Minnesota Higher Education Facilities Authority

Fiscal Year 2000

Annual Report

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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.

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Term Expires January, 2002

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Term Expires January, 2004

MHEFA Staff

Marianne T. Remedios, Executive Director
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Independent Accountants

PricewaterhouseCoopers LLP, Minneapolis

Greetings:

We are pleased to present the Annual Report of the Minnesota Higher Education Facilities Authority for the year ended June 30, 2000, including the financial statements for the year, as audited by PricewaterhouseCoopers LLP. This report includes information about the services provided by the Authority to nonprofit institutions of higher education in the State of Minnesota. The primary service is to provide financing for capital projects of those colleges and universities through tax-exempt debt issued by the Authority. A critical benefit associated with that service is the monetary savings that are realized by those institutions as a result of the lower interest rates available through the Authority's tax-exempt financing.

Throughout the Authority's history, this financing assistance has been provided without cost to the taxpayers of Minnesota. The credit of the State does not back the bonds, either directly or indirectly, and the operating expenses of the Authority are paid from fees associated with the various financings.

In fiscal year 2000, the Authority completed six financings. The total principal amount of $54,727,118 represents a return to a stable level of activity, following two consecutive fiscal years of extraordinary activity. The total principal outstanding for Authority-issued debt grew to $452,508,662 as of the end of the fiscal year. With additional projects in the wings, the Authority sought and was granted an increase in its limit on outstanding debt from $500 million to $650 million by the State Legislature during the 2000 session.

During the fiscal year, Governor Ventura appointed two new members to the Authority. Gary Langer was appointed to fill the position held by James R. Miller. Carol A. Blomberg was appointed to complete the term of Kenneth D. Johnson of Duluth, who resigned. Mollie N. Thibodeau was reappointed by the Governor to another four-year term. We take this opportunity to thank Mr. Johnson for his service to the Authority. In addition, Mr. Miller is deserving of recognition and thanks for his years of service as a member and officer of the Authority.

Following the unexpected death of Executive Director J. Luther Anderson in November 1999, the Authority undertook and completed a selection process for a new Executive Director. 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 James R. Miller, who was also serving his final year as Chair of the Authority. Over a period of several months, applications were solicited, finalists were selected for interviews and references were reviewed. The outcome was the selection of Marianne T. Remedios, formerly a partner with Faegre & Benson LLP. She accepted the appointment and began her work for the Authority on May 1, 2000. During the transition period, Elaine J. Yungerberg, Assistant Executive Director, very capably served as the Acting Executive Director.

With two financings in progress and others anticipated in the near future, it seems clear that the Authority will continue to be an important source of financing for Minnesota's nonprofit colleges and universities. At the same time, we are confident that the combined efforts of the Authority members, staff and advisors will enable us to continue to provide requested services in an efficient and cost-effective manner.

Respectfully Submitted,

John S. Hoyt, Jr., Ph.D.
Chair

During the prior two fiscal years, an exceptionally favorable interest rate environment contributed to the two highest annual totals of new financings. As the colleges and universities continue to focus on completing their projects, the financing volume has returned to a level that is consistent with a typical year. The principal amount issued in fiscal year 2000 was $54.7 million and consisted entirely of new money financings. A brief summary of the Authority's activity in the past fiscal year follows.

New Financings

Hamline University lead the way with a bond issue for $7,750,000. The Series Five-B Bonds financed the construction and furnishing of a new apartment-style residence hall on the south edge of its campus. The hall was needed to address the growing demand for on-campus housing. Although several options were considered, including off balance sheet financing, the University determined that the conventional tax exempt, long term financing through the Authority was the most cost-effective approach.

Our next financing was for a University of St. Thomas project on the St. Paul campus. The Series Five-C Bonds were issued to finance the renovation of the historic Albertus Magnus Hall. The renovation will allow approximately 35% of the undergraduate faculty and a number of academic departments to be relocated to the hall. As part of a debt management policy, the University determined that this $10,000,000 financing should bear a variable interest rate. The University chose a weekly reset of the interest rate for these bonds and obtained a letter of credit for both credit enhancement and liquidity for the tender feature.

Saint Mary's University of Minnesota called on the Authority for two financings in fiscal year 2000. The first financing was an equipment lease (Series Five-F) that closed in May, 2000. The proceeds were issued to finance a supplemental electric power generator and related equipment at its Winona campus. Learning from recent experience with community power failures, the University gave this project a high priority. The backup generator will allow the University to maintain electrical and communication services in future power failures. This is the third Authority financing resulting in an off-balance sheet treatment by the borrower.

The second financing was used by the University to construct and furnish a new residence hall for approximately 100 upperclass undergraduates. In keeping with current student housing preferences, the building is designed as an apartment building. The Series Five-E bonds closed in June, in the principal amount of $5,020,000. This was the first Authority financing that permitted electronic competitive bidding.

The Minneapolis College of Art and Design also felt the pressure for on-campus housing. In addition, the College needed more studio space and a commons area. The College received the proceeds of $7,920,000 in Series Five-D bonds in June, 2000. The bonds were structured as a long term fixed rate issue and were used to finance renovation of existing housing and the construction of an addition to the College's Main building for commons, dining and studio space.

Carleton College rounded out the year with financing for its housing and other needs. The College chose a variable rate structure with interest reset weekly. The bonds were issued in June and used to finance the completion of an academic and dining facility, apartment-style housing units for approximately 100 students and lakeside campus improvements. The Series Five-G bonds were issued in the principal amount of $23,000,000 and liquidity for the tender feature was provided by a commercial bank.

Other Developments

The Authority was pleased to be able to reduce its annual administrative fees to all borrowers in fiscal year 2000 by 50%. For the fifth consecutive year, the annual administrative fees will be reduced, while maintaining essentially a break-even operating budget. Although future reductions cannot be guaranteed, the Authority is pleased for now to be able to make its financing services even more affordable to the colleges and universities it serves. The recent high volume of transactions has made it possible to reduce all fees by 50% in the coming fiscal year.

Beginning with fiscal year 1996, the Authority has acted as dissemination agent for SEC reporting on behalf of those institutions that are subject to SEC rule 15c2-12 (most public issues after June 30, 1995). We now provide that service to eleven colleges and universities and the number continues to grow. The service is offered at no additional charge.

The annual debt financing conference was held at the Sheraton Midway Hotel in April, 2000. For the first time, the conference was coordinated with a similar conference for business officers sponsored by the Minnesota Private College Council. The attendees were able to take advantage of convenient access to both sessions in one location. The annual debt conference provides a chance for Authority clients, members and finance professionals to share information on higher education capital financings.

The Authority continues to review its policies and procedures in an ongoing attempt to most effectively provide financing assistance to Minnesota's nonprofit colleges and universities. The transition period marked by the absence of a permanent executive director was handled smoothly because of the concerted efforts of the borrowers, the Authority's advisors, staff and members, as well as the public finance professionals. We will work with all these groups to continue providing affordable financing to the private colleges and universities and, ultimately to their students.

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 residence facility to house approximately 312 students.
- Series Four F-1 in the amount of $7,700,000 and Series Four-F2 in the amount of $4,140,000, issued May, 1996. A portion of the proceeds of the bonds financed the acquisition, construction, and furnishing of the new 75,000 square foot James G. Lindell Family Library. In addition, a portion of the proceeds of the bond issue financed the acquisition and installation of various types of energy management equipment and also funded the refinancing of two previous Authority bond issues, Series Two-Z and Series Three-P.
- Series Four-W issued September, 1998 in the amount of $450,000. The proceeds of these notes were used for acquisition and remodeling of a house which will serve as the President's residence and as a reception center for the College.
- Series Four-Y issued January, 1999 in the amount of $15,840,000. The proceeds of this bond issue were used to refinance the Series Three-G bond issue and to finance the construction and equipping of a 145-bed, apartment-style student residence hall of approximately 66,000 square feet that includes underground parking for 60 cars.

Bethel College is a four-year, Christian liberal arts college offering bachelor's degrees in 57 majors. Bethel's wooded, lakeside campus is located 15 minutes from downtown St. Paul and Minneapolis in suburban Arden Hills.

- Series Four-S issued June, 1998 in the amount of $22,865,000. The proceeds of these adjustable demand revenue bonds were used for the following: construction of a new residence hall; addition to the Fine Arts Center, composed of classrooms, offices and the expansion of chemistry laboratories; remodeling of spaces in various campus buildings; upgrade of campus wiring network and electronics infrastructure; construction of a baseball field; and parking expansion and improvements.

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, Series Three-L2, Series 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.

- Series Four-N issued June, 1997 in the amount of $24,440,000. The net proceeds of this bond issue and additional funds of the College were used to construct and furnish a recreation center and a student dining hall, install a chiller and related piping, and install an administrative and bookstore computer system. Also, a portion of the proceeds were used to finance the renovation of Mudd Hall, Goodhue Dining Hall, and Evans Hall.

- Series Five-G issued June, 2000 in the amount of $23,000,000. The proceeds of this bond issue together with additional funds of the College were used for three projects. The first project consisted of the construction and furnishing of a 63,000 square foot academic and dining facility. The second project was the construction of 24 apartment-style housing units which have the capacity to house 100 students. The third project involved improvements of bridges, walkways, plantings and lighting on and near Lyman Lakes on the College campus.

College of St. 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 St. John's University for men allowing student access to the faculties and facilities of both campuses.

- 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 bonds 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. A portion of this bond issue was refinanced with Bond Series Four-T.

- Series Four-G issued July, 1996 in the amount of $3,000,000. The proceeds of this bond issue were used to finance the construction and furnishing of a residence hall to house approximately 120 students.

◆ Series Four-T, issued July, 1998 in the amount of $25,430,000. The proceeds of this issue were used for several projects: renovation of Mary Hall Commons, construction of a centralized chiller plant; various renovations to existing campus buildings including the Loft Building; expansion of East Apartments; the addition of air conditioning to the first and second floors of Gertrude Hall; and the relocation of the inter-campus bus stop, including road reconstruction and the construction of a warming house. In addition, a portion of the bond proceeds were used to refund a portion of the Series Three-W Bonds.

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 Three-M1 and Series 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 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, housing approximately 100 students in suite-style arrangements.

- Series Four-E issued May, 1996 in the amount of $2,000,000. The proceeds of this bond issue were used to finance the construction of an approximately 28,300 square foot addition to and related remodeling and equipping of the existing Science Building.

College of Visual 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 on the corner of Western and Selby Avenues in 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.

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 a residential section of Moorhead, Minnesota.

- Series Two-Y issued July, 1990 in the amount of $3,800,000. Proceeds of this bond issue were used for renovation of the College's field house; construction of 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.

- Series Four-B issued October, 1995 in the amount of $3,300,000. The proceeds of this bond issue were used to partially finance the renovation and refurbishing of the Park Region Residence Hall including connecting it to the central heating and cooling system of the College.

Concordia University, St. Paul is a Christian liberal arts university, founded in 1893 and is one of 10 owned and operated by The Lutheran Church - Missouri Synod. The College's 39-acre campus is located in an active St. Paul neighborhood, located 10 minutes away from both downtown St. Paul and Minneapolis.

- Series Five-A issued April 23, 1999 in the amount of $1,440,000. The proceeds of this tax-exempt, off-balance sheet lease were used for an energy retrofit project including lighting upgrades, variable frequency drives, a new chiller, variable air volume system and steam system upgrades.

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 Three-V issued August, 1993 in the amount of $622,189. This equipment lease financing was used to acquire and install a telephone communication equipment, various audio-visual equipment and photocopying machines.
- Series Four-H issued August, 1996 in the amount of $6,135,000. A portion of this bond issue was used to finance the acquisition and installation of an administrative computer system. A larger portion of the bond issue was used to refund the Series Three-B, Series Two-V and Series Two-N bond issues.
- Series Four-V issued July 8, 1998 in the amount of $4,602,000. The proceeds of this off-balance sheet financing lease were used to finance an energy-related equipment retrofit to generate energy and operational savings, plus adding cooling capacity to certain campus buildings.
- Series Four-X issued November, 1998 in the amount of $11,695,000. The proceeds of this issue, in addition to capital gifts received by the college, were used to finance two projects. The first project was a major expansion of the existing dining service building to create a new Campus Center, and the second project was an apartment-style student housing facility with capacity for approximately 95 students.

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 Four-I issued September, 1996 in the amount of $17,500,000. A portion of the proceeds of this issue were used to finance the construction and furnishing of an addition to the Law and Graduate School building. The bond issue proceeds also were used to partially finance the construction of the field house, site acquisition and construction of some campus parking and renovation of computer offices and equipment rooms. In addition, this bond issue financed the refunding of two previous issues, Series Three-A and Series Three-K.

- Series Four-K issued April, 1997 in the amount of $625,000. This issue was a lease financing for the acquisition and installation of telecommunications equipment to be installed on the campus of the University.

- Series Five-B issued September, 1999 in the amount of $7,750,000: Proceeds of this issue were used to construct and furnish an apartment-style student residence building to house approximately 150 students in 59 units. The project included underground and surface parking spaces.

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-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.

- Series Four-C issued November, 1995 in the amount of $11,245,000. The net proceeds of this bond issue, together with funds of the College, were used for the renovation of Rice and Olin Halls, and the construction of an enlarged connection that integrates the two Halls into a single science and math facility.

- Series Four-J issued May, 1997 in the amount of $11,000,000. Proceeds of this bond issue were used to finance a portion of the construction of a 113-bed residence hall, the expansion of Wallace and Bigelow Halls, and the acquisition and installation of a boiler, central chiller, heating oil tank, and related infrastructure.

- Series Four-U1 in the amount of $7,145,000 and Series Four-U2 in the amount of $15,200,000 issued July 1, 1998. The proceeds of Series Four-U1 were used together with additional funds of the College to finance the construction of an approximately 68,000 square foot Campus Center to replace the Student Union Building. Proceeds of Series Four-U2 were used to defease the Series Three-J Bonds.

Minneapolis College of Art and Design was established in 1886 and is a private, fully accredited, four-year college located 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 space and other academic purposes.

- Series Five-D issued June, 2000 in the amount of $7,920,000. The proceeds of this bond issue were used for two projects. The first project is the addition to the College's Main building consisting of additional studio space, an expanded food service operation, an enlarged commons area and other structural improvements. The second project is the refurbishing, remodeling and equipping of seven existing student apartment buildings owned by the College.

Normandale Community College is a two-year, public institution located in Bloomington and is operated as part of the Minnesota State Colleges and Universities system.

- Series Four-D issued September, 1995 in the amount of $800,000. The proceeds of this bond issue were used to finance the construction of two parking lots containing approximately 245 additional spaces and related roadway and site improvements on the campus of the College.

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 Four-Z issued January, 1999 in the amount of $5,875,000. A portion of the bond proceeds were used to refund Series Two-X, with remaining proceeds being used to finance the following: construction and furnishing of the DeRusha Center for Clinical Education; remodeling classrooms, faculty offices, and meeting rooms; construction of a new maintenance shop and central storage area; improvement of lighting, fire protection, and central air handling systems on the College's main campus.

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

- Series Four-L issued July, 1997 in the amount of $29,850,000. The proceeds of this issue were used for a variety of projects including: the construction of a new field house and the renovation of the University's stadium and gymnasium; construction of three new housing units to provide housing for 36 students and renovation of Benet residence hall; renovation of Luke and Wimmer Hall for additional office space; infrastructure improvements and roofing replacements. In addition, a portion of the proceeds were used to finance the current refunding of Series Two-W and the advance refunding of Series Three-H bond issues.

Saint Mary's University of Minnesota, 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 was 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.

- Series Five-E issued June, 2000 in the amount of $5,020,000. The proceeds of this issue will be used in the construction and equipping of a 41,000 square foot apartment-style student residence building on the University's Winona campus. This residence facility will have the capacity to house 100 students in 50 units on the main campus in Winona.

- Series Five-F issued March, 2000 in the amount of $1,037,118. This equipment lease financing was completed for the acquisition and installation of a standby electric generation system to be installed on the main campus in Winona.

St. 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 Four-R issued May, 1998 in the amount of $15,000,000. The proceeds were used for the following: Certain costs related to the construction of Buntrock Commons Building, an electrical generator, academic and administrative computers, payroll system hardware and software, classroom renovation, and residence hall furniture.

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. This issue was partially refinanced by Series Three-R2.

- 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-R1 and Three-R2 issued June, 1993 in the amount of $46,000,000. The Series Three-R1 Bonds for $22,985,000 were issued to refund the following 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. Not included in the refunding are two term bonds due September 1, 2015 and September 1, 2016.

- Series Four-A1 issued March, 1996 in the amount of $11,645,000. The proceeds of this issue were used to partially finance the construction and equipping of an approximately 195,000 square foot science and engineering center on the St. Paul campus of the University. The project will be home to the undergraduate department of science, math, computing science and engineering, and the Graduate School of Applied Science and Engineering.

- Series Four-M issued July, 1997 in the amount of $21,680,000. The proceeds of this bond issue were used together with proceeds of the Series Four-O bond issue and University funds to finance the construction and furnishing of a residence hall to accommodate approximately 345 students. This project included the construction of a parking ramp under the residence hall and surface parking adjacent to the hall for an additional parking capacity of 400 cars. Also financed by this bond issue was a commons building connecting Brady and Dowling Halls. This new building contains office space and recreational facilities.

- Series Four-O issued September, 1997 in the amount of $10,800,000. The proceeds of this bond issue were used together with proceeds of the Series Four-M bond issue and University funds to finance the construction and furnishing of the residence hall and parking ramp as described in Series Four-M. A portion of the proceeds together with University funds, were used to finance the current refunding of the Variable Rate Demand Revenue Bonds, Series Four-A2.

- Series Four-P issued December, 1997 in the amount of $15,435,000. The proceeds were used to finance the acquisition, construction and equipping of Opus Hall, an approximately 98,200 square foot facility to be used for a library, offices, and classrooms. Included in the project was a skyway connection to the University's existing facility on its Minneapolis campus.

- Series Five-C issued October, 1999 in the amount of $10,000,000. Proceeds of this bond issue were used for the renovation of Albertus Magnus Hall on the St. Paul campus. This former science building was converted to an office and classroom facility for the liberal arts and humanities departments.

Vermilion Community College located in Ely, Minnesota, was established in 1922 as Ely Junior College and became a part of the statewide system of public community colleges in 1964. The College is operated as part of the Minnesota State Colleges and Universities system and offers one- and two-year degrees in several programs and emphasizes career training in natural resources and environmental areas.

- 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 accommodates 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 were used to refinance the Series Two-R bonds.

To the Executive Director and
Members of the Minnesota Higher Education Facilities Authority:

In our opinion, the accompanying balance sheet and the related statements of revenues, expenses and changes in fund balances and of cash flows present fairly, in all material respects, the financial position of Minnesota Higher Education Facilities Authority at June 30, 2000 and 1999, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States. 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 of these statements in accordance with auditing standards generally accepted in the United States, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

October 5, 2000

Minnesota Higher Education Facilities Authority
Balance Sheet

June 30, 2000 and 1999

ASSETS

Cash and cash equivalents
Investments, at market
Administrative fees receivable
Accrued interest receivable
Financing agreements:
Rentals receivable, financing leases
Loans receivable
Reserve deposits to General Bond Reserve
Furniture and equipment (less accumulated depreciation of $67,481 in 2000 and $67,731 in 1999)
Other
Total assets

LIABILITIES AND FUND BALANCES

Liabilities:
Accounts payable and other accrued liabilities
Unearned administrative fee income
Revenue bonds and other debt obligations (less unamortized discount of $5,051,238 in 2000 and $5,066,462 in 1999)
Accrued interest payable
Reserve deposits from restricted assets of General Operating Fund
Total liabilities
Fund balances:
Unappropriated
Appropriated
Total liabilities and fund balances

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

General Operating Fund				General Bond Reserve Fund	
Unrestricted		*Restricted*			
2000	1999	2000	1999	2000	1999
$ 256,413	$ 379,882	$ 22,439,000	$ 24,415,358	$ 32,996	$ 202,399
1,697,069	1,521,832	53,802,493	42,923,452	341,132	200,250
	14,290				
20,121	18,273	487,977	416,812	7,652	4,475
		9,055,500	8,975,174		
		366,509,941	336,119,433		
		61,744	68,744		
14,535	16,862				
981	575				
$ 1,989,119	$ 1,951,714	$ 452,356,655	$ 412,918,973	$ 381,780	$ 407,124
$ 41,446	$ 56,073				
	16,117				
		$ 447,457,424	$ 407,767,782		
		4,899,231	5,151,191		
				$ 61,744	$ 68,744
41,446	72,190	452,356,655	412,918,973	61,744	68,744
1,947,673	1,879,524				
				320,036	338,380
$1,989,119	$1,951,714	$452,356,655	$ 412,918,973	$ 381,780	$ 407,124

Minnesota Higher Education Facilities Authority
Statement of Revenues, Expenses and Changes in Fund Balances

for the years ended June 30, 2000 and 1999

Revenues:	
Annual administrative fees	
Interest income	
Realized and unrealized investment (losses) gains	
Other income	
Revenues from institutions to finance interest expense	
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 J in fiscal 2000	
Fund balances at end of year	

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

General Operating Fund				General Bond Reserve Fund	
Unrestricted		*Restricted*			
2000	1999	2000	1999	2000	1999
$ 289,849	$ 270,066				
110,206	109,660	$ 3,339,811	$ 5,268,079	$ 21,113	$ 21,373
(26,076)	(40,559)	(379,305)	(131,112)	(4,818)	(932)
5,020	1,160				
		19,132,028	16,603,969		
378,999	340,327	22,092,534	21,740,936	16,295	20,441
191,219	209,370				
40,224	40,224				
39,098	36,420				
40,309	42,879				
		22,092,534	21,740,936		
310,850	328,893	22,092,534	21,740,936	—	—
68,149	11,434	—	—	16,295	20,441
1,879,524	1,868,090	—	—	338,380	317,939
				34,639	
$1,947,673	$1,879,524	$ —	$ —	$ 320,036	$338,380

Minnesota Higher Education Facilities Authority
Statement of Cash Flows

(Decrease) Increase in Cash and Cash Equivalents for the years ended June 30, 2000 and 1999

Cash flows from operating activities:
- Excess of revenues over expenses
- Adjustments to reconcile excess of revenues over expenses to net cash flows used in operating activities:
  - Noncash items:
    - Unrealized investment losses
    - Depreciation
    - Gain on sale of furniture and equipment
    - Amortization of bond discount
  - Changes in assets and liabilities:
    - Administrative fees receivable
    - Accrued interest receivable
    - Other assets
    - Accounts payable and other accrued liabilities
    - Unearned administrative fees
    - Deposits
  - Nonoperating items:
    - Interest income and realized investment gains and losses
    - Interest expense
  - Other operating cash flows:
    - Repayment of General Bond Reserve deposits
    - Collection of financing agreements receivable
    - Funds disbursed to institutions

Net cash used in operating activities

Cash flows from financing activities:
- Purchases of furniture and equipment
- Proceeds from the sale of furniture and equipment
- Proceeds from revenue bonds and other debt issues
- Repayment of revenue bonds and other debt principal
- Interest payments

Net cash (used in) provided by 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 on final redemption of bonds
- Interest income and realized investment gains

Net cash (used in) provided by investing activities

Net (decrease) increase in cash and cash equivalents

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

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

General Operating Fund				General Bond Reserve Fund	
Unrestricted		*Restricted*			
2000	1999	2000	1999	2000	1999
$ 68,149	$ 11,434			$ 16,295	$ 20,441
25,372	39,063	$ 222,908	$ 179,341	4,818	932
4,120	5,259				
	(160)				
		428,558	681,646		
14,290	(14,290)				
(1,848)	5,221	(71,165)	823,427	(3,177)	
(406)	2,855				
(14,627)	22,014				
(16,117)	16,117				
	(223,300)				
(109,502)	(108,164)	(3,183,414)	(5,316,308)	(21,113)	(21,373)
		21,663,976	21,059,290		
		7,000		(7,000)	
		13,965,024	46,310,913		
		(44,435,858)	(124,122,386)		
(30,569)	(243,951)	(11,402,971)	(60,384,077)	(10,177)	—
(1,793)	(5,250)				
	160				
		54,313,784	86,630,061		
		(15,052,700)	(53,738,835)		
		(21,915,936)	(20,365,172)		
(1,793)	(5,090)	17,345,148	12,526,054	—	—
$ 150,704	$ 655,000	$45,178,788	$52,692,756	$ 200,250	$ 36,000
(351,313)	(955,166)	(56,280,737)	(47,504,530)	(345,950)	
				(34,639)	
109,502	108,164	3,183,414	5,316,308	21,113	21,373
(91,107)	(192,002)	(7,918,535)	10,504,534	(159,226)	57,373
(123,469)	(441,043)	(1,976,358)	(37,353,489)	(169,403)	57,373
379,882	820,925	24,415,358	61,768,847	202,399	145,026
$ 256,413	$ 379,882	$ 22,439,000	$ 24,415,358	$ 32,996	$ 202,399

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. During the years ended June 30, 2000 and 1999, the Authority was authorized to have a maximum of $500 million of revenue bonds outstanding. Effective for fiscal 2001, the Authority is authorized to have a maximum of $650 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. While the annual administrative fee rate for new bond issues has changed periodically, the fee rate remains constant for the life of the bonds, with the exception of fee reductions for operating reserve stabilization purposes. The annual fee structure is as follows: Bonds issued from December 1971 to September 1975 are charged .125% of the original balance of the bonds; bonds issued from October 1975 to December 1989 are charged .2% of the original balance of the bonds; bonds issued from January 1990 to present are charged .125% of the outstanding balance of the bonds. In an effort to stabilize its unrestricted General Operating Fund balance, the Authority periodically evaluates the administrative fees charged to participating institutions. For the years ended June 30, 2000 and 1999, the Authority required participating institutions to pay 50% of the contractual administrative fees. In May 2000, the Authority determined that participating institutions will be required to pay 50% of the contractual administrative fees during the year ending June 30, 2001.

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 was 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 stated at quoted market value. Changes in quoted market value are recorded as unrealized gains and losses in the period of the change. Realized gains and losses on sales of investments are determined using the specific identification method. The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

Bond Discounts — Discounts on bond obligations 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 certain leases 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.

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, 2000 and 1999, amounts rebatable relating to such excess earnings were not significant.

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.

Concentration of Credit Risk — Cash equivalents and investments totaling $78,569,103 at June 30, 2000, are concentrated in two financial institutions. Investments consist of U.S. Government securities, federated trust accounts, investment agreements and deposits (see Note 3). The Authority's investment viability and return is dependent on, among other factors, the financial results and viability of the underlying issuers.

New Accounting Standards — In June 1999, the Governmental Accounting Standards Board of the Financial Accounting Foundation (GASB) issued Statement No. 34 (GASB No. 34), "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." This statement establishes new financial reporting requirements for state and local governments throughout the United States. GASB No. 34 is effective in three phases based on a government's total annual revenues in the first fiscal year after June 15, 1999. Governments with total annual revenues (excluding extraordinary items) of $100 million or more should apply this statement for periods beginning after June 15, 2001. Governments with at least $10 million but less than $100 million in revenues should apply this statement for periods beginning after June 15, 2002. Governments with less than $10 million in revenues should apply this statement for periods beginning after June 15, 2003. The Authority has not determined the impact that GASB No. 34 will have on its financial statements.

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.

Subject to applicable law, 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. Time deposits are allowed, provided they are fully insured by the Federal Deposit Insurance Corporation. 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 270 days or less and rated within the top two categories without gradation by either Standard & Poor's or Moody's. Investments are held by independent trustees in the Authority's name (GASB No. 3 Credit Risk Category 1).

At June 30, 2000 and 1999, investments recorded by the Authority consisted primarily of U.S. Government and agencies securities.

Net realized (losses) gains were $(157,101) and $46,733 for the years ended June 30, 2000 and 1999, respectively.

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 2-F are recorded as financing leases. Commencing with Series 2-G, all agreements are recorded as loans receivable, except for Series 3-V, Series 4-K, Series 5-A and Series 5-F, which are financing leases.

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. Assets held in trust consist primarily of bond proceeds used to fund debt service reserves and construction accounts.

At June 30, 2000, 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
2001	$ 15,791,103	$ 22,845,031	$ 38,636,134
2002	14,508,692	22,210,300	36,718,992
2003	17,220,880	21,436,853	38,657,733
2004	15,815,698	20,619,514	36,435,212
2005	14,685,888	19,851,402	34,537,290
Thereafter	37,448,6401	205,137,092	579,623,493
	$ 452,508,662	$ 312,100,192	$ 764,608,854

5. Revenue Bonds and Other Debt Obligations

Revenue bonds payable at June 30, 2000 consist of the following serial and term bonds (the Series 3-S, Series 3-X and Series 3-Y obligations are payable pursuant to promissory notes, and the Series 3-V, Series 4-K, Series 5-A and Series 5-F are payable pursuant to financing lease agreements):

Original Principal Amount		Interest Rates
$ 2,200,000	Series A (Augsburg College)	4.0% to 5.6%
2,385,000	Series T (Carleton College)	5.625%
830,000	Series 2-K (Minneapolis College of Art/Design)	6.5% to 8.75%
1,300,000	Series 2-P (Vermilion Community College)	6.75% to 9.0%
5,105,000	Series 2-T (College of St. Scholastica)	6.6% to 7.25%
3,800,000	Series 2-Y (Concordia College)	6.4% to 7.1%
24,405,000	Series 3-C (University of St. Thomas)	5.5% to 7.125%
3,400,000	Series 3-E (College of St. Scholastica)	5.2% to 7.2%
10,200,000	Series 3-I (University of St. Thomas)	5.4% to 6.2%
24,300,000	Series 3-L (Carleton College)	2.6% to 5.5%
9,205,000	Series 3-M (College of St. Catherine)	2.8% to 6.0%
3,695,000	Series 3-N (College of St. Scholastica)	3.25% to 6.2%
2,000,000	Series 3-O (William Mitchell College of Law)	Variable
12,535,000	Series 3-Q (St. Mary's University)	3.25% to 6.15%
46,000,000	Series 3-R (University of St. Thomas)	2.5% to 5.6%
225,000	Series 3-S (Minneapolis College of Art/Design)	6.18%
950,000	Series 3-T (Vermilion Community College)	6.0%
6,420,000	Series 3-U (Concordia College)	3.0% to 4.9%
622,189	Series 3-V (Gustavus Adolphus College)	5.18%
17,475,000	Series 3-W (College of St. Benedict)	3.6% to 6.375%
350,000	Series 3-X (College of Associated Arts)	6.35%
1,612,000	Series 3-Y (Minneapolis College of Art/Design)	6.33%
6,660,000	Series 3-Z (Macalester College)	Variable
11,645,000	Series 4-A1 (University of St. Thomas)	3.90% to 5.625%
3,300,000	Series 4-B (Concordia College)	4.75% to 5.50%
11,245,000	Series 4-C (Macalester College)	4.00% to 5.55%
800,000	Series 4-D (Normandale Community College)	5.871%
2,000,000	Series 4-E (College of St. Scholastica)	4.50% to 5.35%
7,700,000	Series 4-F1 (Augsburg College)	4.00% to 6.25%
4,140,000	Series 4-F2 (Augsburg College)	5.75%
3,000,000	Series 4-G (College of St. Benedict)	4.15% to 6.10%
6,135,000	Series 4-H (Gustavus Adolphus College)	4.70% to 5.25%
17,500,000	Series 4-I (Hamline University of Minnesota)	4.60% to 6.00%
11,000,000	Series 4-J (Macalester College)	3.90% to 5.55%
625,000	Series 4-K (Hamline University of Minnesota)	5.82%
29,850,000	Series 4-L (St. John's University)	3.9% to 5.50%
21,680,000	Series 4-M (University of St. Thomas)	4.20% to 5.375%
24,440,000	Series 4-N (Carleton College)	5.00% to 6.00%
10,800,000	Series 4-O (University of St. Thomas)	Variable

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
Dec. 1, 1975 to Dec. 1, 2012	$ 1,450,000	$ (5,522)	$ 1,444,478
Mar. 1, 2007	1,905,000		1,905,000
Feb. 1, 1988 to Feb. 1, 2001	95,000	(120)	94,880
Jan. 1, 1990 to Jan. 1, 2007	770,000	(6,266)	763,734
Dec. 1, 1990 to Dec. 1, 2014	3,675,000	(34,150)	3,640,850
Oct. 1, 1992 to Oct. 1, 2000	875,000	(411)	874,589
Sep. 1, 1993 to Sep. 1, 2016	3,560,000	(28,209)	3,531,791
Dec. 1, 1993 to Dec. 1, 2011	2,530,000	(23,173)	2,506,827
Oct. 1, 1993 to Oct. 1, 2003	4,625,000	(14,031)	4,610,969
Nov. 1, 1993 to Nov. 1, 2012	20,875,000	(37,026)	20,837,974
Oct. 1, 1993 to Oct. 1, 2010	4,385,000	(31,482)	4,353,518
Dec. 1, 1994 to Dec. 1, 2012	2,475,000	(23,253)	2,451,747
Aug. 1, 2003	600,000	(4,539)	595,461
Oct. 1, 1994 to Oct. 1, 2023	11,380,000	(125,089)	11,254,911
Oct. 1, 1993 to Oct. 1, 2015	31,965,000	(326,264)	31,638,736
Jan. 1, 1994 to July 1, 2005	123,506		123,506
Jan. 1, 1995 to Jan. 1, 2013	750,000		750,000
Oct. 1, 1994 to Oct. 1, 2002	2,880,000	(7,062)	2,872,938
Feb. 4, 1994 to Aug. 4, 2000	52,201		52,201
Mar. 1, 1995 to Mar. 1, 2020	6,040,000	(84,985)	5,955,015
June 25, 1994 to Mar. 25, 2009	242,623		242,623
Dec. 1, 1994 to June 1, 2006	1,084,346		1,084,346
Mar. 1, 2024	6,660,000	(16,187)	6,643,813
Oct. 1, 1997 to Oct. 1, 2021	11,495,000	(165,149)	11,329,851
Oct. 1, 1998 to Oct. 1, 2010	2,990,000	(27,190)	2,962,810
Mar. 1, 1997 to Mar. 1, 2016	9,880,000	(89,684)	9,790,316
Mar. 1, 1996 to Sep. 1, 2000	90,811		90,811
Mar, 1, 1997 to Mar. 1, 2006	1,300,000	(5,863)	1,294,137
May 1, 1997 to May 1, 2023	7,550,000	(152,462)	7,397,538
May 1, 2026	695,000	(43,080)	651,920
Mar. 1, 1997 to Mar. 1, 2011	2,580,000	(34,299)	2,545,701
Oct. 1, 1996 to Oct. 1, 2010	4,360,000	(37,474)	4,322,526
Oct. 1, 1998 to Oct. 1, 2016	16,365,000	(209,155)	16,155,845
Mar. 1, 1998 to Mar. 1, 2017	10,005,000	(138,560)	9,866,440
Sep. 1, 1997 to June 1, 2004	389,983		389,983
Oct. 1, 1998 to Oct. 1, 2012	28,535,000	(490,243)	28,044,757
Apr. 1, 1999 to Apr. 1, 2012	20,670,000	(350,469)	20,319,531
Nov. 1, 1999 to Nov. 1, 2018	23,740,000	(245,647)	23,494,353
Oct. 1, 2021	10,800,000	(47,812)	10,752,188

5. Revenue Bonds and Other Debt Obligations continued:

Original Principal Amount		Interest Rates
$ 15,435,000	Series 4-P (University of St. Thomas)	4.05% to 5.25%
15,000,000	Series 4-R (St. Olaf College)	4.0% to 5.25%
22,865,000	Series 4-S (Bethel College & Seminary)	Variable
25,430,000	Series 4-T (College of St. Benedict)	4.5% to 5.35%
7,145,000	Series 4-U1 (Macalester College)	4.5% to 5.125%
15,200,000	Series 4-U2 (Macalester College)	4.5% to 5.125%
4,602,000	Series 4-V (Gustavus Adolphus College)	4.90%
450,000	Series 4-W (Augsburg College)	5.98%
11,695,000	Series 4-X (Gustavus Adolphus College)	4.75% to 5.05%
15,840,000	Series 4-Y (Augsburg College)	3.6% to 5.05%
5,875,000	Series 4-Z (Northwestern College of Chiropractic)	3.6% to 4.875%
1,440,000	Series 5-A (Concordia University)	4.625% to 5.25%
7,750,000	Series 5-B (Hamline University of Minnesota)	4.45% to 6.00%
10,000,000	Series 5-C (University of St. Thomas)	Variable
7,920,000	Series 5-D (Minneapolis College of Art & Design)	5.25% to 6.75%
5,020,000	Series 5-E (St. Mary's University of Minnesota)	6.0% to 6.75%
1,037,118	Series 5-F (St. Mary's University of Minnesota)	5.85%
23,000,000	Series 5-G (Carleton College)	Variable
$ 547,238,307		

Revenue bonds payable at June 30, 1999 consist of the following serial and term bonds (the Series SSS, Series XXX and Series YYY obligations are payable pursuant to promissory notes, and the Series VV, Series 4K and Series 5A are payable pursuant to financing lease agreements):

Original Principal Amount		Interest Rates
$ 2,200,000	Series A (Augsburg College)	4.0% to 5.6%
370,000	Series J (College of St. Benedict)	6.3% to 6.8%
2,385,000	Series T (Carleton College)	5.625%
830,000	Series 2-K (Minneapolis College of Art/Design)	6.5% to 8.75%
1,300,000	Series 2-P (Vermilion Community College)	6.75% to 9.0%
5,105,000	Series 2-T (College of St. Scholastica)	6.6% to 7.25%
3,800,000	Series 2-Y (Concordia College)	6.4% to 7.1%
24,405,000	Series 3-C (University of St. Thomas)	5.5% to 7.125%
3,400,000	Series 3-E (College of St. Scholastica)	5.2% to 7.2%
10,200,000	Series 3-I (University of St. Thomas)	5.4% to 6.2%
24,300,000	Series 3-L (Carleton College)	2.6% to 5.5%

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
Apr. 1, 1999 to Apr. 1, 2012	$ 15,015,000	$ (212,867)	$ 14,802,133
Apr. 1, 2000 to Apr. 2029	14,875,000	(179,235)	14,695,765
Apr. 1, 2028	22,475,000	(531,321)	21,943,679
Mar. 1, 1999 to Mar. 1, 2020	24,665,000	(263,028)	24,401,972
Mar. 1, 1999 to Mar. 1, 2022	6,960,000	(66,479)	6,893,521
Mar. 1, 1999 to Mar. 1, 2022	14,445,000	(146,709)	14,298,291
Feb. 15, 1999 to Feb. 15, 2009	4,235,437		4,235,437
Mar. 25, 1999 to Sep. 25, 2015	425,864		425,864
Oct. 1, 2000 to Oct. 1, 2024	11,695,000	(126,910)	11,568,090
Oct. 1, 1999 to Oct. 1, 2013	15,500,000	(224,733)	15,275,267
Oct. 1, 1999 to Oct. 1, 2009	5,645,000	(87,364)	5,557,636
Oct. 25, 1999 to April 25, 2014	1,401,773		1,401,773
Oct. 1, 2001 to Oct. 1, 2029	7,750,000	(81,766)	7,668,234
Apr. 1, 2025	10,000,000	(48,554)	9,951,446
May 1, 2002 to May 1, 2026	7,920,000	(160,122)	7,759,878
Mar. 1, 2002 to Mar. 1, 2026	5,020,000	(59,941)	4,960,059
Oct. 29, 2000 to Sep. 29, 2012	1,037,118		1,037,118
Nov. 1, 2029	23,000,000	(57,353)	22,942,647
	$ 452,508,662	$ (5,051,238)	$ 447,457,424

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
Dec. 1, 1975 to Dec. 1, 2012	$ 1,515,000	$ (6,279)	$ 1,508,721
July 1, 1976 to July 1, 2002	130,000	(374)	129,626
Mar. 1, 2007	2,025,000		2,025,000
Feb. 1, 1988 to Feb. 1, 2001	185,000	(459)	184,541
Jan. 1, 1990 to Jan. 1, 2007	835,000	(7,798)	827,202
Dec. 1, 1990 to Dec. 1, 2014	3,800,000	(38,051)	3,761,949
Oct. 1, 1992 to Oct. 1, 2000	1,330,000	(2,265)	1,327,735
Sep. 1, 1993 to Sep. 1, 2016	3,560,000	(30,008)	3,529,992
Dec. 1, 1993 to Dec. 1, 2011	2,665,000	(26,642)	2,638,358
Oct. 1, 1993 to Oct. 1, 2003	5,625,000	(22,074)	5,602,926
Nov. 1, 1993 to Nov. 1, 2012	21,425,000	(41,939)	21,383,061

5. Revenue Bonds and Other Debt Obligations continued:

Original Principal Amount		Interest Rates
$ 9,205,000	Series 3-M (College of St. Catherine)	2.8% to 6.0%
3,695,000	Series 3-N (College of St. Scholastica)	3.25% to 6.2%
2,000,000	Series 3-O (William Mitchell College of Law)	Variable
12,535,000	Series 3-Q (St. Mary's University)	3.25% to 6.15%
46,000,000	Series 3-R (University of St. Thomas)	2.5% to 5.6%
225,000	Series 3-S (Minneapolis College of Art/Design)	6.18%
950,000	Series 3-T (Vermilion Community College)	6.0%
6,420,000	Series 3-U (Concordia College)	3.0% to 4.9%
622,189	Series 3-V (Gustavus Adolphus College)	5.18%
17,475,000	Series 3-W (College of St. Benedict)	3.6% to 6.375%
350,000	Series 3-X (College of Associated Arts)	6.35%
1,612,000	Series 3-Y (Minneapolis College of Art/Design)	6.33%
6,660,000	Series 3-Z (Macalester College)	Variable
11,645,000	Series 4-A1 (University of St. Thomas)	3.90% to 5.625%
3,300,000	Series 4-B (Concordia College)	4.75% to 5.50%
11,245,000	Series 4-C (Macalester College)	4.00% to 5.55%
800,000	Series 4-D (Normandale Community College)	5.871%
2,000,000	Series 4-E (College of St. Scholastica)	4.50% to 5.35%
7,700,000	Series 4-F1 (Augsburg College)	4.00% to 6.25%
4,140,000	Series 4-F2 (Augsburg College)	5.75%
3,000,000	Series 4-G (College of St. Benedict)	4.15% to 6.10%
6,135,000	Series 4-H (Gustavus Adolphus College)	4.70% to 5.25%
17,500,000	Series 4-I (Hamline University of Minnesota)	4.60% to 6.00%
11,000,000	Series 4-J (Macalester College)	3.90% to 5.55%
625,000	Series 4-K (Hamline University of Minnesota)	5.82%
29,850,000	Series 4-L (St. John's University)	3.9% to 5.50%
21,680,000	Series 4-M (University of St. Thomas)	4.20% to 5.375%
24,440,000	Series 4-N (Carleton College)	5.00% to 6.00%
10,800,000	Series 4-O (University of St. Thomas)	Variable
15,435,000	Series 4-P (University of St. Thomas)	4.05% to 5.25%
15,000,000	Series 4-R (St. Olaf College)	4.0% to 5.25%
22,865,000	Series 4-S (Bethel College & Seminary)	Variable
25,430,000	Series 4-T (College of St. Benedict)	4.5% to 5.35%
7,145,000	Series 4-U1 (Macalester College)	4.5% to 5.125%
15,200,000	Series 4-U2 (Macalester College)	4.5% to 5.125%
4,602,000	Series 4-V (Gustavus Adolphus College)	4.90%
450,000	Series 4-W (Augsburg College)	5.98%
11,695,000	Series 4-X (Gustavus Adolphus College)	4.75% to 5.05%
15,840,000	Series 4-Y (Augsburg College)	3.6% to 5.05%
5,875,000	Series 4-Z (Northwestern College of Chiropractic)	3.6% to 4.875%
1,440,000	Series 5-A (Concordia University)	4.625% to 5.25%
$ 492,881,189		

Maturity Dates	Principal Outstanding	Unamortized Discount	Principal Less Unamortized Discount
Oct. 1, 1993 to Oct. 1, 2010	$ 4,680,000	$ (36,912)	$ 4,643,088
Dec. 1, 1994 to Dec. 1, 2012	2,705,000	(26,917)	2,678,083
Aug. 1, 2003	600,000	(6,014)	593,986
Oct. 1, 1994 to Oct. 1, 2023	11,595,000	(133,642)	11,461,358
Oct. 1, 1993 to Oct. 1, 2015	34,160,000	(370,417)	33,789,583
Jan. 1, 1994 to July 1, 2005	141,848		141,848
Jan. 1, 1995 to Jan. 1, 2013	790,000		790,000
Oct. 1, 1994 to Oct. 1, 2002	3,550,000	(11,992)	3,538,008
Feb. 4, 1994 to Aug. 4, 2000	152,681		152,681
Mar. 1, 1995 to Mar. 1, 2020	6,220,000	(103,061)	6,116,939
June 25, 1994 to Mar. 25, 2009	262,766		262,766
Dec. 1, 1994 to June 1, 2006	1,228,834		1,228,834
Mar. 1, 2024	6,660,000	(16,835)	6,643,165
Oct. 1, 1997 to Oct. 1, 2021	11,545,000	(177,413)	11,367,587
Oct. 1, 1998 to Oct. 1, 2010	3,150,000	(31,628)	3,118,372
Mar. 1, 1997 to Mar. 1, 2016	10,165,000	(99,476)	10,065,524
Mar. 1, 1996 to Sep. 1, 2000	264,736		264,736
Mar, 1, 1997 to Mar. 1, 2006	1,500,000	(10,010)	1,489,990
May 1, 1997 to May 1, 2023	7,580,000	(160,545)	7,419,455
May 1, 2026	1,595,000	(47,187)	1,547,813
Mar. 1, 1997 to Mar. 1, 2011	2,675,000	(37,952)	2,637,048
Oct. 1, 1996 to Oct. 1, 2010	4,950,000	(45,367)	4,904,633
Oct. 1, 1998 to Oct. 1, 2016	16,945,000	(230,564)	16,714,436
Mar. 1, 1998 to Mar. 1, 2017	10,370,000	(152,505)	10,217,495
Sep. 1, 1997 to June 1, 2004	474,189		474,189
Oct. 1, 1998 to Oct. 1, 2012	29,205,000	(526,042)	28,678,958
Apr. 1, 1999 to Apr. 1, 2012	24,440,000	(268,529)	24,171,471
Nov. 1, 1999 to Nov. 1, 2018	21,185,000	(376,693)	20,808,307
Oct. 1, 2021	10,800,000	(50,062)	10,749,938
Apr. 1, 1999 to Apr. 1, 2012	15,360,000	(227,599)	15,132,401
Apr. 1, 2000 to Apr. 2029	15,000,000	(189,064)	14,810,936
Apr. 1, 2028	22,865,000	(563,304)	22,301,696
Mar. 1, 1999 to Mar. 1, 2020	25,175,000	(286,106)	24,888,894
Mar. 1, 1999 to Mar. 1, 2022	7,145,000	(71,536)	7,073,464
Mar. 1, 1999 to Mar. 1, 2022	14,710,000	(157,640)	14,552,360
Feb. 15, 1999 to Feb. 15, 2009	4,602,000		4,602,000
Mar. 25, 1999 to Sep. 25, 2015	442,190		442,190
Oct. 1, 2000 to Oct. 1, 2024	11,695,000	(135,390)	11,559,610
Oct. 1, 1999 to Oct. 1, 2013	15,840,000	(241,776)	15,598,224
Oct. 1, 1999 to Oct. 1, 2009	5,875,000	(98,395)	5,776,605
Oct. 25, 1999 to April 25, 2014	1,440,000		1,440,000
	$ 412,834,244	$ (5,066,462)	$ 407,767,782

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 by:

- Any assets pledged as collateral by the institutions;
- 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 $3,081,999 and $210,704 for Series T and Series 2-K, 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, 2000, outstanding principal on the previous bond series was $64,970,000.

6. Lease Commitment

The Authority has a lease commitment for office space of $3,352 per month through November 2002.

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