

September 1, 2014, and term bonds aggregating principal of \$20,550,000 due from September 1, 2013 to 2015. These bonds are payable solely from the revenue, money or property of the Administration.

The bonds are subject to redemption provisions at the option of the Administration. Redemptions are permitted at premiums ranging up to 2.5% of the outstanding principal amount.

As of June 30, 1997, the Administration had \$37,510,000 of debt defeased. The loss of \$3,677,000 from the defeasance is being deferred and amortized through interest expense through the year 2011.

Maryland State Lottery Agency (Lottery) — Notes Payable —

As of June 30, 1997, the Lottery had notes payable outstanding related to the financing of certain gaming equipment. The balance outstanding as of June 30, 1997, is \$6,503,000. Interest rates on the notes range from 4.6% to 6.7%.

C. Long Term Obligations — Component Units:

Higher Education Fund —

Certain State higher education institutions have issued revenue bonds and mortgage loans payable for the acquisition and construction of student housing and other facilities. Student fees and other user revenues collateralize the revenue bonds. The mortgage loans payable are collateralized by real estate. Interest rates range from 4.3% to 7.2% on the revenue bonds with the rate being 3% on the mortgage loans payable. In June 1992, and during the year ended June 30, 1997, the University of Maryland System issued serial Equipment Loan Program Obligations to finance the acquisition of new equipment and to refinance the balance of amounts due under certain installment purchase agreements for equipment then in the possession of the System. Payments of principal and interest, at rates ranging from 2.6% to 6.15%, are to be made semiannually through 2007. The Equipment Obligations are callable, at the option of the System, at premiums of no more than 2% of the outstanding principal, beginning in 2003. Maturities of principal are as follows (amounts expressed in thousands).

| Years Ending June 30, | Equipment Loan Program Obligations | Revenue Bonds | Mortgages and Other | Total |
|--------------------------|---------------------------------------|------------------|------------------------|------------------|
| 1998..... | \$ 1,665 | \$ 25,770 | \$ 2,626 | \$ 30,061 |
| 1999..... | 1,750 | 27,388 | 2,169 | 31,307 |
| 2000..... | 1,595 | 29,106 | 1,968 | 32,669 |
| 2001..... | 1,690 | 27,243 | 1,814 | 30,747 |
| 2002..... | 1,775 | 24,963 | 1,890 | 28,628 |
| 2003 and thereafter..... | 36,232 | 373,021 | 2,892 | 412,145 |
| | <u>\$44,707</u> | <u>\$507,491</u> | <u>\$13,359</u> | <u>\$565,557</u> |

The bonds issued are the debt and obligation of the issuing higher education institutions and are not a debt and obligation of, or pledge of, the faith and credit of the State.

On July 2, 1997, the University of Maryland System issued \$60,000,000 of University of Maryland System Auxiliary Facility and Tuition Revenue Bonds, 1997 Series A (the 1997 Series A bonds). The 1997 Series A bonds consist of serial and term bonds maturing through the year ended June 30, 2017, with stated rates of interest from 4.1% to 5.1%, and were issued at an aggregate discount of \$235,000.

Obligations under capital leases of \$6,914,000 exist as of June 30, 1997, bearing interest at annual rates ranging from 3.7% to 8.0%. Following is a schedule of annual future minimum payments under these obligations, along with the present value of the related net minimum payments as of June 30, 1997, (amounts expressed in thousands).

| Years Ending June 30, | Amount |
|--|----------|
| 1998..... | \$ 800 |
| 1999..... | 753 |
| 2000..... | 672 |
| 2001..... | 659 |
| 2002..... | 701 |
| 2003 and thereafter..... | 9,472 |
| Total future minimum payments..... | 13,057 |
| Less amount representing interest..... | 6,143 |
| Present value of net minimum payments..... | \$ 6,914 |