *Series Three-I issued April, 1992 in the amount of $10,200,000*

  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.

- *Series Three-R issued June, 1993 in the amount of $46,000,000*

  The Series Three-R1 Bonds for $22,985,000 were issued to refund outstanding maturities of prior bond issues: Series U, Series X, Series Two-I, Series Two-O, and Series Two-S.

  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 issued on behalf of the University. The refunding including all Series Three-C Bonds maturing from 1993 through 2014. Not included in the refunding are two term bonds due September 1, 2015 and September 1, 2016.

VERMILION COMMUNITY COLLEGE, located in Ely, Minnesota, was established in 1922 as Ely Junior College and became a part of the Minnesota statewide system of community colleges in 1964. The College offers one- and two-year degrees in several programs and emphasizes career training in natural resource and environmental programs.

- *Series Two-P issued November, 1987 in the amount of $1,300,000*

  The proceeds were used to construct and furnish a residence hall on the College campus. The residence hall will accommodate approximately 144 students.

- *Series Three-T issued July, 1993 in the amount of $950,000*

  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.

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 on Summit Avenue in St. Paul.

- *Series Three-O issued June, 1993 in the amount of $2,000,000*

  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.

Report of Independent Accountants

We have audited the accompanying balance sheet of the Minnesota Higher Education Facilities Authority as of June 30, 1995, and the related statements of revenues, expenses and changes in fund balances and cash flows for the year 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 audit. The financial statements of the Minnesota Higher Education Facilities Authority as of June 30, 1994 and for the year then ended, were audited by other auditors whose report, dated September 9, 1994, expressed an unqualified opinion on those statements.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the 1995 financial statements referred to above present fairly, in all material respects, the financial position of the Minnesota Higher Education Facilities Authority as of June 30, 1995, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

Coopers & Lybrand L.L.P.

Minneapolis, Minnesota
August 18, 1995

Balance Sheet

June 30, 1995 and 1994

ASSETS

Cash and cash equivalents	
Investments	
Accrued interest receivable	
Financing agreements:	
Rentals receivable, financing leases	
Loans receivable	
Reserve deposits to General Bond Reserve	
Furniture and equipment (less accumulated depreciation of $53,106 in 1995 and $49,160 in 1994)	
Other	
Total assets	

LIABILITIES AND FUND BALANCES

Liabilities:	
Accounts payable and other accrued liabilities	
Unearned administrative fees	
Revenue bonds and other debt obligations (less unamortized discount of $2,220,611 in 1995 and $2,400,669 in 1994)	
Accrued interest payable	
Reserve deposits from restricted assets of General Operating Fund	
Total liabilities	
Fund balances:	
Unappropriated	
Appropriated	
Total liabilities and fund balances	

General Operating Fund				General Bond Reserve Fund	
Unrestricted		*Restricted*			
1995	1994	1995	1994	1995	1994
$1,589,307	$1,506,275	$ 9,477,851	$ 16,056,590	$ 647,326	$ 685,548
—	—	11,346,433	18,436,608	612,690	1,114,122
—	—	235,857	222,757	8,441	5,514
—	—	11,692,917	12,149,152	—	—
—	—	179,365,861	168,258,741	—	—
—	—	289,773	427,773	—	—
28,417	30,938	—	—	—	—
1,758	4,291	—	—	—	—
$1,619,482	$1,541,504	$212,408,692	$215,551,621	$1,268,457	$1,805,184
40,282	40,744	—	—	—	—
—	1,000	—	—	—	—
—	—	209,704,532	212,695,278	—	—
—	—	2,704,160	2,856,343	—	—
—	—	—	—	289,773	427,773
40,282	41,744	212,408,692	215,551,621	289,773	427,773
1,579,200	1,499,760	—	—	—	—
—	—	—	—	978,684	1,377,411
$1,619,482	$1,541,504	$212,408,692	$215,551,621	$1,268,457	$1,805,184

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

Statement of Revenues, Expenses and Changes in Fund Balances

for the years ended June 30, 1995 and 1994

Revenues:

Annual administrative fees

Investment income

Revenues from institutions to finance interest expense

(Loss) gain on sale of investments

Total revenues

Expenses:

Payroll, payroll taxes and employee benefits

Rent expense

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 1975-1 in fiscal 1995 and Series U, Series X, Series Z, Series FF, Series K and Series Q bonds in fiscal 1994

Fund balances at end of year

General Operating Fund				General Bond Reserve Fund	
Unrestricted		*Restricted*			
1995	1994	1995	1994	1995	1994
$ 304,782	$ 314,897	—	—	—	—
73,982	45,324	$ 1,411,085	$ 1,439,358	$ 69,154	$ 69,578
—	—	11,263,736	10,944,099	—	—
—	—	(163,731)	795,085	—	—
378,764	360,221	12,511,090	13,178,542	69,154	69,578
178,127	173,008	—	—	—	—
36,453	36,453	—	—	—	—
33,351	33,373	—	—	—	—
51,393	44,673	—	—	1,090	2,565
—	—	12,511,090	13,178,542	—	—
299,324	287,507	12,511,090	13,178,542	1,090	2,565
79,440	72,714	—	—	68,064	67,013
1,499,760	1,427,046	—	—	1,377,411	1,843,363
—	—	—	—	(466,791)	(532,965)
$1,579,200	$1,499,760	—	—	$ 978,684	$1,377,411

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

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents
for the years ended June 30, 1995 and 1994

Cash flows from operating activities:
- Excess of revenues over expenses
- Adjustments to reconcile excess of revenues over expenses to net cash flows provided by (used in) operating activities:
- Noncash items:
  - Depreciation
  - Amortization of bond discount
  - Loss (gain) on sale of investments
- Changes in assets and liabilities:
  - Other assets
  - Accounts payable and other accrued liabilities
  - Unearned administrative fees
- Nonoperating items:
  - Investment income
  - Interest expense
- Other operating cash flows:
  - Repayment of General Bond Reserve deposits
  - Collection of financing agreements receivable
  - Funds disbursed to institutions
- Net cash provided by (used in) operating activities

Cash flows from financing activities:
- Investments in fixed assets
- Proceeds from revenue bonds and other debt issues
- Repayment of revenue bonds and other debt principal
- Interest payments
  - Net cash used in financing activities

Cash flows from investing activities:
- Proceeds from sales and maturities of investments
- Purchase of investments
- Distribution of pro rata share of fund earnings upon final redemption of bonds
- Investment income
  - Net cash provided by (used in) investing activities

Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

General Operating Fund				General Bond Reserve Fund	
Unrestricted		*Restricted*			
1995	1994	1995	1994	1995	1994
$ 79,440	$ 72,714	—	—	$ 68,064	$ 67,013
8,012	9,440	—	—	—	—
—	—	$ 200,038	$ 1,057,825	—	—
—	—	163,731	(795,085)	—	—
2,533	13,259	—	—	—	—
(462)	(13,819)	—	—	—	—
(1,000)	(2,000)	—	—	—	—
(73,982)	(45,324)	(1,411,085)	(1,439,358)	(69,154)	(69,578)
—	—	12,311,052	12,120,717	—	—
—	—	138,000	190,200	(138,000)	(253,760)
—	—	8,854,026	42,845,049	—	—
—	—	(19,504,911)	(66,953,301)	—	—
14,541	34,270	750,851	(12,973,953)	(139,090)	(256,325)
(5,491)	(6,609)	—	—	—	—
—	—	6,640,020	73,224,372		
—	—	(9,830,804)	(68,800,451)		
—	—	(12,463,235)	(12,102,480)		
(5,491)	(6,609)	(15,654,019)	(7,678,559)		
—	—	18,610,980	$ 43,077,085	$ 733,000	$1,005,000
—	—	(11,684,536)	(37,330,424)	(231,568)	(979,302)
—	—	—	—	(466,791)	(532,965)
$ 73,982	$ 45,324	1,397,985	1,485,079	66,227	56,864
73,982	45,324	8,324,429	7,231,740	100,868	(450,403)
83,032	72,985	(6,578,739)	(13,420,772)	(38,222)	(706,728)
1,506,275	1,433,290	16,056,590	29,477,362	685,548	1,392,276
$1,589,307	$1,506,275	$ 9,477,851	$ 16,056,590	$ 647,326	$ 685,548

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

NOTES TO FINANCIAL STATEMENTS

1. AUTHORIZING LEGISLATION AND FUNDS

Authorizing Legislation — The Minnesota Higher Education Facilities Authority (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 except for applications received subsequent to August 11, 1975 and bonds issued prior to December 19, 1989, for which the annual administrative fee is .2% of the original bond principal balance.

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 Authority's 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.

Bond Discounts — 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.

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, 1995 and 1994, amounts rebatable relating to such excess earnings were not significant.

Refundings of Debt — Effective July 1, 1994, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities" for all refundings of debt occurring after the date of adoption. 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. Prior to adoption of GASB No. 23, the Authority recognized immediately the difference between the reacquisition price and the net carrying amount of the old debt in the period of difference.

There were no refundings of debt during the year ended June 30, 1995. Accordingly, there was no impact on the financial statements as a result of adoption of GASB No. 23.

3. INVESTMENTS

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 participating institutions 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 & Poor's 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 & Poor's or Moody's.

Notes to Financial Statements *(continued)*

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, 1995 consisted of:

	General Operating Fund		General Bond Reserve Fund
	Unrestricted	*Restricted*	
U.S. Government and agencies	—	$11,520,825	$ 614,000
Federated trust accounts	$1,580,140	7,239,705	626,297
Investment agreements	—	2,042,941	—
Deposits	9,167	195,205	21,029
	1,589,307	20,998,676	1,261,326
Unamortized discount	—	(174,392)	(1,310)
	$1,589,307	$20,824,284	$1,260,016
Approximate market value at June 30, 1995	$1,589,307	$21,087,132	$1,259,137

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

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, 1995 (with comparative totals at June 30, 1994):

	June 30, 1995			
	Financing Leases	**Loans Receivable**	**Total**	**June 30, 1994**
Total minimum payments to be received	$16,226,628	$334,793,081	$351,019,709	$361,097,271
Assets held in trust	(964,026)	(19,902,339)	(20,866,365)	(34,688,054)
Unearned income	(3,569,685)	(135,524,881)	(139,094,566)	(146,001,324)
	$11,692,917	$179,365,861	$191,058,778	$180,407,893

Assets held in trust consist primarily of bond proceeds used to fund debt service reserves and construction accounts and are included in cash and cash equivalents, investments and accrued interest receivable.

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, 1995, future minimum payments scheduled to be received under financing agreements to support aggregate bond payments is as follows:

Year Ended June 30	**Principal**	**Interest**	**Total**
1996	$ 8,618,745	$ 11,093,611	$ 19,712,356
1997	9,574,449	10,668,466	20,242,915
1998	9,498,426	10,363,305	19,861,731
1999	10,669,230	9,830,514	20,499,744
2000	10,196,977	9,290,777	19,487,754
Thereafter	163,367,316	87,847,893	251,215,209
	$211,925,143	$139,094,566	$351,019,709

Notes to Financial Statements *(continued)*

5. Revenue Bonds and Other Debt Obligations:

Revenue bonds payable at June 30, 1995 consist of the following serial and term bonds (the Series ZZ, Series SSS, Series XXX and Series YYY obligations are payable pursuant to promissory notes, and the Series PPP and Series VVV are payable pursuant to capital lease agreements):

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%
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 (Vermilion 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%
15,670,000	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%

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
Dec. 1, 1975 to Dec. 1, 2012	$ 1,730,000	$ (9,601)	$ 1,720,399
June 1, 1974 to June 1, 1997	310,000	(1,132)	308,868
Mar. 1, 1974 to Mar. 1, 1997	75,000	(120)	74,880
Mar. 1, 1974 to Mar. 1, 1998	320,000	(613)	319,387
June 1, 1975 to June 1, 1999	100,000	(398)	99,602
July 1, 1976 to July 1, 2002	200,000	(1,357)	198,643
Nov. 1, 1976 to Nov. 1, 1996	155,000	(214)	154,786
May 1, 1977 to May 1, 1997	135,000	(375)	134,625
Mar. 1, 2007	2,385,000		2,385,000
Apr. 1, 1979 to Apr. 1, 2001	1,150,000		1,150,000
Apr. 1, 1981 to Apr. 1, 2010	4,080,000	(35,835)	4,044,165
Feb. 1, 1988 to Feb. 1, 2001	475,000	(3,583)	471,417
Oct. 1, 1988 to Oct. 1, 2003	1,800,000	(15,005)	1,784,995
Jan. 1, 1990 to Jan. 1, 2007	1,060,000	(15,007)	1,044,993
Dec. 1, 1990 to Dec. 1, 2014	4,395,000	(54,964)	4,340,036
Sep. 1, 1990 to Sep. 1, 1999	1,250,000	(6,414)	1,243,586
Oct. 1, 1991 to Oct. 1, 2004	1,250,000	(10,517)	1,239,483
Oct. 1, 1990 to Oct. 1, 1999	1,470,000	(15,246)	1,454,754
Oct. 1, 1992 to Oct. 1, 2005	4,505,000		4,505,000
Oct. 1, 1992 to Oct. 1, 2000	2,880,000	(17,420)	2,862,580
Feb. 1, 1991 to Aug. 1, 2000	344,426		344,426
Oct. 1, 1992 to Oct. 1, 2010	4,050,000		4,050,000
Oct. 1, 1992 to Oct. 1, 2010	2,790,000		2,790,000
Sep. 1, 1993 to Sep. 1, 2016	3,560,000	(346,148)	3,213,852
Dec. 1, 1993 to Dec. 1, 2011	3,120,000	(41,991)	3,078,009
Jan. 1, 1995 to Jan. 1, 2017	9,445,000	(44,271)	9,400,729
Oct. 1, 1993 to Oct. 1, 2002	4,325,000	(4,813)	4,320,187
Oct. 1, 1993 to Oct. 1, 2003	9,175,000	(69,040)	9,105,960
Mar. 1, 1997 to Mar. 1, 2022	15,670,000	(105,022)	15,564,978
June 1, 1994 to June 1, 2009	4,235,000	(49,943)	4,185,057
Nov. 1, 1993 to Nov. 1, 2012	23,410,000	(70,226)	23,339,774
Oct. 1, 1993 to Oct. 1, 2010	8,040,000	(71,085)	7,968,915

Notes to Financial Statements *(continued)*

5. Revenue Bonds and Other Debt Obligations, continued:

Original Principal Amount		Interest Rates
$ 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 (Vermilion 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%
6,660,000	Series ZZZ (Macalester College)	Variable
$ 257,634,189		

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 promissory notes, and the Series PPP and Series VVV are payable pursuant to capital lease agreements):

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%

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
Dec. 1, 1994 to Dec. 1, 2012	$ 3,515,000	$ (43,929)	$ 3,471,071
Aug. 1, 2003	900,000	(11,914)	888,086
Dec. 1, 1994 to Dec. 1, 2002	1,510,000		1,510,000
Oct. 1, 1994 to Oct. 1, 2023	12,360,000	(169,034)	12,190,966
Oct. 1, 1993 to Oct. 1, 2015	42,310,000	(611,568)	41,698,432
Jan. 1, 1994 to July 1, 2005	205,008		205,008
Jan. 1, 1995 to Jan. 1, 2013	920,000		920,000
Oct. 1, 1994 to Oct. 1, 2002	5,895,000	(40,448)	5,854,552
Feb. 4, 1994 to Aug. 4, 2000	506,942		506,942
Mar. 1, 1995 to Mar. 1, 2020	17,310,000	(333,951)	16,976,049
June 25, 1994 to Mar. 25, 2009	331,767		331,767
Dec. 1, 1994 to June 1, 2006	1,612,000		1,612,000
Mar. 1, 2024	6,660,000	(19,427)	6,640,573
	$ 211,925,143	$ (2,220,611)	$ 209,704,532

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
June 1, 1974 to June 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
June 1, 1975 to June 1, 1999	120,000	(592)	119,408
July 1, 1976 to July 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

5. Revenue Bonds and Other Debt Obligations, continued:

Original Principal Amount		**Interest Rates**
$ 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 (Vermilion 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%
15,670,000	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%
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 (Vermilion 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%
$257,434,189		

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
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
June 1, 1994 to June 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
June 25, 1994 to Mar. 25, 2009	346,468		346,468
Dec. 1, 1994 to June 1, 2006	1,612,000		1,612,000
	$215,095,947	$(2,400,669)	$212,695,278

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; and
- 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 $3,121,574 and $637,333 for Series T and Series KK, respectively.

During recent fiscal years, the Authority issued various bond series for the purpose of refunding previous bond series. A portion of the proceeds of the refunded bond issues was deposited with a trustee to pay principal and interest on the redemption of certain bond series. 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 principal and interest on certain bond series upon redemption. Bonds will be called for at various dates from 1995 through 2001. At June 30, 1995, outstanding principal on the bonds was $43,005,000.

6. LEASE COMMITMENT

The Authority has a lease commitment for office space of $3,038 per month through November 1997 with the remaining aggregate payments of approximately $88,100 at June 30, 1995. Rent expense was $36,453 for the years ended June 30, 1995 and 1994.

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