

DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC  
Form N-Q  
August 29, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number:	811-07420
Exact name of registrant as specified in charter:	Delaware Investments <sup>®</sup> Minnesota Municipal Income Fund II, Inc.
Address of principal executive offices:	2005 Market Street Philadelphia, PA 19103
Name and address of agent for service:	David F. Connor, Esq. 2005 Market Street Philadelphia, PA 19103
Registrant's telephone number, including area code:	(800) 523-1918
Date of fiscal year end:	March 31
Date of reporting period:	June 30, 2016

---

## Item 1. Schedule of Investments.

## Schedule of investments

Delaware Investments<sup>®</sup> Minnesota Municipal Income Fund II, Inc.

June 30, 2016 (Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds 141.81%</b>		
Corporate-Backed Revenue Bonds 2.75%		
Laurentian Energy Authority I Cogeneration Revenue Series A 5.00% 12/1/21	3,325,000	\$ 3,326,230
St. Paul Port Authority Revenue (Gerdau St. Paul Steel Mill Project) Series 7 144A 4.50% 10/1/37 (AMT) #	1,715,000	1,553,773
		<b>4,880,003</b>
Education Revenue Bonds 20.57%		
Baytown Township Lease Revenue (St. Croix Preparatory Academy) 5.75% 8/1/42	300,000	306,336
Brooklyn Park Charter School Lease (Prairie Seeds Academy Project) Series A 5.00% 3/1/34 Series A 5.00% 3/1/39	990,000 170,000	1,077,001 183,765
Cologne Charter School Lease Revenue (Cologne Academy Project) Series A 5.00% 7/1/29 Series A 5.00% 7/1/45	270,000 445,000	303,588 487,208
Deephaven Charter School (Eagle Ridge Academy Project) Series A 5.25% 7/1/37 Series A 5.25% 7/1/40	740,000 500,000	805,853 545,280
Forest Lake Minnesota Charter School Revenue (Lake International Language Academy) 5.75% 8/1/44	705,000	785,314
Hugo Charter School Lease Revenue (Noble Academy Project) Series A 5.00% 7/1/34 Series A 5.00% 7/1/44	255,000 775,000	267,964 802,171
Minneapolis Charter School Lease Revenue (Hiawatha Academies Project) Series A 5.00% 7/1/36 Series A 5.00% 7/1/47	750,000 900,000	792,937 930,888
Minneapolis Student Housing		

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-Q

Revenue			
(Riverton Community Housing Project)			
5.25% 8/1/39	205,000		217,743
5.50% 8/1/49	990,000		1,058,191
Minnesota Higher Education Facilities Authority Revenue (Carleton College)			
Series 6-T 5.00% 1/1/28	1,000,000		1,057,970
Series D 5.00% 3/1/30 (College of St. Benedict)	1,120,000		1,237,085
Series 7-M 5.00% 3/1/31	300,000		332,355
Series 7-M 5.125% 3/1/36 (St. Catherine University)	275,000		303,864
Series 7-Q 5.00% 10/1/32 (St. Johns University)	700,000		814,779
Series 8-I 5.00% 10/1/31	235,000		292,032
Series 8-I 5.00% 10/1/34 (St. Scholastic College)	35,000		42,998
Series H 5.25% 12/1/35 (University of St. Thomas)	1,000,000		1,089,230
Series 7-A 5.00% 10/1/39	1,000,000		1,117,620
Series 7-U 5.00% 4/1/22	750,000		904,493
Otsego Charter School (Kaleidoscope Charter School)			
Series A 5.00% 9/1/34	335,000		360,550
Series A 5.00% 9/1/44	700,000		743,820
Rice County Educational Facilities Revenue (Shattuck-St. Mary's School) Series A 144A			
5.00% 8/1/22 #	1,250,000		1,359,087
St. Cloud Charter School Lease Revenue (Stride Academy Project)			
Series A 5.00% 4/1/46	375,000		385,080
St. Paul Housing & Redevelopment Authority Charter School Lease Revenue (Academia Cesar Chavez School Project) Series A			
5.25% 7/1/50 (Nova Classical Academy)	880,000		892,602
Series A 6.375% 9/1/31	750,000		865,080

(continues) NQ- OVJ [6/16] 8/16 (17336) 1

## Schedule of investments

Delaware Investments® Minnesota Municipal Income Fund II, Inc. (Unaudited)

	Principal Amount°	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Education Revenue Bonds (continued)		
St. Paul Housing & Redevelopment Authority Charter School Lease Revenue (Twin Cities Academy Project) Series A 5.30% 7/1/45	630,000	\$ 665,154
University of Minnesota		
Series A 5.25% 12/1/28	500,000	594,225
Series A 5.25% 4/1/29	1,000,000	1,114,600
Series C 5.00% 12/1/19	1,290,000	1,451,469
Series D 5.00% 12/1/27	1,110,000	1,327,549
Series D 5.00% 12/1/28	1,880,000	2,244,024
Series D 5.00% 12/1/29	2,265,000	2,694,535
Series D 5.00% 12/1/31	1,000,000	1,190,360
Series D 5.00% 12/1/36	3,000,000	3,545,250
State Supported Stadium Debt Series A 5.00% 8/1/26	1,000,000	1,290,690
		<b>36,480,740</b>
Electric Revenue Bonds 10.21%		
Central Minnesota Municipal Power Agency Revenue (Brookings Southeast Twin Cities Transportation) 5.00% 1/1/32	1,130,000	1,319,930
(Brookings Twin Cities Transmission Project) 5.00% 1/1/42	1,000,000	1,153,330
Chaska Electric Revenue Series A 5.00% 10/1/28	445,000	561,532
Minnesota Municipal Power Agency Electric Revenue 5.00% 10/1/25	500,000	630,045
5.00% 10/1/26	500,000	624,570
5.00% 10/1/27	320,000	397,712
Northern Municipal Power Agency		
Series A 5.00% 1/1/26	100,000	120,919
Series A 5.00% 1/1/30	340,000	404,189
Rochester Electric Utility Revenue		
Series B 5.00% 12/1/30	1,300,000	1,620,398
Series B 5.00% 12/1/43	1,000,000	1,219,750
Western Minnesota Municipal Power Agency Supply Revenue		
Series A 5.00% 1/1/25	3,000,000	3,683,700

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-Q

	Revenue		
	Series A 5.00% 1/1/26	1,000,000	1,227,200
	Series A 5.00% 1/1/33	1,000,000	1,222,860
	Series A 5.00% 1/1/40	750,000	906,615
	Series A 5.00% 1/1/46	2,500,000	3,012,400
			<b>18,105,150</b>
<b>Healthcare Revenue Bonds</b>	<b>31.40%</b>		
	<b>Anoka Health Care Facilities</b>		
	Revenue		
	5.375% 11/1/34	610,000	670,969
	(Homestead Anoka Project)		
	Series A 7.00% 11/1/46	1,200,000	1,297,380
	<b>Center City Health Care</b>		
	Facilities Revenue		
	(Hazelden Betty Ford		
	Foundation Project)		
	5.00% 11/1/27	500,000	616,500
	5.00% 11/1/29	300,000	368,136
	(Hazelden Foundation		
	Project)		
	4.75% 11/1/31	850,000	910,962
	5.00% 11/1/41	1,600,000	1,734,432
	<b>Cloquet Housing Facilities</b>		
	Revenue		
	(HADC Cloquet Project)		
	Series A 5.00% 8/1/48	500,000	517,045
	<b>Deephaven Housing &amp;</b>		
	<b>Healthcare Revenue</b>		
	(St. Therese Senior Living		
	Project)		
	Series A 5.00% 4/1/38	280,000	296,920
	Series A 5.00% 4/1/40	270,000	285,987
	<b>Duluth Economic</b>		
	<b>Development Authority</b>		
	(St. Luke s Hospital		
	Authority Obligation		
	Group)		
	5.75% 6/15/32	1,400,000	1,602,048
	6.00% 6/15/39	1,000,000	1,151,950
	<b>Fergus Falls Health Care</b>		
	Facilities Revenue		
	(Lake Region Healthcare)		
	5.00% 8/1/30	1,000,000	1,020,070
	<b>Hayward</b>		
	(American Baptist Homes		
	Midwest) 5.75% 2/1/44	500,000	534,435

(Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Healthcare Revenue Bonds (continued)		
Hayward Health Care Facilities Revenue (St. John's Lutheran Home of Albert Lea) 5.375% 10/1/44	680,000	\$ 722,276
Maple Grove Health Care Facilities Revenue (North Memorial Health Care) 5.00% 9/1/30	865,000	1,051,875
Maple Grove Health Care System Revenue (Maple Grove Hospital) 5.25% 5/1/37	1,100,000	1,133,748
Minneapolis Health Care System Revenue (Fairview Health Services) Series A 5.00% 11/15/33	500,000	610,185
Series A 5.00% 11/15/34 (Unrefunded - Fairview Health Services) Series B 6.50% 11/15/38 (AGC)	500,000	606,905
	1,940,000	2,178,853
Minneapolis Senior Housing & Healthcare Revenue (Ecumen Mill City Quarter) 5.00% 11/1/35	220,000	231,554
5.25% 11/1/45	850,000	898,373
5.375% 11/1/50	200,000	208,216
Minneapolis St. Paul Housing & Redevelopment Authority Health Care Revenue (Children's Health Care Facilities) Series A1 5.00% 8/15/34 (AGM)	500,000	569,305
Rochester Health Care & Housing Revenue (Samaritan Bethany) Series A 7.375% 12/1/41 (The Homestead at Rochester Project) Series A 6.875% 12/1/48	1,220,000	1,374,623
	1,220,000	1,440,649
Rochester Health Care Facilities Revenue (Mayo Clinic) 4.00% 11/15/41	4,860,000	5,286,416
Series C 4.50% 11/15/38	1,725,000	2,013,593
Sartell Health Care Facilities Revenue (Country Manor Campus Project) 5.25% 9/1/30	1,000,000	1,091,660
Series A 5.30% 9/1/37	600,000	656,460

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-Q

Shakopee Health Care Facilities Revenue (St. Francis Regional Medical Center) 4.00% 9/1/31	205,000	227,989
5.00% 9/1/34	165,000	196,716
St. Cloud Health Care Revenue (Centracare Health System Project) Series A 4.00% 5/1/37	860,000	965,075
Series A 5.00% 5/1/46	2,425,000	2,975,596
Series B 5.00% 5/1/24 (Unrefunded - Centracare Health System Project) 5.125% 5/1/30	1,400,000	1,760,780
	95,000	108,381
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Allina Health System) Series A-1 5.25% 11/15/29	1,395,000	1,588,947
(Health Partners Obligation Group Project) 5.00% 7/1/29	2,000,000	2,476,280
5.00% 7/1/32	1,100,000	1,348,798
St. Paul Housing & Redevelopment Authority Hospital Facility (Healtheast Care System Project) Series A 5.00% 11/15/29	395,000	482,417
Series A 5.00% 11/15/30	290,000	352,820
St. Paul Housing & Redevelopment Authority Housing & Health Care Facilities Revenue (Senior Carondelet Village Project) Series A 6.00% 8/1/42	770,000	795,148
(Senior Episcopal Homes Project) 5.125% 5/1/48	1,200,000	1,291,812

(continues) NQ- OVJ [6/16] 8/16 (17336) 3

## Schedule of investments

Delaware Investments® Minnesota Municipal Income Fund II, Inc. (Unaudited)

	Principal Amount°	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Healthcare Revenue Bonds (continued)		
St. Paul Housing & Redevelopment Authority Housing & Health Care Facilities Revenue Series A 4.75% 11/1/31	740,000	\$ 773,241
Washington County Housing & Redevelopment Authority Revenue (Birchwood & Woodbury Projects) Series A 5.625% 6/1/37	1,500,000	1,547,460
Wayzata Senior Housing Revenue (Folkestone Senior Living Community) Series A 5.50% 11/1/32 Series A 5.75% 11/1/39 Series A 6.00% 5/1/47	420,000 945,000 1,475,000	459,304 1,028,954 1,613,709
Winona Health Care Facilities Revenue (Winona Health Obligation) 4.65% 7/1/26 4.75% 7/1/27 5.00% 7/1/23 5.00% 7/1/34	465,000 785,000 1,010,000 750,000	512,895 864,670 1,042,391 830,033
Woodbury Housing & Redevelopment Authority Revenue (St. Therese of Woodbury) 5.125% 12/1/44	1,250,000	1,347,325
		55,672,266
Housing Revenue Bonds 3.21%		
Minneapolis Multifamily Housing Revenue (Olson Townhomes Project) 6.00% 12/1/19 (AMT)	410,000	410,349
Minnesota Housing Finance Agency (Non Ace - State Appropriated Housing) 5.00% 8/1/33	1,390,000	1,675,701
Minnesota State Housing Finance Agency (Residential Housing) Series D 4.75% 7/1/32 (AMT) Series L 5.10% 7/1/38 (AMT) Finance Agency	695,000 1,060,000	695,083 1,070,494



Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-Q

	Homeownership (Mortgage-Backed Securities Program) 4.40% 7/1/32 (GNMA) (FNMA)	1,160,000	1,262,811
	Northwest Multi-County Housing & Redevelopment Authority (Pooled Housing Program) 5.50% 7/1/45	560,000	581,734
			5,696,172
<b>Lease Revenue Bonds</b>	<b>15.05%</b>		
	Minnesota State General Fund Revenue Appropriations Series A 5.00% 6/1/32	780,000	955,336
	Series A 5.00% 6/1/38	5,500,000	6,652,085
	Series A 5.00% 6/1/43	1,750,000	2,110,237
	Series B 4.00% 3/1/26	3,000,000	3,405,600
	Series B 5.00% 3/1/21	1,500,000	1,775,355
	Series B 5.00% 3/1/29	3,525,000	4,254,146
	University of Minnesota Special Purpose Revenue (State Supported Biomed Science Research) 5.00% 8/1/35	1,040,000	1,190,592
	5.00% 8/1/36	4,000,000	4,687,520
	Virginia Housing & Redevelopment Authority Health Care Facility Lease Revenue 5.25% 10/1/25	680,000	681,802
	5.375% 10/1/30	965,000	967,393
			26,680,066
<b>Local General Obligation Bonds</b>	<b>10.38%</b>		
	Burnsville-Eagan-Savage Independent School District No 191 (Alternative Facilities) Series A 4.00% 2/1/28	1,185,000	1,393,418
	Duluth, Minnesota (Improvement DECC) Series A 5.00% 2/1/34	545,000	688,057
	Hennepin County Series A 5.00% 12/1/36	1,000,000	1,288,670
	Series A 5.00% 12/1/41	1,060,000	1,355,655

(Unaudited)

	Principal Amount <sup>o</sup>	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Local General Obligation Bonds (continued)		
Hopkins Independent School District No. 270 Series A 5.00% 2/1/28	1,000,000	\$ 1,167,520
Mahtomedi Independent School District No. 832 (School Building) Series A 5.00% 2/1/28	515,000	652,974
Mountain Iron-Buhl Independent School District No. 712 (School Building) Series A 4.00% 2/1/26	1,315,000	1,602,130
Rocori Independent School District No. 750 (School Building) Series B 5.00% 2/1/22	1,010,000	1,113,535
Series B 5.00% 2/1/24	1,075,000	1,184,328
Series B 5.00% 2/1/25	1,115,000	1,227,191
Series B 5.00% 2/1/26	1,155,000	1,271,216
St. Paul Independent School District No. 625 (School Building) Series B 5.00% 2/1/22	1,300,000	1,574,989
Series B 5.00% 2/1/26	1,000,000	1,229,730
Willmar (Rice Memorial Hospital Project) Series A 4.00% 2/1/32	2,440,000	2,659,502
		<b>18,408,915</b>
Pre-Refunded/Escrowed to Maturity Bonds 21.23%		
Dakota-Washington Counties Housing & Redevelopment Authority Single Family Residential Mortgage Revenue (City of Bloomington) Series B 8.375% 9/1/21 (GNMA) (AMT)	7,055,000	9,460,543
Deephaven Charter School (Eagle Ridge Academy Project) Series A 5.50% 7/1/43-23	500,000	629,650
Minneapolis Health Care System Revenue (Centracare Health System Project) Series A 5.125% 5/1/30-20 (Fairview Health Services) System Revenue Series A 6.375% 11/15/23-18	5,080,000	5,901,030
Series A 6.625% 11/15/28-18	455,000	515,970
	1,150,000	1,310,862

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-Q

Series B 6.50% 11/15/38-18 (AGC)	355,000	403,614
Minneapolis Revenue (National Marrow Donor Program Project) Series NMDP 4.875% 8/1/25-18	1,000,000	1,087,180
Minnesota Higher Education Facilities Authority Revenue (University of St. Thomas) Series 6-X 5.00% 4/1/29-17	2,250,000	2,324,745
Southern Minnesota Municipal Power Agency Revenue Series A 5.75% 1/1/18	1,450,000	1,472,548
Southern Minnesota Municipal Power Agency Supply Revenue Series A 5.25% 1/1/30-19	1,030,000	1,145,659
St. Cloud Health Care Revenue (Centracare Health System Project) 5.50% 5/1/39-19 (AGC)	1,500,000	1,699,635
St. Louis Park Health Care Facilities Revenue (Park Nicollet Health Services) 5.75% 7/1/39-19 Series C 5.50% 7/1/23-18	3,565,000 1,000,000	4,096,149 1,097,510
St. Paul Housing & Redevelopment Authority Health Care Facilities Revenue (Health Partners Obligation Group Project) 5.25% 5/15/36-16	250,000	254,508
University of Minnesota Series A 5.50% 7/1/21 Series A 5.75% 7/1/18	4,000,000 500,000	4,707,800 551,240

(continues) NQ- OVJ [6/16] 8/16 (17336) 5

## Schedule of investments

Delaware Investments® Minnesota Municipal Income Fund II, Inc. (Unaudited)

	Principal Amount°	Value (U.S. \$)
<b>Municipal Bonds</b> (continued)		
Pre-Refunded/Escrowed to Maturity Bonds (continued)		
University of Minnesota Hospital & Clinics 6.75% 12/1/16	970,000	\$ 995,375
		37,654,018
<b>Special Tax Revenue Bonds</b> 5.52%		
Guam Government Business Privilege Tax Revenue Series A 5.25% 1/1/36	150,000	172,749
Hennepin County Sales Tax Revenue (Second Lien-Ballpark Project) Series B 4.75% 12/15/27	1,905,000	2,009,718
Minneapolis Community Planning & Economic Development Department (Limited Tax Supported Common Bond Fund) 6.25% 12/1/30 Series 1 5.50% 12/1/24 (AMT)	1,000,000 920,000	1,200,900 937,747
Minneapolis Revenue (YMCA Greater Twin Cities Project) 4.00% 6/1/29	165,000	186,829
Minnesota Public Safety Radio 5.00% 6/1/23	2,845,000	3,202,389
St. Paul Port Authority (Brownfields Redevelopment Tax) Series 2 5.00% 3/1/37	895,000	919,290
St. Paul Sales Tax Revenue Series G 5.00% 11/1/30	935,000	1,155,024
		9,784,646
<b>State General Obligation Bonds</b> 15.04%		
Minnesota State Series A 5.00% 8/1/24	4,500,000	5,799,285
Series A 5.00% 8/1/29 (State Trunk Highway)	700,000	909,216
Series B 5.00% 10/1/22	5,500,000	6,654,340
Series B 5.00% 10/1/29 (State Various Purpose)	3,315,000	3,977,271
Series D 5.00% 8/1/24 (Various Purposes) Series F 5.00% 10/1/22	2,700,000 5,000,000	3,140,154 6,182,750
		26,663,016
<b>Transportation Revenue Bonds</b> 4.41%		
Minneapolis St. Paul Metropolitan Airports Commission Revenue 5.00% 1/1/21	2,600,000	3,058,042

Edgar Filing: DELAWARE INVESTMENTS MINNESOTA MUNICIPAL INCOME FUND II, INC - Form N-Q

5.00% 1/1/22	670,000	783,518
Subordinate		
Series B 5.00% 1/1/26	540,000	643,086
Series B 5.00% 1/1/26 (AMT)	500,000	613,395
Series B 5.00% 1/1/27	1,190,000	1,414,743
Series B 5.00% 1/1/30	500,000	590,330
Series B 5.00% 1/1/31	250,000	294,300
St. Paul Port Authority Revenue (Amherst H. Wilder Foundation) Series 3 5.00% 12/1/36	380,000	415,674
		7,813,088
<b>Water &amp; Sewer Revenue Bonds 2.04%</b>		
Guam Government Waterworks Authority 5.00% 1/1/46	725,000	868,209
Metropolitan Council Waste Water Revenue Series B 4.00% 9/1/27	1,145,000	1,322,784
St. Paul Sewer Revenue Series D 5.00% 12/1/21	1,325,000	1,432,193
		3,623,186
<b>Total Municipal Bonds</b>		
(cost \$231,640,932)		<b>251,461,266</b>
<b>Short-Term Investment 0.85%</b>		
Variable Rate Demand Note 0.85% <sup>a</sup>		
Minneapolis-St. Paul, Minnesota Housing & Redevelopment Authority Health Care Revenue Series A-II (Children's Hospital Clinics) 0.35% 8/15/37 (AGM)	1,500,000	1,500,000
<b>Total Short-Term Investment</b>		
(cost \$1,500,000)		<b>1,500,000</b>

(Unaudited)

<b>Total Value of</b>		
<b>Securities</b>	<b>142.66%</b>	
(cost \$233,140,932)		<b>\$252,961,266</b>
<b>Liquidation Value of</b>		
<b>Preferred</b>		
<b>Stock</b>	<b>(42.30%)</b>	<b>(75,000,000)</b>
<b>Liabilities Net of</b>		
<b>Receivables and Other</b>		
<b>Assets</b>	<b>(0.36%)</b>	<b>(640,185)</b>
<b>Net Assets Applicable to</b>		
<b>11,504,975 Shares</b>		
<b>Outstanding</b>	<b>100.00%</b>	<b>\$177,321,081</b>

# Security exempt from registration under Rule 144A of the Securities Act of 1933, as amended. At June 30, 2016, the aggregate value of Rule 144A securities was \$2,912,860, which represents 1.64% of the Fund's net assets.

- ▣ Tax-exempt obligations that contain a floating or variable interest rate adjustment formula and an unconditional right of demand to receive payment of the unpaid principal balance plus accrued interest upon a short notice period (generally up to 30 days) prior to specified dates either from the issuer or by drawing on a bank letter of credit, a guarantee, or insurance issued with respect to such instrument. The rate shown is the rate as of June 30, 2016.
  - Principal amount shown is stated in U.S. dollars unless noted that the security is denominated in another currency.
- Variable rate security. The rate shown is the rate as of June 30, 2016. Interest rates reset periodically.

**Summary of abbreviations:**

- AGC Insured by Assured Guaranty Corporation
- AGM Insured by Assured Guaranty Municipal Corporation
- AMT Subject to Alternative Minimum Tax
- FNMA Federal National Mortgage Association Collateral
- GNMA Government National Mortgage Association Collateral

## Notes

Delaware Investments<sup>®</sup> Minnesota Municipal Income Fund II, Inc.  
June 30, 2016 (Unaudited)

### 1. Significant Accounting Policies

The following accounting policies are in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and are consistently followed by Delaware Investments Minnesota Municipal Income Fund II, Inc. (Fund). This report covers the period of time since the Fund's last fiscal year end.

**Security Valuation** Debt securities are valued based upon valuations provided by an independent pricing service or broker and reviewed by management. To the extent current market prices are not available, the pricing service may take into account developments related to the specific security, as well as transactions in comparable securities. Valuations for fixed income securities utilize matrix systems, which reflect such factors as security prices, yields, maturities, and ratings, and are supplemented by dealer and exchange quotations. Generally, other securities and assets for which market quotations are not readily available are valued at fair value as determined in good faith under the direction of the Trust's Board of Directors/Trustees (Board). In determining whether market quotations are readily available or fair valuation will be used, various factors will be taken into consideration, such as market closures or suspension of trading in a security.

### 2. Investments

At June 30, 2016, the cost of investments for federal income tax purposes has been estimated since final tax characteristics cannot be determined until fiscal year end. At June 30, 2016, the cost of investments and unrealized appreciation (depreciation) for the Fund were as follows:

Cost of investments	\$ 233,140,932
Aggregate unrealized appreciation of investments	\$ 19,981,561
Aggregate unrealized depreciation of investments	(161,227)
Net unrealized appreciation of investments	\$ 19,820,334

U.S. GAAP defines fair value as the price that the Fund would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. A three-level hierarchy for fair value measurements has been established based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available under the circumstances. The Fund's investment in its entirety is assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-level hierarchy of inputs is summarized below.

- Level 1** Inputs are quoted prices in active markets for identical investments. (Examples: equity securities, open-end investment companies, futures contracts, exchange-traded options contracts)
- Level 2** Other observable inputs, including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks, and default rates) or other market-corroborated inputs. (Examples: debt securities, government securities, swap contracts, foreign currency exchange contracts, foreign securities utilizing international fair value pricing, broker-quoted securities, fair valued securities)
- Level 3** Significant unobservable inputs, including the Fund's own assumptions used to determine the fair value of investments. (Examples: broker-quoted securities, fair valued securities)

Level 3 investments are valued using significant unobservable inputs. The Fund may also use an income-based valuation approach in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Valuations may also be based upon current market prices of securities that are comparable in coupon, rating, maturity, and industry. The derived value of a Level 3 investment may not represent the value which is received upon disposition and this could impact the results of operations.

8 NQ- OVJ [6/16] 8/16 (17336)

---



(Unaudited)

The following table summarizes the valuation of the Fund's investments by fair value hierarchy levels as of June 30, 2016:

Securities	Level 2
Municipal Bonds	\$251,461,266
Short-Term Investments	1,500,000
Total Value of Securities	\$252,961,266

During the period ended June 30, 2016, there were no transfers between Level 1 investments, Level 2 investments, or Level 3 investments that had a material impact to the Fund. The Fund's policy is to recognize transfers between levels at the beginning of the reporting period.

### 3. Subsequent Events

Management has determined that no material events or transactions occurred subsequent to June 30, 2016 that would require recognition or disclosure in the Fund's Schedule of investments.

**Item 2. Controls and Procedures.**

The registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures within 90 days of the filing of this report and have concluded that they are effective in providing reasonable assurance that the information required to be disclosed by the registrant in its reports or statements filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

There were no significant changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

**Item 3. Exhibits.**

File as exhibits as part of this Form a separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)), exactly as set forth below:

---