Colorado School of Mines
Auxiliary Bonds

Accountants' Report and Financial Statements

Years Ended June 30, 2004 and 2003

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Independent Accountants' Report

Members of the Legislative Audit Committee:

We have audited the accompanying special purpose financial statements of the Auxiliary Bonds of the Colorado School of Mines (the School), a blended component unit of the State of Colorado, as of and for the years ended June 30, 2004 and 2003, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

The accompanying special purpose financial statements were prepared for the purpose of complying with the provisions of certain bond indentures as described in Note 4 and are not intended to be a complete presentation of the School's assets, liabilities, revenues and expenses.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Auxiliary Bonds of the Colorado School of Mines as of June 30, 2004 and 2003, and its changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Legislative Audit Committee, the Board of Trustees and management of the Colorado School of Mines, the Auxiliary Bonds trustee and the bondholders and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

October 15, 2004, except for Note 7, as to which the date is October 27, 2004

State of Colorado
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Statements of Net Assets
June 30, 2004 and 2003

Assets

	2004	2003
Current Assets		
Cash and cash equivalents	$ 3,936,143	$ 1,480,335
Accounts receivable	59,410	43,750
Account receivable, Colorado School of Mines	—	200,000
Total current assets	3,995,553	1,724,085
Noncurrent Assets		
Restricted cash	7,533,138	26,165,819
Bond issuance costs, net	707,675	708,799
Capital assets, net	37,779,284	21,039,298
Total noncurrent assets	46,020,097	47,913,916
Total assets	$ 50,015,650	$ 49,638,001

Liabilities

	2004	2003
Current Liabilities		
Vouchers payable	$ 792,704	$ 322,099
Accrued liabilities	166,559	166,419
Deferred revenue	127,864	103,310
Bonds payable, current portion	255,278	665,275
Other liabilities	845,212	45,317
Total current liabilities	2,187,617	1,302,420
Noncurrent Liabilities		
Accrued interest payable	1,551,226	1,217,632
Bonds payable	46,946,032	47,179,164
Total noncurrent liabilities	48,497,258	48,396,796
Total liabilities	$ 50,684,875	$ 49,699,216

Net Assets

	2004	2003
Invested in capital assets, net of related debt	$ (1,450,983)	$ (82,717)
Restricted		
Expendable		
Debt service	480,210	400,000
Capital projects	269,590	172,195
Unrestricted	31,958	(550,693)
Total net assets	$ (669,225)	$ (61,215)

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Statements of Revenues, Expenses and Changes in Net Assets
Years Ended June 30, 2004 and 2003

	2004	2003
Operating Revenues		
Tuition and fees	$ 948,507	$ 919,060
Rent	5,421,499	5,394,840
Other operating revenues	968,275	983,912
Total operating revenues	7,338,281	7,297,812
Operating Expenses		
Depreciation	969,810	1,231,830
Auxiliary enterprises	5,734,368	4,932,141
Total operating expenses	6,704,178	6,163,971
Operating Income	634,103	1,133,841
Nonoperating Revenues (Expenses)		
Investment Income	105,758	69,364
Gifts	—	4,240
Other nonoperating expenses	(22,385)	(15,154)
Interest on capital asset-related debt	(1,283,405)	(1,079,330)
Net nonoperating expenses	(1,200,032)	(1,020,880)
Income (Loss) Before Transfers	(565,929)	112,961
Transfers out	(42,081)	(125,691)
Decrease in Net Assets	(608,010)	(12,730)
Net Assets, Beginning of Year	(61,215)	(48,485)
Net Assets, End of Year	$ (669,225)	$ (61,215)

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Notes to Financial Statements
June 30, 2004 and 2003

Note 1: Nature of Operations and Summary of Significant Accounting Policies

The accompanying financial statements include the separate accounts of the Auxiliary Facilities Refunding and Improvement Revenue Bonds, Series 1993, Auxiliary Facilities Revenue Bonds, Series 1996, Auxiliary Facilities Enterprise Revenue Bonds, Series 1997A and 1997B, Auxiliary Facilities Enterprise Revenue Bonds, Series 1999 and Auxiliary Enterprise Refunding and Improvement Bonds, Series 2002, collectively identified as Auxiliary Bonds.

Basis of Accounting and Presentation

The financial statements of the Auxiliary Bonds of the Colorado School of Mines (the School) have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The School first applies restricted net assets when an expense or outlay is incurred for purposes for which both restricted and unrestricted net assets are available.

The School has the option to apply all Financial Accounting Standards Board (FASB) pronouncements that were issued after November 30, 1989, unless the FASB pronouncement conflicts with or contradicts a Governmental Accounting Standards Board (GASB) pronouncement. The School has elected not to apply FASB pronouncements issued after the applicable date.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The School considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2004 and 2003, cash equivalents consisted primarily of money market funds with brokers.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the School:

Land improvements	20 years
Building and improvements	20-40 years

The School capitalizes interest costs as a component of construction in progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing. Total interest capitalized was:

	2004	2003
Total interest expense incurred on borrowings for project	$ 1,359,018	$ 869,139
Less: Interest income from investment of proceeds of borrowings for project	97,395	165,819
Net interest cost capitalized	$ 1,261,623	$ 703,320
Interest capitalized	$ 1,261,623	$ 703,320
Interest charged to expense	1,283,405	1,079,330
Total interest incurred	$ 2,545,028	$ 1,782,650

Classification of Revenues

Revenues are classified as either operating or nonoperating revenues according to the following criteria:

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student fees, net of allowances, (2) rental income of auxiliary enterprises and (3) other operating revenues.

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting.*

Reclassifications

Certain reclassifications have been made to the 2003 financial statements to conform to the 2004 financial statement presentation. These reclassifications had no effect on the change in net assets.

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Note 2: Consideration of Deficit Net Asset

The financial statements of the Auxiliary Bonds are prepared only for the purpose of complying with the provisions of certain bond indentures and are not a complete presentation of the School's assets, liabilities, revenues and expenses. The Auxiliary Bond provisions require the School to impose student fees relating to the applicable auxiliary facilities to provide sufficient gross revenues to pay general operating expenses, annual principal, interest and required reserve and replacement funds. Such fees, rates and charges are required to be sufficient to produce, in each fiscal year, gross revenues to pay the annual general operating expenses, excluding depreciation, and 110% of both principal and interest on the Bonds, excluding any reserves. Recent accrual basis net losses after nonoperating expenses and decreases in net assets have not negatively impacted the auxiliary facilities' cash flows or liquidity and excluding depreciation the auxiliary facilities have had increases in net assets in each of the past two years. Management of the School annually monitors fees, rental rates and other charges to ensure that the bond requirements, cash flows and liquidity needs of the auxiliary facilities are met. The School is currently in compliance with the bond debt service requirements (see Note 5).

Note 3: Cash and Cash Equivalents

At June 30, 2004 and 2003, the Auxiliary Bonds had $-0- and $277,291, respectively, on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

At June 30, 2004, cash included petty cash and change funds of $1,280, money market bank accounts of $13,885,724 and bank accounts of ($2,417,723). The bank balance includes $13,885,724 covered by collateral held by the pledging institution's agent in the School's name.

At June 30, 2003, cash included petty cash and change funds of $1,280, money market bank accounts of $26,165,819 and bank accounts of $1,201,764. The bank balance includes $27,367,583 covered by collateral held by the pledging institution's agent in the School's name.

Note 4: Capital Assets

Capital assets activity for the year ended June 30 was:

	2004				
	Beginning Balance	Additions	Disposals	Transfers from Construction in Progress	Ending Balance
Land and improvements	$ 51,460	$ —	$ —	$ —	$ 51,460
Building and improvements	28,618,196	—	—	—	28,618,196
Equipment	231,675	—	—	—	231,675
Construction in progress	1,792,153	17,709,796	—	—	19,501,949
Total capital assets	30,693,484	17,709,796	—	—	48,403,280
Less accumulated depreciation	9,654,186	969,810	—	—	10,623,996
Net capital assets	$ 21,039,298	$ 16,739,986	$ 0	$ 0	$ 37,779,284

	2003				
	Beginning Balance	Additions	Disposals	Transfers from Construction in Progress	Ending Balance
Land and improvements	$ 36,622	$ 14,838	$ —	$ —	$ 51,460
Building and improvements	20,136,132	—	—	8,482,064	28,618,196
Equipment	231,675	—	—	—	231,675
Construction in progress	8,511,740	1,762,477	—	(8,482,064)	1,792,153
Total capital assets	28,916,169	1,777,315	—	—	30,693,484
Less accumulated depreciation	8,422,356	1,231,830	—	—	9,654,186
Net capital assets	$ 20,493,813	$ 545,485	$ 0	$ 0	$ 21,039,298

Note 5: Bonds Payable

The following is a summary of Auxiliary Bonds transactions for the year ended June 30:

	2004				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable					
Series 1993	$ 3,925,000	$ —	$ 460,000	$ 3,465,000	$ 275,000
Series 1996	1,350,000	—	65,000	1,285,000	70,000
Series 1997A	3,170,000	—	230,000	2,940,000	0
Series 1997B	460,000	—	—	460,000	0
Series 1999	7,794,333	—	—	7,794,333	0
Series 2002	32,040,000	—	—	32,040,000	0
	48,739,333	—	755,000	47,984,333	345,000
Less unamortized bond discounts	(482,099)	—	(29,336)	(452,763)	(29,438)
Less deferred call premium on defeased bonds	(412,795)	—	(82,535)	(330,260)	(60,284)
	$ 47,844,439	$ 0	$ 643,129	$ 47,201,310	$ 255,278

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	2003				
	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
Revenue bonds payable					
Series 1993	$ 6,970,000	$ —	$ 3,045,000	$ 3,925,000	$ 460,000
Series 1996	1,415,000	—	65,000	1,350,000	65,000
Series 1997A	4,720,000	—	1,550,000	3,170,000	230,000
Series 1997B	460,000	—	—	460,000	0
Series 1999	7,794,333	—	—	7,794,333	0
Series 2002	—	32,040,000	—	32,040,000	0
	21,359,333	32,040,000	4,660,000	48,739,333	755,000
Less unamortized bond discounts	(485,899)	(187,470)	(191,270)	(482,099)	(29,438)
Less deferred call premium on defeased bonds	—	(420,686)	(7,891)	(412,795)	(60,287)
	$ 20,873,434	$ 31,431,844	$ 4,460,839	$ 47,844,439	$ 665,275

Series 1993 Bonds

Revenue bonds payable were issued in 1993 in connection with constructing, renovating, otherwise acquiring and equipping the Ben H. Parker Student Center and improving and equipping dormitories and housing facilities. The 1993 revenue bonds outstanding as of June 30, 2004 consist of the following:

Auxiliary Facilities Refunding and Improvement Revenue Bonds Series 1993, with interest at 4.15% – 5%	$ 3,465,000
Less unamortized discount	158,847
	$ 3,306,153

Series 1993 Bonds are serial obligations maturing in fiscal years ending June 30, 2005 to 2014. Required annual principal and interest payments on the remaining Series 1993 Bonds at June 30, 2004 are:

Year Ending June 30,	Total to be Paid	Principal	Interest
2005	$ 439,687	$ 275,000	$ 164,687
2006	441,294	290,000	151,294
2007	436,913	300,000	136,913
2008	441,800	320,000	121,800
2009	440,625	335,000	105,625
2010-2014	2,197,625	1,945,000	252,625
	$ 4,397,944	$ 3,465,000	$ 932,944

Series 1996 Bonds

Revenue bonds payables were issued in 1996 in connection with constructing, acquiring and equipping improvement to auxiliary facilities. The 1996 revenue bonds outstanding as of June 30, 2004 consist of the following:

Auxiliary Facilities Enterprise Revenue Bonds	
Series 1996, with interest at 4.75% – 6%	$ 1,285,000
Less unamortized discount	7,316
	$ 1,277,684

Series 1996 Bonds are serial obligations maturing in fiscal years ending June 30, 2005 to 2017. Required annual principal and interest payments on the Series 1996 Bonds at June 30, 2004 are:

Year Ending June 30,	Total to be Paid	Principal	Interest
2005	$ 141,849	$ 70,000	$ 71,849
2006	143,142	75,000	68,142
2007	139,251	75,000	64,251
2008	140,123	80,000	60,123
2009	140,625	85,000	55,625
2010-2014	706,308	510,000	196,308
2015-2017	426,300	390,000	36,300
	$ 1,837,598	$ 1,285,000	$ 552,598

Series 1997 Bonds

Revenue bonds payable were issued in 1997 in connection with constructing, acquiring and equipping improvements to auxiliary facilities. The 1997 revenue bonds outstanding as of June 30, 2004 consist of the following:

Auxiliary Facilities Enterprise Revenue Bonds	
Series 1997A, with interest at 4.2% – 5%	$ 2,940,000
Series 1997B, with interest at 5.3%	460,000
	3,400,000
Less unamortized discount	44,580
	$ 3,355,420

Series 1997 bonds are serial obligations maturing in fiscal years ending June 30, 2011 to 2018. Required annual principal and interest payments on the Series 1997 Bonds at June 30, 2004 are:

Year Ending June 30,	Total to be Paid	Principal	Interest
2005	$ 171,868	$ —	$ 171,868
2006	171,868	—	171,868
2007	171,868	—	171,868
2008	171,867	—	171,867
2009	171,867	—	171,867
2010-2014	2,351,199	1,695,000	656,199
2015-2018	1,885,705	1,705,000	180,705
	$ 5,096,242	$ 3,400,000	$ 1,696,242

Series 1999 Bonds

Revenue bond payables were issued in 1999 in connection with constructing, acquiring and equipping improvements to auxiliary facilities. The 1999 revenue bonds outstanding as of June 30, 2004 consist of the following:

Auxiliary Facilities Enterprise Revenue Bonds, Series 1999	
Current Interest Bonds; interest at 5%	$ 2,285,000
Capital Appreciation Bonds; interest at 5.14% – 5.4%	5,509,333
	7,794,333
Less unamortized discount	62,663
	$ 7,731,670

Series 1999 Current Interest Bonds mature on December 1, 2028 and are subject to mandatory sinking fund redemption on December 1, 2027 of $1,300,000. Interest is payable semi-annually on December 1 and June 1. Series 1999 Capital Appreciation Bonds mature on December 1, 2014 to 2027. Interest accretes from the date of issuance, compounding semi-annually until maturity.

Required annual principal and interest payments on Series 1999 Bonds at June 30, 2004 are:

Year Ending June 30,	Total to be Paid	Principal	Interest
2005	$ 139,250	$ —	$ 139,250
2006	139,250	—	139,250
2007	139,250	—	139,250
2008	139,250	—	139,250
2009	139,250	—	139,250
2010-2014	696,250	—	696,250
2015-2019	5,311,250	1,847,140	3,464,110
2020-2024	7,616,250	2,122,505	5,493,745
2025-2029	7,606,623	3,824,688	3,781,935
	$ 21,926,623	$ 7,794,333	$ 14,132,290

Series 2002 Bonds

Revenue bond payables were issued in 2002 for the purpose of refunding a portion of the Series 1993 and Series 1997A revenue bonds and to finance the construction, acquisition and equipping of student housing and dining facilities and improving and equipping other auxiliary facilities. The 2002 revenue bonds outstanding as of June 30, 2004 consist of the following:

Auxiliary Facilities Enterprise Revenue Bonds, Series 2002, with interest at 3.25% – 5.00%	$ 32,040,000
Less unamortized discount	179,357
	$ 31,860,643

Series 2002 Bonds are serial obligations maturing in fiscal years ending June 30, 2009 to 2038. Required annual principal and interest payments on Series 2002 Bonds at June 30, 2004 are:

Year Ending June 30,	Total to be Paid	Principal	Interest
2005	$ 1,580,253	$ —	$ 1,580,253
2006	1,580,253	—	1,580,253
2007	1,580,253	—	1,580,253
2008	1,580,253	—	1,580,253
2009	1,742,571	165,000	1,577,571
2010-2014	9,101,472	1,305,000	7,796,472
2015-2019	9,195,989	1,770,000	7,425,989
2020-2024	9,010,550	2,055,000	6,955,550
2025-2029	9,018,500	2,650,000	6,368,500
2030-2034	16,618,750	12,040,000	4,578,750
2035-2038	13,298,375	12,055,000	1,243,375
	$ 74,307,219	$ 32,040,000	$ 42,267,219

Defeased Bonds

During September 1984, Housing System Revenue Bond Series E was placed with a paying agent. Income received by the trust will be used solely for the purpose of making the required interest payments. Accordingly, the Series E Bond is considered to be extinguished in 1984, and does not appear as a liability in the accompanying statement of net assets. At June 30, 2004, bonds in the amount of $2,450,000 are outstanding.

In connection with the issuance of the Series 2002 bonds, $4,191,171 was placed in escrow with a paying agent for the payment of certain Series 1993 and 1997A bonds. Accordingly, certain Series 1993 and 1997A bonds were considered extinguished as of November 2002; and the escrow account and extinguished bonds are not recognized in the accompanying statement of net assets. At June 30, 2004, Series 1997A bonds in the amount of $1,330,000 is outstanding. The Series 1993 bonds were paid in full during 2003. The refunding of the bonds resulted in a call premium, the difference between the reacquisition price and the net carrying amount of the bonds, in the amount of $420,686. The call premium is reported in the accompanying statement of net assets as a reduction of revenue bonds payable and is being amortized on a straight-line basis over the remaining lives of the Series 1993 and 1997A bonds.

Pledge of Net Income

The Auxiliary Bonds are secured by a first (but not an exclusive first) lien upon the net pledged revenues, while any portion of the Auxiliary Bonds remain outstanding. Net pledged revenues are defined by the bond resolution to be gross revenues less general operating expenses and all other moneys credited to either the bond fund or the reserve fund.

Gross revenues consist of all income and revenues derived directly or indirectly from the operations of the auxiliary facilities, including, but not limited to, the student center fee, any special fees assessed against students or employees, which is related to auxiliary facilities, and any investment earnings.

The Auxiliary Bond resolutions allow the Board of Trustees (the Board) the right, subject to certain conditions, to issue additional bonds which are payable from net pledged revenues of the auxiliary facilities. However, additional bonds, if any, may only have a lien on a parity with, not superior to, the existing lien.

The Auxiliary Bonds are special limited obligations of the Colorado School of Mines and are payable solely from net pledged revenues, as defined. The Auxiliary Bonds are not secured by any encumbrance, mortgage, or other pledge of property, except the net pledged revenues, and do not constitute general obligations of the Colorado School of Mines.

Required Reserves

The Auxiliary Bond resolutions require the Board to establish a minimum reserve in accordance with the applicable resolution. The minimum reserve under the bond resolution is equal to the maximum principal and interest due in any calendar year for the particular bond issue. The Auxiliary Bond resolutions allow the Board to elect to fund the minimum reserve through a surety bond or letter of credit. The Auxiliary Bonds minimum reserves have been funded by the issuance of surety bonds provided by Municipal Bond Insurance Association (MBIA) in an amount equal to the maximum principal and interest due in any calendar year on those issues. The minimum reserves for the Series 1993, Series 1996, Series 1997, Series 1999 and Series 2002 Auxiliary Bonds are $773,411, $144,200, $473,296, $779,433 and $2,737,397, respectively.

Debt Service Coverage

The Auxiliary Bonds specify debt service coverage requirements for the auxiliary facilities. The debt service coverage provisions require net pledged revenues, as defined above, to be equal to 110% of the combined principal and interest payments, excluding any reserves, on the Auxiliary Bonds and any additional bonds due during any subsequent fiscal year. The following combined debt service coverage calculation includes all Auxiliary Bonds since all bonds are payable from net pledged revenues on a parity with the other bonds.

The calculation of the combined debt service coverage for the year ended June 30, 2004 is as follows:

	Series 2002 Bonds	Series 1999 Bonds	Series 1997 A&B Bonds	Series 1996 Bonds	Series 1993 Bonds	Total
Debt service						
Principal	$ —	$ —	$ 230,000	$ 65,000	$ 460,000	$ 755,000
Interest	233,827	139,250	176,926	75,259	181,362	806,624
Total debt service	$ 233,827	$ 139,250	$ 406,926	$ 140,259	$ 641,362	$ 1,561,624
Operating revenues						$ 7,338,281
Less: Operating expenditures, net of depreciation						5,734,368
Plus: Income fund balance						525,724
Net pledged revenues available for debt service						$ 2,129,637
Ratio of amount available for debt service to total debt service						1.36

As stated in the Auxiliary Bond resolutions, the Board has pledged to impose fees, rates and charges sufficient to pay all obligations required under the provisions of the Auxiliary Bond resolutions. The calculation also excludes interest being paid from capitalized interest fund.

Additional Covenants

In addition to the other requirements listed in this footnote, the Auxiliary Bond resolutions require the Board to maintain compliance with various additional covenants while the Auxiliary Bonds are outstanding. These covenants, among other things, restrict the disposition of the auxiliary facilities under certain circumstances, require the Board to maintain adequate insurance on the auxiliary facilities, require the Board to continue to operate the auxiliary facilities and require an annual audit of the Auxiliary Bond Fund.

Events of Default

An event of default will have occurred under the Auxiliary Bond resolutions, in general, if (a) any payment of principal or interest on the Auxiliary Bonds is not made when due; (b) the Board is unable to fulfill its obligations under the Auxiliary Bond resolutions; or (c) the Board has defaulted in the performance of any covenant, condition, agreement or provision contained in any of the Auxiliary Bond resolutions. Management believes no events of default occurred under the auxiliary bank resolutions.

Note 6: Account Receivable – Colorado School of Mines

As of June 30, 2003, the Auxiliary Bonds had an account receivable from the Colorado School of Mines for $200,000 due to the expenditure of pledged revenues by the School. The fund was reimbursed by the School in 2004.

Note 7: Subsequent Event

On October 27, 2004, the School issued $17,450,000 in refunding and improvement bonds. Proceeds from the bonds are to be used to refund the Auxiliary Facilities Refunding and Improvement Revenue Bonds, Series 1993 and the Auxiliary Facilities Enterprise Revenue Bonds, Series 1996 and for constructing and equipping recreational and health facilities at the School. Principal and interest on the bonds are payable semi-annually on June 1 and December 1 of each year through maturity in 2025 with interest rates on the serial obligations ranging from 2.5% to 5.0%. The bonds are secured by a non-exclusive first lien upon the net pledged revenues, as defined, and a financial guaranty insurance policy.

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