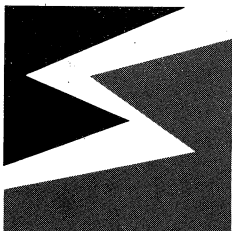


\$2,200,000

**Minnesota Higher Education
Facilities Authority**

**First Mortgage Revenue Bonds
Series A (Augsburg College)**

SALE: November 28, 1972, at 11:00 A.M., CST



SPRINGSTED INCORPORATED MUNICIPAL CONSULTANTS

SUITE 813 OSBORN BUILDING • SAINT PAUL, MINNESOTA 55102 • (612) 227-8318

OFFICIAL ROSTER

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Gerald A. Rauenhorst, Chairman
President, Rauenhorst Corporation, Minneapolis,

Bernard P. Friel, Vice Chairman
Member, Briggs & Morgan, Lawyers, St. Paul

Richard C. Hawk, Secretary
Executive Director, Minnesota Higher Education Coordinating Commission

Robert W. Freson, Member
City Administrator, St. Cloud

Earl R. Herring, Member
Vice President for Administrative Affairs, Moorhead State College

Norman Perl, Member
Member, Deparcq, Anderson, Perl & Hunegs, Minneapolis

Michael Sieben, Member
Lawyer, McMenomy, Hertogs and Fluegel, Hastings

Dr. Joseph E. LaBelle — Executive Director

BOND COUNSEL

Faegre & Benson
(Mr. John S. Holten)
Minneapolis, Minnesota

FISCAL ADVISORS

Springsted Incorporated
St. Paul, Minnesota

No dealer, broker, salesman or other person has been authorized by the Minnesota Higher Education Facilities Authority or the Institution, to give any information or to make any representations with respect to the Bonds, other than those contained in this official statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Certain information contained herein has been obtained from the Institution, and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation of the Minnesota Higher Education Facilities Authority. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this official statement nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

For additional information or assistance in bidding contact Springsted Incorporated
Suite 813, Osborn Building, St. Paul, Minnesota Phone — 612/227-8318

TABLE OF CONTENTS

	<u>Pages</u>
AUTHORITY	1- 3
PURPOSE	3
BOND PROCEEDS BUDGET	3
SECURITY	4
RESERVES	4- 5
INVESTMENT	5
INTEREST SUBSIDY	5
CASH FLOW	5- 6
FUNDS & ACCOUNTS	6- 7
ANTICIPATED INCOME AVAILABLE FOR DEBT SERVICE	7
ANTICIPATED AVERAGE DEBT SERVICE	7
LEGAL SUMMARY	8-15
Agreement	8
Grant Agreement	8
Deed	9
Lease	9-12
Indenture	12-14
Bond Resolutions	14-15
INSTITUTION	16
NEED	16-17
ENROLLMENTS	17
INDEBTEDNESS	18
AUDIT REPORT	19-37
PARITY BONDS	38
REDEMPTION	38
REGISTRATION OF BONDS	39
LEGAL OPINION	39
LITIGATION	39
INFORMATIONAL MEETING	40

OFFICIAL NOTICE OF BOND SALE

\$2,200,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY FIRST MORTGAGE REVENUE BONDS, SERIES A (AUGSBURG COLLEGE)

Bids will be received Tuesday, November 28, 1972, 11:00 A.M., CST, at the Authority's Offices, Metro Square Building, St. Paul, Minnesota, for award at 3:00 P.M. of the same day on the following terms:

DATE AND INTEREST

The Bonds will be dated December 1, 1972. Interest will be payable June 1, 1973, and each December 1, and June 1, thereafter.

TYPE AND PURPOSE

The Bonds will be negotiable coupon, special obligations of the Authority, payable solely, and only, out of Project revenues and other income, charges and moneys to be produced and received, including rentals under the Lease between the Authority and Augsburg College, relative to the ownership and operation of the Project for which the proceeds of this issue will be used, and the Reserve Accounts established thereto. The Bonds will be issued in denominations of \$5,000 each and may be registrable as to both principal and interest, or either, according to the terms of the Mortgage Trust Indenture relative to the issue. The Bonds are being issued for the construction and equipping of an apartment-type student housing facility on the campus of Augsburg College to whom it will be leased by the Authority, and for the establishment of certain Reserve Accounts relative to the issue.

MATURITIES AND REDEMPTION

December 1, in the years and amounts as follows:

\$ 5,000 1975-77	\$50,000 1995-96	\$100,000 2005
\$15,000 1978-80	\$55,000 1997	\$105,000 2006
\$20,000 1981-84	\$60,000 1998	\$115,000 2007
\$25,000 1985-87	\$65,000 1999	\$125,000 2008
\$30,000 1988-89	\$70,000 2000	\$135,000 2009
\$35,000 1990-91	\$75,000 2001	\$145,000 2010
\$40,000 1992-93	\$80,000 2002	\$155,000 2011
\$45,000 1994	\$85,000 2003	\$165,000 2012
	\$95,000 2004	

All dates are inclusive.

At the option of the Issuer all Bonds maturing on or after December 1, 1988, shall be subject to prior payment in inverse order of serial numbers on December 1, 1987, and any interest payment date thereafter, at a price of: 103 if called on or prior to June 1, 1992; 102 if redeemed after June 1, 1992 but on or prior to June 1, 1997, or 101 if redeemed on or after December 1, 1997, except that all Bonds are subject to redemption at par and accrued interest on any interest payment date, as a whole, but not in part, in case of damage, destruction or taking of the Project to the extent provided in Section 6.15 of the Mortgage Trust Indenture and in case of the Institution's exercise of its option to purchase pursuant to Section 10.02 of the Lease.

GRANT AGREEMENT

A Grant Agreement has been entered into with the United States of America, Department of Housing and Urban Development, pursuant to which the Government will provide an annual interest subsidy to support and to be pledged to debt service payments on the Bonds, as more fully described in the Official Statement.

PAYING AGENT AND TRUSTEE

Principal and interest will be payable at the Main Office of the Northwestern National Bank of Minneapolis, Minnesota with whom the Authority will enter into a Mortgage Trust Indenture relative to this issue. An alternate paying agent may be named in the bid by the Purchaser subject to the consent of the Authority and provided that there shall be no additional expense to the Authority or the College by reason thereof.

DELIVERY

Within 40 days after award, subject to the unqualified approving legal opinion of Messrs. Faegre and Benson of Minneapolis, Minnesota, and customary closing papers, including a statement of non-litigation. Bond printing and legal opinion will be paid for by the Issuer. Delivery will be at a place of the Purchaser's choice. Payment must be made in Federal Funds, or equivalent immediately available funds, on day of delivery. Legal opinion will be printed on the Bonds.

TYPE OF BID

Sealed bids for not less than \$2,157,000 and accrued interest on the principal sum of \$2,200,000 from the date of the Bonds to date of delivery must be filed with the undersigned prior to time of sale, together with a certified or cashier's check in the amount of \$44,000, payable to the order of the Minnesota Higher Education Facilities Authority, to be forfeited as damages but without limitation of the rights of the Issuer to additional damages if the bidder fails to comply with the accepted bid.

RATES

All rates must be in integral multiples of 5/100th or 1/8th of 1%. All Bonds of the same maturity must bear a single rate from date of issue to maturity. The interest rate for any maturity shall be not less than that of any prior maturity and no interest rate shall exceed any other interest rate by more than 2% per annum. Additional coupons may not be used.

AWARD

Award will be made on the basis of lowest dollar interest cost; determined by the addition of any discount to and the deduction of any premium from the total interest on all Bonds from their date to their stated maturity. The Issuer reserves the right to reject any and all bids, to waive informalities and to adjourn the sale.

Dated October 31, 1972

BY ORDER OF THE MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

/s/ Richard C. Hawk
Secretary

\$2,200,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
FIRST MORTGAGE REVENUE BONDS, SERIES A (AUGSBURG COLLEGE)

SALE: November 28, 1972 (Tues.), at 11:00 A.M., CST

Bids delivered to Springsted Incorporated by 10:00 A.M., CST, the day of the sale, will be carried to the sale.

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>BOND YEARS</u>	<u>CUMULATIVE BOND YEARS</u>
1975	\$ 5,000	15	15
1976	5,000	20	35
1977	5,000	25	60
1978	15,000	90	150
1979	15,000	105	255
1980	15,000	120	375
1981	20,000	180	555
1982	20,000	200	755
1983	20,000	220	975
1984	20,000	240	1215
1985	25,000	325	1540
1986	25,000	350	1890
1987	25,000	375	2265
1988	30,000 C	480	2745
1989	30,000 C	510	3255
1990	35,000 C	630	3885
1991	35,000 C	665	4550
1992	40,000 C	800	5350
1993	40,000 C	840	6190
1994	45,000 C	990	7180
1995	50,000 C	1150	8330
1996	50,000 C	1200	9530
1997	55,000 C	1375	10905
1998	60,000 C	1560	12465
1999	65,000 C	1755	14220
2000	70,000 C	1960	16180
2001	75,000 C	2175	18355
2002	80,000 C	2400	20755
2003	85,000 C	2635	23390
2004	95,000 C	3040	26430
2005	100,000 C	3300	29730
2006	105,000 C	3570	33300
2007	115,000 C	4025	37325
2008	125,000 C	4500	41825
2009	135,000 C	4995	46820
2010	145,000 C	5510	52330
2011	155,000 C	6045	58375
2012	165,000 C	6600	64975

AVERAGE MATURITY: 29.534 Years

DATED: December 1, 1972

INTEREST: June 1, 1973, and each December 1, and June 1, thereafter.

MATURE: December 1, 1975-2012, inclusive.

REDEMPTION (C): Bonds maturing on or after December 1, 1988, are callable December 1, 1987, and any interest payment date thereafter with accrued interest and at a price of:

103 if called on or prior to June 1, 1992

102 if called after June 1, 1992 but on or prior to June 1, 1997

101 if called on or after December 1, 1997,

except if called pursuant to Section 6.15 of the Mortgage Trust Indenture or Section 10.02 of the Lease.

**OFFICIAL STATEMENT
RELATING TO
\$2,200,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
FIRST MORTGAGE REVENUE BONDS
SERIES A (AUGSBURG COLLEGE)**

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971, for the purpose of assisting institutions of higher education of the State in the construction, financing and refinancing of projects. The Authority consists of six members appointed by the Governor with the advice and consent of the Senate. A seventh member is the Executive Director of the Minnesota Higher Education Coordinating Commission.

At least one of the members of the Authority must be a person having a favorable reputation for skill, knowledge, and experience in the field of State and Municipal Finance; and at least one shall be a person having a favorable reputation for skill, knowledge, and experience in the building construction field; and at least one of the members shall be a trustee, director, officer or employee of an institution of higher education.

The Authority has been given power to issue bonds in an amount not to exceed a cumulative total of \$45 million. These bonds can be only payable from the rentals, revenues, and other income, charges, and monies pledged for their payment. They do not represent or constitute a debt or pledge of the faith and credit of the State of Minnesota in any manner.

By reason of the fact that the Authority is an agency or instrumentality of the State of Minnesota the interest paid by the Authority to bond holders is exempt from Federal and Minnesota Income Tax under present provisions of law. Any project owned or used by the Authority is exempt from any taxes or assessments.

Educational institutions of the State which are eligible for assistance by the Authority are non-profit educational institutions authorized to provide a program of education beyond the high school level. Sectarian institutions are not eligible for assistance, however, the fact that the institution is sponsored by a religious denomination does not by itself make the institution sectarian. Application to the Authority is purely voluntary.

The scope of projects for which the Authority may issue bonds is broad including any building structure or facility for use as a dormitory or other student housing facility, academic building, parking facilities and other structures or facilities required or useful for the instruction of students or conducting of research in the operation of an institution of higher education.

A Project for which bonds are issued by the Authority is the property of the Authority which will then lease the facility to the Institution. The revenues which are the security for the Bonds are provided for by the terms of the lease between the Authority and the

Institution. The Authority, in turn, will enter into a Mortgage Trust Indenture with a Trustee who will administer the funds which are the security for the payment of the Bonds.

While the Authority retains broad powers to oversee planning and construction, it is its current policy to permit the Institution broad flexibility with respect to these matters.

In appropriate circumstances, the Authority may, at the request of the Institution, make application for, or assume the position of applicant under, a loan pursuant to the College Housing Loan program administered by the United States Department of Housing and Urban Development, or under Title III of the Higher Education Facilities Act administered by the United States Office of Education.

The operation of the Authority is financed solely from fees paid by the Institution for which Bonds are issued. In addition to a small application fee which is \$250 for projects under \$1,000,000; \$500 for projects under \$5,000,000, and \$1,000 for projects over \$5,000,000, the Authority will be paid one-third of one percent of the principal amount of the bonds issued at the time of issuance. Thereafter, the Authority will receive an annual fee of one-eighth of one percent of the original principal amount of the Bond issue for the life of the issue. These fees will be paid directly by the Institution except the one-third of one percent fee will come from Bond proceeds.

At the present time the staff of the Authority consists of its Executive Director, Dr. Joseph E. LaBelle and one secretary.

Bond issuance costs, including fees of Bond Counsel, the Fiscal Consultant, and Trustee are paid by the Institution. The fees of Bond Counsel and the Fiscal Consultant will come from Bond proceeds.

As a general policy the Authority requires that the proceeds of the Bond issue include a sum equal to approximately one year's net debt service for the creation of debt service reserves. Of this sum 80% will be deposited with the Trustee in a Series Reserve Account; the remaining 20% will be deposited by the Authority in a General Bond Reserve Account pledged to the payment of all Bonds issued by the Authority for which such a deposit has been made.

The Authority as of now has no outstanding bonded indebtedness. On Tuesday, November 28, 1972 it will offer the following issues:

- \$2,200,000 First Mortgage Revenue Bonds, Series A (Augsburg College)
- \$1,935,000 First Mortgage Revenue Bonds, Series B (Bethel College)
- \$ 595,000 First Mortgage Revenue Bonds, Series C (St. Marys College)

Separate bids will be received for each offering and each will be awarded individually.

The Authority currently has the following applications under consideration:

\$8,400,000	Minneapolis College of Art and Design
\$1,530,000	College of Saint Benedict
\$1,030,000	Gustavus Adolphus College
\$ 530,000	College of St. Scholastica

It is expected these may be offered in January or February of 1973.

PURPOSE OF THIS ISSUE

The proceeds of this issue, except for funded reserves, will be used by Augsburg College, located in Minneapolis, to construct an apartment-type, student housing facility of 104 units which will accommodate 312 students. Construction contracts have been let and work is under way. The building is expected to be ready for occupancy with the opening of the Fall Term in 1973. Moveable furnishings, except for common areas, will be provided by the tenants.

BOND PROCEEDS BUDGET

The proceeds of the Bonds will be applied as follows:

Construction and Furnishings including		
\$30,000 Contingency		\$1,812,000
Fees		21,282
Capitalized Interest		165,000*
Permissible Discount		43,000
Debt Service Reserve:		
Series Reserve	\$126,194**	
General Bond Reserve	31,743***	158,718
		<hr/>
		\$2,200,000

*Will be paid to the Trustee and placed in Bond and Interest Sinking Fund Account.

**Will be paid to the Trustee and placed in Series Reserve Account.

***Will be paid to the Authority and placed by it in General Bond Fund Reserve Account.

The College will internally finance related parking development costs of approximately \$150,000.

NOTE: RE: BOND PROCEEDS BUDGET — Page 3

Correct to read . . .

Series Reserve	\$126,974.40**
General Bond Reserve	31,743.60***

SECURITY

The security of this issue shall be the:

- 1) Full faith and credit of the Institution;
- 2) Gross receipts and revenues of the Project;
- 3) First 4.00% of all general tuition fees received by the Institution;
- 4) Assignment of the proceeds received pursuant to an interest subsidy grant from the United States Government.
- 5) First mortgage lien on the Project.

Items "2" and "3" will be deposited with the Trustee each month promptly when received and no later than the last day of the month, to the extent necessary to create and maintain required balances in the:

(I) Bond and Interest Sinking Fund Account — Such amount as may be necessary and sufficient to meet the interest on the outstanding Bonds due on the next interest date and by May 25 of each year one-half of the principal, and by November 25, all of the principal due on the next principal date.

(II) General Bond Reserve Account — \$31,743.60*

(III) Debt Service Reserve Account — \$126,974.40*

(IV) Repair and Replacement Reserve Account — \$50,000*

*See "Reserves" below.

RESERVES

Following are the required reserves:

A. Debt Service Reserve Account	\$126,974.40
B. General Bonds Reserve Account	31,743.60
C. Repair and Replacement Reserve Account	50,000.00
Total:	<u>\$207,718.00*</u>

*1.84 times estimated net average annual debt service.

NOTES: 1. Items "A" and "B" will be created from proceeds of the issue. "A" will be available exclusively for this issue. "B" will be available for this issue and all other issues of the Authority for which a contribution has been made to the General Bond Reserve Account. In the event each of the three issues scheduled for offering on November 28, 1972 are awarded the General Bond Reserve Account will have a total of \$74,625 in it available for the debt service of any of the offerings.

2. Item "C" will be created by annual deposits commencing December 1, 1973 of \$10,000 each for five years. Funds may be taken from it for unusual or extraordinary maintenance or repair but it shall be available to meet debt service if there are insufficient monies in the Debt Service Reserve Account.
3. The General Bond Reserve Account will be called upon last for any deficiency and will be replaced first, except for the Bonds and Interest Sinking Fund Account. This priority will also be required with respect to the Series "B" and "C" offerings of the Authority for which bids will be taken on November 28, 1972 and shall be the policy of the Authority for future offerings which participate in the General Bond Reserve Account.

INVESTMENTS

Subject to arbitrage regulations, the Trustee is authorized to invest the balances of all Accounts in (1) direct obligations of the United States Government, or, (2) certificates of Deposit secured by direct obligations of the United States Government. In addition, the Trustee is authorized to invest the balances of all accounts, except the Construction Account, in securities issued by the following agencies of the United States: Banks for Cooperatives, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, and the Federal National Mortgage Association. Earnings, except on the General Bond Reserve Account, may be used for abatement of Base Rent payments if each of the Accounts is at its required level. Earnings of the General Bond Reserve Account will remain in that Account, except that at such time as the bonds of an issue which participated in the Account are fully retired a pro rata share of the Account, including earnings, after allowance for any deficiencies, will be distributed to the Institution on whose behalf the Bonds were issued.

INTEREST SUBSIDY

The College has been advised by the Department of Housing and Urban Development that a fund reservation has been made for a yearly debt service subsidy which it is estimated will be approximately \$65,000. The exact amount will be determined by the net effective rate carried by this issue and final determination of the principal amount of the issue which HUD will participate in. Basically the subsidy will be in an amount intended to reduce the effective rate to 3% on that part of the program eligible for an interest subsidy.

Payment of the interest subsidy will be made directly to the Trustee and will be in the same total annual amount.

The bids for this issue will be submitted to HUD for review.

CASH FLOW

As Required:

First: To the Bond and Interest Sinking Fund

Second: To the General Bond Reserve Account

Third: To the Series Debt Reserve Account

Fourth: To the Repair and Replacement Reserve Account

Fifth: To the Redemption Account

Except, that in the event the Authority or Trustee takes possession of the Project by reason of the Institution's default the second priority will be to an Operation and Maintenance Account for payment of current expenses of the Project. In this event the priority of each of the other accounts except that of the Bond and Interest Sinking Fund will be one step lower than stated above.

FUNDS AND ACCOUNTS

1. Series A (Augsburg College)
Construction Account— Trustee will pay costs of Project from it.
2. Series A (Augsburg College)
Revenue Fund Account— All pledged revenues will be deposited in this account.
 - a. Series A (Augsburg College)
Bond and Interest Sinking
Fund Account For payment of principal and interest. \$165,000 from proceeds of bond issue will be immediately placed in this account from Bond proceeds.
 - b. Series A (Augsburg College)
Debt Service Reserve Account For payment of principal and interest of this issue. \$126,974 will be immediately placed in this account from Bond proceeds.
 - c. Series A (Augsburg College)
Repair and Replacement
Reserve For debt service and extraordinary repair. Will be maintained at \$50,000 after being created at rate of \$10,000 per year commencing December 1, 1973.
 - d. Series A (Augsburg College)
Operation and Maintenance
Account No payments will be made to this as long as the College shall pay the Base Rent. In the event the Authority or Trustee assumes operation of the Project, revenues remaining after debt service will be paid into it to meet operational costs.

e. Series A (Augsburg College)
Redemption Account

Any revenues received which are not otherwise committed will be paid into this account. Funds in it will be available to maintain required balances in other accounts and to redeem bonds.

3. General Bond Reserve Account

Will be maintained by the Authority for debt service, if needed, for any bonds of the Authority for which a deposit has been made in the account. \$31,743.60 of this issue will be immediately deposited in the account.

**ANTICIPATED INCOME AVAILABLE
FOR DEBT SERVICE**

Tuition	\$ 99,405*
Gross Revenues from Operation of Project	163,200**
Estimated HUD Interest Subsidy	65,000***
Total	<u>\$327,605****</u>
Estimated Cost of Operation and Maintenance of Project	<u>66,650*****</u>
Net	\$260,955

*4% of tuition received for year 1971-72. The current full-time basic annual tuition fee is \$1,750 plus additional incidental fees. For the year 1973-74 it is projected that tuition will be raised to \$1,850.

**95% occupancy of 312 student capacity for nine months at \$55 per month per student and 100 students at the same rate for the three-month summer period. The College has projected net revenues of \$96,550.

***This amount will not be finally determined until the interest rate has been determined and HUD has made final determination of its participation. It will not participate in the entire \$2,200,000, it is estimated it will participate in approximately \$1,830,000 of the issue. The College has a fund reservation of \$77,000 per year from HUD.

****1.84 times estimated gross average annual debt service.

*****Operation and maintenance costs are not deductible by the College before Debt Service deposits.

**ANTICIPATED AVERAGE ANNUAL
NET DEBT SERVICE**

\$113,078 (after deduction of estimated annual Interest Grant Subsidy of \$65,000).

Tuition of \$99,405 and Gross Revenues of \$163,200 totaling \$262,605 will provide 2.32 times debt service coverage.

HUD has made a fund reservation of \$77,000 annually for this Project.

Following is a brief Summary of certain provisions of the Agreement and exhibits thereto and the Grant Agreement. Reference is made to the respective documents summarized for a complete statement of the terms and provisions thereof and the rights of the Bondholders thereunder:

AGREEMENTS AND SECURITY

Agreement

The Authority and the College have entered into an Agreement dated October 31, 1972 (the "Agreement"). Attached to the Agreement as exhibits are the forms, subject to completion, of the Deed, the Lease, the Indenture, the General Bond Resolution and the Series Resolution described below, as well as this Prospectus, a Financing Statement for filing under the Uniform Commercial Code and a Schedule of Closing Documents. By the Agreement, the College represents among other things that the Application previously filed by the College and approved by the Authority is true and complete in all respects. In the Application materials and in the Lease, the College represents, and the Authority has found, that the College is a non-profit institution of higher education eligible for financial assistance under Chapter 868, Minnesota Laws of 1971, that the Project is eligible for financing under the Act, and that the College is nonsectarian and does not discriminate in its admission policies or programs on account of religion, race, color, creed or national origin.

The Agreement provides for the award of sale of the Project Bonds by the Authority, in its discretion, provided the College concurs or does not object before the award is made; the execution of the closing documents; the issuance and sale of additional parity lien bonds, in the discretion of the Authority, if necessary to pay additional Project costs; for the completion of Project construction pursuant to construction contracts previously made by the College as agent of the Authority, with approved changes, and for operation of the Project by the College under the Lease and as agent of the Authority pursuant to the Act. Under the Agreement, the College agrees to register or qualify the Bonds under the securities act of any state other than Minnesota, or to cooperate in the registration or qualification, at the request and expense of the underwriters. By the Agreement, the College assigns to the Authority its interest in the Project construction contracts and also a security interest in the gross revenues of the Project, the Leased Equipment and interest subsidy payments from the United States under the Grant Agreement.

Grant Agreement

The United States of America, Department of Housing and Urban Development (the "Government") has approved an interest subsidy grant on account of the Project and the Bonds. Prior to Bond delivery, a Grant Agreement will be entered into whereby the Government will guarantee payment of the grant for so long as the Bonds are outstanding or forty years, whichever is the lesser period, in an amount estimated to be \$65,000 annually or the difference between (1) the average annual debt service costs on the Bonds sold to finance the Approved Project Cost as determined by the Government and (2) the average annual debt service that would have resulted had the same Bonds been sold for par at an interest rate of 3%, whichever is the lesser. The grant payments are to be made semiannually by the Government following commencement of occupancy of the Project on or before

the due date of semiannual debt service installments. The Government has the right to reduce the amount of the grant if the Approved Project Cost upon completion of the Project is determined by the Government to be less than the estimated cost upon which the stipulated amount of the grant was based.

Under the Grant Agreement and the provisions and assignments made by the College and the Authority in the Agreement, Lease, and Indenture, the grant payments will be deposited directly with the Trustee into the Bond and Interest Sinking Fund Account to be used only for debt service on the Bonds.

If the difference between the average annual debt service based on the actual net interest cost on the Bonds and that based on an assumed rate of 3% is less than \$65,000, the annual grant amount will be less by an appropriate amount. On the other hand, if the net interest rate on the Bonds is greater than the assumed market rate in the Government's formula, the Authority and the College intend to request that the grant amount be increased accordingly. Assurances have been received from the Government that any such request shall be seriously considered and that it is HUD policy to provide a full grant for HUD supported loans if possible, contingent on available funds.

Deed

At or prior to closing, the College will execute, deliver and record a warranty deed conveying the Project and site thereof, and appurtenant easements, to the Authority. At closing, the final opinion of Messrs. Faegre and Benson, as counsel for the College, will state among other things that title to the Project and site thereof is vested in the Authority, subject only to the Lease and the Indenture and Permitted Encumbrances (as that term is defined in the Lease and Indenture).

Lease

At or prior to closing, the Authority as lessor and the College as lessee will execute and deliver a Lease, to be dated December 1, 1972, for a lease term expiring at the last Bond maturity date. The Lease is intended to be a net lease of the Project, including the Project building, site, and Leased Equipment, under which the College will pay as Base Rent (Section 4.01) at the office of the Trustee a sum equal to principal and interest on the Bonds plus amounts required to restore the Debt Service Reserve (\$126,974.40) and to create and maintain the Repair and Replacement Reserve (\$10,000 annually, commencing December 1, 1973, until reserve aggregates \$50,000) and such amounts, if any, as may be required to pay Bond principal or interest in certain cases of damage, destruction, condemnation and other contingencies. In order to assure that such payments of Base Rent will be paid when due, the College has agreed to deposit the gross revenues of the Project with the Trustee each month until the required amounts shall be on deposit. The College has also agreed to pay, as Additional Rent (Section 4.03) the annual fee of the Authority, fees and expenses of the Trustee and paying agent, and any taxes, special assessments or other governmental charges against the Project.

At the conclusion of the Lease Term (Section 10.03), the College has the option to repurchase the Project for a consideration of \$500 provided that full payment of the Bonds or provision for payment has been made as well as Additional Rent. During the Lease Term, the College has the option to purchase unimproved parts of the Leased Premises at the per acre value determined by an independent appraiser and upon the further conditions provided by the Lease (Section 10.04), to remove or make substitutions for Leased Equipment (Section 5.07), and to make Building improvements upon certain conditions (Section 5.04). In the event of damage or destruction to the Building by fire, or other casualty, the College has agreed to rebuild or repair the Building unless it exercises its option not to repair or rebuild (if more than six months is required to complete the restoration and return Project to normal use or if cost of restoration exceeds by more than \$100,000 the Net Proceeds of insurance) and to retire all the Bonds (Sections 6.01, 10.02) and similarly to replace or restore the Building in cases of partial condemnation by eminent domain or to retire all the Bonds if all or substantially all the Project (as that term is defined) or temporary use for more than six months is taken in the Proceeding (Sections 6.02, 10.01), or if it cannot rebuild or repair. If as a result of change of law or certain legal actions, the Lease becomes void or unenforceable or impossible of performance, or if unreasonable burdens or excessive liabilities (including new taxes) are imposed, the College is given the right to repurchase the Project by retiring all the Bonds (Section 10.02). In such cases where the College has the right to retire the Bonds during the Lease Term, and repurchases the Project, it must also pay all unpaid Additional Rent plus \$250 (Section 10.02). Upon repurchase, the conveyance to the College will reserve a covenant and condition that the College shall not use the property for sectarian purposes or discriminate on account of race or religion in the use of the property (Section 10.05). If the Net Proceeds of insurance or condemnation exceed \$100,000, the Net Proceeds must be deposited with the Trustee to be used for restoration or to retire the Bonds, as appropriate (Sections 6.01, 6.02).

In the Lease, the College makes further covenants and agreements as indicated by the following Section headings:

(Article III Construction of the Project; Issuance of the Bonds)

- 3.01 Agreement to Construct the Building on the Leased Premises
- 3.03 Disbursements from the Construction Account
- 3.06 Institution Required to Pay Construction and Equipment Costs in Event Construction Account Insufficient
- 3.08 Remedies to be Pursued Against Contractors and Subcontractors and Their Sureties

(Article IV Rent, Prepayment)

- 4.05 Rent a General Obligation; Security Therefor

(Article V Use, Maintenance, Charges and Insurance)

- 5.01 Use of Leased Premises
- 5.03 Maintenance of Project by Institution
- 5.05 Liens
- 5.09 Fire and Extended Coverage Insurance
- 5.10 Boiler Insurance
- 5.13 Public Liability Insurance
- 5.14 Workmen's Compensation Coverage
- 5.15 Performance Payment Bonds

(Article VII Special Covenants)

- 7.02 Institution to Maintain its Existence and Accreditation, Conditions Under Which Exceptions Permitted
- 7.05 Annual Statement
- 7.08 Federal Income Tax Status
- 7.09 Institution to Maintain Furnishings and Movable Equipment
- 7.11 Against Discrimination
- 7.12 Institution to be Nonsectarian
- 7.13 Observe Regulations of the Authority and the State
- 7.15 Maintain List of Bondholders
- 7.16 Observance of Indenture Covenants and Terms
- 7.17 Observe Grant Agreement and Federal Regulations

In the event of default by the College, the Authority and Trustee may accelerate the due date of all installments of Base Rent, may repossess the Project, may terminate the Lease and operate and relet, holding the College liable for any deficiency, or pursue any other legal remedies available (Sections 9.01, 9.02). The security interest in Leased Equipment is subject to foreclosure under applicable provisions of the Uniform Commercial Code (Section 9.07). In event of default, among other things, the College agrees to pay

attorney's fees and expenses (Section 9.04), to waive appraisal and similar rights (Section 9.06), and to continue furnishing heat and utilities not otherwise available (Section 9.09).

A short form of Lease will be executed and recorded in the real estate records of the county where the Project is located, describing the property, length of term and the College's purchase options, incorporating by reference other provisions of the Lease (Section 11.09). The full Lease will be kept on file at the offices of the Authority and Trustee, available for inspection.

Indenture

At or prior to closing, the Authority will execute, deliver and record a Mortgage Trust Indenture, to be dated December 1, 1972, to Northwestern National Bank of Minneapolis, as Trustee, to secure the Bonds. By the Granting Clauses, the Authority will mortgage, pledge and assign to the Trustee a first lien on the Project land and buildings, Leased Equipment, Grant Agreement, the Lease (except for the Authority's rights to Additional Rent), Project net revenues and Accounts funds and investments. Under the Indenture and corresponding provisions of the Lease, except for capitalized interest and debt service reserves, all Bond proceeds are to be deposited in the Construction Account (Section 4.01), to be disbursed by the Trustee for Project cost payments or reimbursements (Section 4.02), pursuant to certification of the Authorized Authority Representative, Authorized Institution Representative, and/or Project Supervisor, as specified (Section 4.03).

All revenues and income of the Project realized by the Authority must be deposited in the Revenue Fund Account (Section 5.01) and applied in order to the Bond and Interest Sinking Fund Account for Bond principal and interest (Section 5.02), to the Operation and Maintenance Account to pay operating expenses if the College is in default under the Lease (Section 5.03), to the Debt Service Reserve Account if necessary to restore the Debt Service Reserve (Section 5.04), to the Repair and Replacement Reserve Account to create and restore the Repair and Replacement Reserve (Section 5.05) and to the Redemption Account to redeem or purchase outstanding Bonds if all other Account balances are in the required amounts (Section 5.06). Funds in the Debt Service Reserve Account, Repair and Replacement Reserve Account and Redemption Account are required to be used, if necessary, to pay Bond principal and interest when due. Funds in those Accounts and the Bond and Interest Sinking Fund Account may be invested (Section 5.07) in direct obligations of the United States Government, certificates of deposit or time deposits secured by direct obligations of the United States Government and in securities issued by the following agencies of the United States: Banks for Cooperatives, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks and the Federal National Mortgage Association. Funds in the Construction Account may be temporarily invested (Section 4.04) in direct obligations of the United States or certificates of deposit or time deposits secured by such direct obligations. All investments will be limited as necessary as to amount or yield under the arbitrage provisions of Section 103 (D) of the Internal Revenue Code and regulations thereunder.

In the Indenture, the Authority covenants to pay the Bonds from Project Revenues and Income (Section 6.01) to pay lawful charges imposed on the Project (Section 6.05), to complete and operate and maintain the Project (Sections 6.06, 6.07), not to sell or encumber the Project (Section 6.09), to establish rental rates and regulations for Project operations (Section 6.11), to maintain insurance (Sections 6.12 to 6.14), to repair and reconstruct in event of damage or condemnation (Section 6.15), to maintain proper books and records and submit an annual report to the Trustee (Section 6.17), and to observe those and all other covenants and terms set forth in the Indenture and Bonds (Section 6.19). Under the Act, however, and in the Indenture it is agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds in performing any of the conditions, covenants or requirements of the Indenture, from any funds other than Revenues and Income of the Project or Bond proceeds or (to the extent provided in the General Bond Resolution) from the General Bond Reserve Account; and the Authority shall incur no liability for failure to perform any such conditions, covenants and requirements for lack of funds provided the Authority shall have furnished the Trustee a Certificate and an Opinion of Counsel (Section 6.19).

In event of default, as defined (Section 7.01), the Trustee is authorized to accelerate the maturity of the Bonds (Section 7.02), sue to enforce the Indenture's covenants in its discretion or at direction of holders of 25% of the outstanding Bonds (Section 7.03), enter and operate the Project (Sections 7.04, 7.05), obtain appointment of a receiver (Section 7.06) and apply for a court order to hold a mortgage foreclosure sale (Section 7.07). Holders of a majority in amount of outstanding Bonds have the right to direct the proceedings by the Trustee, in accordance with law and the Indenture (Section 7.18) upon indemnifying the Trustee (Sections 7.02, 7.19, 8.06), suits by Bondholders being limited unless the Trustee has been requested and has failed to act (Section 7.19). Defaults (except payment of Bond principal) may be waived, if all interest in arrears has been paid, upon approval of holders of 51% of outstanding Bonds (Section 7.20).

The Trustee has no responsibility to use its own funds under the Indenture (Sections 8.01, 8.04) but it and the Authority may make advances, at 8% (Section 8.12, Lease Section 9.05), which are given priority of payment. The responsibilities of the Trustee prior to a known event of default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith (Sections 8.01, 8.07). The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the College to the same extent as if it were not Trustee (Section 8.15). Provision is made for succession or replacement of the Trustee by another corporate Trustee with a place of business in Minnesota and minimum capital and surplus of \$1,000,000 (Section 8.16), in event of merger (Section 8.17), resignation or removal by holders of a majority of outstanding Bonds (Section 8.18) or, in event of disability, by the Authority or a court (Section 8.19).

Provisions are made for technical amendments of the Lease and the Indenture with the consent of the Trustee (Sections 6.08, 11.01) and in other cases with the consent of the holders of 65% of outstanding Bonds (Sections 6.08, 11.04), provided that the maturity

dates, rates of interest, lien priority and equality cannot be changed without the consent of all Bondholders. Additional Bonds can be issued, on a parity with the Bonds, if necessary to complete the Project or, with the consent of the holders of 65% of outstanding Bonds, to provide for Project improvements, alterations, repair or replacement (Section 2.10). Bondholder approval or action may be given in writing (Section 9.01) or at a meeting (Section 9.04).

General Bond Resolution; Series Resolution

At its meeting held October 31, 1972, the Authority adopted a General Bond Resolution establishing a General Bond Reserve Account in a qualified bank or banks (2a) to provide additional security for the Authority's bonds to be issued, from time to time, including the Bonds (1). Under the General Bond Resolution there must be deposited into the General Bond Reserve Account 20% of the probable net average annual debt service requirements of each issue of bonds to be secured by the General Bond Reserve Account (after deducting amounts of annual debt service to be paid by the Government under the Grant Agreement), together with the moneys received by the Authority as consideration for the exercise of lease options, as other net proceeds of sale of Project facilities, or as excess net revenues of Project operations and certain other funds except to the extent such moneys and funds are pledged to the Trustee under a particular indenture or are otherwise restricted (2b). Such moneys may be invested in authorized securities, but limited as to amount and yield of investment so that none of the outstanding bonds of the Authority shall be deemed "arbitrage bonds" under the Internal Revenue Code (2c). When an Institution has provided for the payment of its Bonds, it is entitled to a rebate of its contributions to the General Bond Reserve Account from Bond proceeds, together with its share of investment earnings, less a proportionate charge for unrecovered advances made to pay principal or interest on any bonds secured by the General Bond Reserve Account (2e). In the event the funds and investments in the General Bond Reserve Account exceed the amount of principal and interest secured by the Account to come due in any year, the excess may be withdrawn and rebated to the Authority and the Institutions (2f).

Whenever the principal of or interest on any bonds secured by the General Bond Reserve Account (including the Bonds) shall become due, the Authority pledges to the several trustees for the bondholders (including the Trustee) that it will advance from the General Bond Reserve Account amounts sufficient to pay such principal and interest (2d). For such purpose, principal becomes due only at its stated maturity date, whether or not accelerated by call for redemption or event of default, unless the Authority determined, in its discretion, to make the advance prior to the scheduled maturity date. All advances bear interest and are given priority of payment (2d, Indenture Section 5.08, Lease Section 4.01). Neither the Trustee nor the Bondholders have any right to possession or to direct investment or to foreclose any security interest in the General Bond Reserve Account, but only to require advances and observance of the covenants of the General Bond Resolution (2d). Accounting and other determinations by the Authority are binding on the Institution, Trustee and each Bondholder unless made unreasonably or in bad faith or as a result of mistake of fact or mathematical error (2g), including determinations made in a Series Resolution as to the meeting of conditions precedent for the ratable pledge of the General Bond Reserve Account to a series of Authority Bonds (3).

The General Bond Resolution may be amended to cure ambiguities or formal defects or with the consent of the holders of 65% in amount of each series of Authority bonds outstanding and secured by the Account (4). Special series Bonds may be issued by the Authority, in its discretion, not secured or governed by the provisions of the General Bond Resolution (5).

The Series Resolution, to be adopted when the sale of the Bonds is awarded, will provide for the award, the execution and delivery of the Bonds and closing documents, for the amount of Bond proceeds to be deposited with the Authority in the General Bond Reserve Account (20% of the probable net average annual debt service requirement) and with the Trustee in the Bond and Interest Sinking Fund Account for capitalized interest and the Debt Service Reserve Account (80% of the probable net average annual debt service requirement). It specifically pledges the General Bond Reserve Account to the Bonds ratably with other bonds issued or which may be issued and makes the findings required by the General Bond Resolution.

THE COLLEGE

Founded in 1869, Augsburg is a private, four-year liberal arts college, one of eleven senior colleges affiliated with and supported in part by the American Lutheran Church. The College is accredited by the North Central Association of Colleges and Secondary Schools and a number of its programs are accredited by professional associations such as the American Chemical Society, the National Counsel for the Accreditation of Teachers and others.

The College's 18 academic departments offer 33 major fields of concentration. In addition, its students may take courses offered in the other four colleges of the Twin City Private College Consortium whose members, in addition to Augsburg, are Hamline University, and the Colleges of Macalester, St. Catherine's and St. Thomas.

Except for Memorial Hall, built in 1938; the Old Main academic building, and facilities housing the Departments of Music and Speech-Drama, all of the buildings of the College have been built since World War II. It is expected that within the next five years it will be necessary to build new facilities for the Departments of Music and Speech-Drama, and to refurbish the Old Main building. Present plans are that funds for these projects will be essentially provided by fund raising drives.

The College campus consists of 18 acres in the Cedar-Riverside Urban Renewal area of Minneapolis where land is reported to be selling at a price of about \$12 a square foot.

At the present time the College is providing 600 beds of student housing which is 415 beds short of the combined needs of the three institutions. This deficiency will be met in part by construction of the 312-bed Project. Present student housing consists of Urness Tower, built in 1966 for 312 students and Memorial Hall, built in 1938, in which 78 students reside. (It is expected that after next year Memorial Hall will be converted to an administrative building.) In addition to these 400 students, another 200 reside in residential buildings which have been purchased for campus expansion and are expected to be razed within the next few years. It is anticipated that within five years the College may need to provide another 400 beds to meet its needs unless other acceptable housing accommodations have been provided in the area by the Community.

The units of the Project will be one and two bedroom apartments with a living room-dining area, a kitchen unit and separate bath, as well as storage. Each unit will include carpeting and basic kitchen appliances; otherwise, the students will provide their own furniture.

HOUSING NEEDS

The need for housing is created in part by the loss of 144 dormitory beds through the sale of an existing dormitory to Fairview and St. Mary's Hospital so that a medical office building to serve the hospitals might be erected on the site. Augsburg College, the Fairview Hospital School of Nursing and St. Mary's Junior College, located adjacent to each other in the Cedar-Riverside Urban Renewal Area, have embarked on a cooperative program of student housing operated by Augsburg College. This program seeks to meet the needs of the students of these three institutions by providing low cost student housing not being provided by private developers in the area. Private housing available is typically high cost. Low cost units available to single, unrelated persons are limited by the provisions of the government subsidy programs and are scarce due to the large demand by students of the University of Minnesota West Bank Campus.

This Project will also in part provide replacement for students housed in substandard facilities. In the 1971-72 school year, by Department of Housing and Urban Development definition, 517 students of the three institutions were living in substandard housing units.

The new Project which will provide apartment-type living opportunities for both single and married students is consistent with the national trend in student housing. It has, in the judgement of the College, a current and future economic viability superior to that of the traditional-type dormitory housing.

ENROLLMENT AND HOUSING TRENDS

	<u>Augsburg College</u>	<u>St. Marys Junior College</u>	<u>Fairview School of Nursing</u>	<u>Total</u>
1964-65	1,457 35%*	454 52%	126 92%	2,037 40%
1968-69	1,563 56%	528 46%	125 88%	2,216 56%
1971-72	1,432 49%	750 25%	124 85%	2,306 44%
1974-75 (Est.)	1,450 41%	880 21%	135 87%	2,465 30%

*Denotes proportion of enrollments housed in institutionally owned facilities before erection of the new Project.

**Projected.

AUGSBURG INDEBTEDNESS

I. BONDED:

<u>Purpose</u>	<u>Issued</u>	<u>Amount</u>	<u>Balance</u>	<u>Rate</u>	<u>Final Maturity</u>
Auditorium & Gymnasium *	1960	\$ 750,000	\$ 210,000	5 3/4%	1975
Dormitory & Student Union **	1966	2,610,000	2,500,000	3%	2016

*Sold through B. C. Ziegler & Company. The bonds are secured by (1) a first mortgage on the main campus building and certain land and (2) all personal property in the mortgaged buildings.

**Sold to U. S. Government. The bonds are secured by (1) the general obligation of the College, (2) a first lien on the net revenues from the operation of the facility, and (3) student union fees of not less than \$30 per year for each full-time student.

II. OTHER:

Loan Certificates: \$ 263,961.59

These are unsecured demand certificates held by friends of the school, most are 5-7 years old. The College no longer pursues a policy of issuing these certificates.

Contracts and Mortgages: 626,310.43

These are on residential buildings occupied by the College for expansion of its campus

\$ 890,272.02

TOTAL BONDED AND OTHER \$3,600,272.00

Following are excerpts from the Report on Audit of the College for the year ended May 31, 1972, prepared by its accountants, Page Numbers have been added to correspond to this prospectus:

ANDERSON, HELGESON, LIESER & THORSEN
CERTIFIED PUBLIC ACCOUNTANTS
1520 MIDWEST PLAZA BUILDING, 801 NICOLLET MALL
MINNEAPOLIS, MINNESOTA 55402

LEONARD H. LIESER, C. P. A.
ADRIAN S. HELGESON, C. P. A.
RICHARD D. THORSEN, C. P. A.
ROBERT S. CAMPBELL, C. P. A.
ANDREW A. HANSON, C. P. A.
CHARLES L. ROLANDO, JR., C. P. A.
ROBERT L. LIESER, C. P. A.
JON I. NYGAARD, C. P. A.

MEMBER OF THE AMERICAN
GROUP OF C. P. A. FIRMS WITH
OFFICES IN PRINCIPAL CITIES

July 19, 1972

The Board of College Education
The American Lutheran Church
Minneapolis, Minnesota

Gentlemen:

We have examined the balance sheet of Augsburg College at May 31, 1972, the related statement of current funds revenues and expenditures, and the statements of changes in fund balances for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet, statement of current funds revenues and expenditures, and the statements of changes in fund balances present fairly the financial position of Augsburg College at May 31, 1972, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ANDERSON, HELGESON, LIESER & THORSEN

By Adrian S. Helgeson C.P.A.

AUGSBURG COLLEGE

EXHIBIT A
Sheet 1

BALANCE SHEET

MAY 31, 1972

ASSETS

Current Funds		
Unrestricted		
Cash	\$	54,530.18
Student Accounts Receivable	\$	77,996.61
Other Receivables		55,773.62
		<u>133,770.23</u>
Less Allowance for Doubtful Receivables		35,004.56
Cash Value of Life Insurance		98,765.67
Inventories		45,981.02
Real Estate		43,465.32
Due from College Loan Funds		11,000.00
		<u>49,249.05</u>
		<u>302,991.24</u>
Restricted		
Due from Unrestricted Current Funds		149,055.09
Total		<u>\$ 452,046.33</u>
Loan Funds		
College Loan Funds		
Student Notes Receivable - Federally Insured	\$	46,501.82
Student Notes Receivable - Other		19,912.03
United Student Aid Funds, Inc. Deposit		<u>15,000.00</u>
		81,413.85
National Defense Student Loan Fund		
Cash		137,293.66
Student Notes Receivable		1,670,674.64
Undistributed Administrative Expense		48,630.12
Due from Unrestricted Current Funds		<u>698.00</u>
		<u>1,857,296.42</u>
Total		<u>\$ 1,938,710.27</u>

LIABILITIES AND FUND BALANCES

Current Funds		
Unrestricted		
Notes Payable - Bank	\$	150,000.00
Mortgage Payable		5,082.53
Accounts Payable		<u>137,832.26</u>
Accrued Salaries and Wages		14,868.38
Payroll Taxes Withheld and Accrued		46,504.81
Deposit Accounts		128,779.25
Deferred Revenue		6,688.90
Past Service Benefits Reserve		15,483.41
Due to Restricted Current Funds		149,055.09
Due to National Defense Student Loan Fund		698.00
Due to Endowment Funds		36,290.69
Due to Deferred Gift Funds		36,024.81
Due to Unexpended Plant Funds		26,965.04
Due to Agency Funds		<u>12,231.85</u>
Total Liabilities		766,505.02
Unrestricted Current Funds Gifts		67,887.50
Unrestricted Current Funds Deficit		<u>(531,401.28)</u>
		<u>302,991.24</u>
Restricted		
Restricted Funds Balances		149,055.09
Total		<u>\$ 452,046.33</u>
Loan Funds		
College Loan Funds		
Due to Unrestricted Current Funds	\$	49,249.05
Loan Fund Balances		<u>32,164.80</u>
		81,413.85
National Defense Student Loan Fund		
Notes Payable - Federal Government		76,838.00
Federal Government Contribution		1,631,885.18
College Contribution		89,245.47
Undistributed Income		<u>59,327.77</u>
		<u>1,857,296.42</u>
Total		<u>\$ 1,938,710.27</u>

AUGSBURG COLLEGE

BALANCE SHEET

MAY 31, 1972

ASSETS - Continued		LIABILITIES AND FUND BALANCES - Continued	
<u>Endowment Funds</u>		<u>Endowment Funds</u>	
Assets Held in Bank Agency Account	\$ 829.88	Endowment Fund Balances	\$ 314,726.79
Cash		Funds Functioning as Endowment	203,260.00
Stocks and Bonds (Market Value \$132,841.63)	121,356.45	Net Adjusted Gains and Losses	86,796.57
Common Stocks (Market Value \$27,455.00)			
Notes, Contracts and Mortgages Receivable			
Cash Value of Life Insurance			
Real Estate			
Due from Unrestricted Current Funds			
Due from Plant Funds for Investment			
Due from Institutional Property			
<u>Total</u>	<u>\$ 310,927.67</u>	<u>Total</u>	<u>\$ 604,783.36</u>
<u>Deferred Gift Funds</u>		<u>Deferred Gift Funds</u>	
Due from Unrestricted Current Funds	\$ 36,024.81	Deferred Gift Funds Balances	\$ 474,965.56
Due from Expended Plant Funds	438,940.75		
<u>Total</u>	<u>\$ 474,965.56</u>	<u>Total</u>	<u>\$ 474,965.56</u>
<u>Plant Funds</u>		<u>Plant Funds</u>	
Unexpended Plant Funds		Unexpended Plant Funds	\$ 4,448.01
Cash	\$ 310.82	Accounts Payable	\$ 816,967.09
Real Estate	3,000.00	Unexpended Plant Funds Balances	618,710.57
Cash Value of Life Insurance	1,238.94	Less Advances for Completed Projects	198,256.52
Cash Value of Life Insurance	501.00		202,704.53
Other Investments			
Preliminary Building Costs	170,688.73		
Due from Unrestricted Current Funds	26,965.04		
	<u>\$ 202,704.53</u>		
Bond and Interest Sinking Funds		Bond and Interest Sinking Funds	43,166.50
Held by Trustee		For Dormitory Bonds of 1955	
Cash	1,451.29	For Dormitory and Student Union	
U. S. Government Securities	156,373.33	Bonds of 1966	114,658.12
			157,824.62
Invested in Plant		Invested in Plant	
Land	880,225.13	Augsburg Loan Certificates Payable	263,961.59
Improvements Other Than Buildings	107,209.46	Contracts and Mortgages Payable	626,310.43
Buildings	7,503,636.54	Dormitory Bonds of 1955 Payable	266,000.00
Equipment	1,532,683.60	First Mortgage Serial Bonds of 1960 Payable	210,000.00
	<u>10,023,754.73</u>	Dormitory and Student Union Bonds of 1966 Payable	2,500,000.00
		Due to Endowment Funds	310,927.67
		Due to Deferred Gift Funds	438,940.75
		Total Liabilities	4,616,140.44
		Capital Invested in Plant	5,407,614.29
		<u>Total</u>	<u>10,023,754.73</u>
			\$10,384,283.88
<u>Agency Funds</u>		<u>Agency Funds</u>	
Due from Unrestricted Current Funds	\$ 12,231.85	Agency Funds Balances	\$ 12,231.85

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE

EXHIBIT B

COMPARATIVE STATEMENT OF CURRENT FUNDS REVENUES AND EXPENDITURES

FOR THE YEARS ENDED MAY 31, 1972 AND 1971

	Year Ended May 31, 1972			Year Ended May 31, 1971		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenues						
Educational and General						
Student Tuition and Fees	\$2,488,284.58		\$2,488,284.58	\$2,426,011.95		\$2,426,011.95
Endowment Income	15,466.65		15,466.65	16,599.80		16,599.80
Gifts and Grants	300,229.18		300,229.18	304,660.79		304,660.79
Sponsored Research		\$ 50,159.08	50,159.08		\$ 44,138.69	44,138.69
Other Sponsored Programs		96,237.12	96,237.12		92,615.66	92,615.66
Recovery of Indirect Costs		142,103.40	142,103.40		92,578.00	92,578.00
Organized Activities Relating to Educational Departments	19,487.62		19,487.62	21,633.99		21,633.99
Other Sources	12,062.20		12,062.20	11,369.56		11,369.56
Total Educational and General	53,650.19		53,650.19	41,100.11		41,100.11
Student Aid	2,889,180.42		2,889,180.42	2,821,376.20		2,821,376.20
Auxiliary Enterprises	1,113,060.57		1,113,060.57	1,108,131.86		1,108,131.86
Total Revenues	4,002,240.99	458,449.06	4,460,690.05	3,929,508.06	412,948.85	4,342,456.91
Expenditures						
Educational and General						
Instruction	1,360,839.26	15,936.75	1,376,776.01	1,374,100.88	15,403.62	1,389,504.50
Organized Activities Relating to Educational Departments	79,581.14	3,371.71	82,952.85	99,626.51	827.91	100,454.42
Sponsored Research		96,237.12	96,237.12		92,615.66	92,615.66
Other Sponsored Programs		125,405.56	125,405.56		82,548.66	82,548.66
Extension and Public Service	8,887.56	1,578.24	10,465.80	16,699.57	99.91	16,799.48
Library	116,882.00	2,094.90	118,976.90	109,437.48	1,881.19	111,318.67
Student Services	255,895.78	2,834.02	258,729.80	283,591.43	504.93	284,096.36
Operation and Maintenance of Educational Plant	197,126.83		197,126.83	218,840.79		218,840.79
General Administration	210,354.71	193.24	210,547.95	200,226.02	723.57	200,949.59
Public Relations and Development	159,063.36	1,532.11	160,595.47	152,980.52	1,358.64	154,339.16
General Institutional	222,324.34	32,767.31	255,091.65	228,353.21	28,122.99	256,476.20
Total Educational and General	2,610,954.98	281,950.96	2,892,905.94	2,683,856.41	224,087.08	2,907,943.49
Student Aid	283,532.12	169,949.46	453,481.58	258,300.11	183,616.50	441,916.61
Auxiliary Enterprises (Including Debt Service of \$220,406.86 and \$224,557.99, Respectively)	1,081,091.72	6,548.64	1,087,640.36	1,098,298.59	5,245.27	1,103,543.86
Total Expenditures	3,975,578.82	458,449.06	4,434,027.88	4,040,455.11	412,948.85	4,453,403.96
Excess of Revenues Over Expenditures	\$ 26,662.17	\$ -	\$ 26,662.17	(\$ 110,947.05)	\$ -	(\$ 110,947.05)

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN FUND BALANCES -
UNRESTRICTED CURRENT FUNDS GIFTS
FOR THE YEAR ENDED MAY 31, 1972

Balance May 31, 1971		None
Additions		
Gifts Received During the Year		\$214,150.00
Deductions		
Applied to Current Funds Revenues for General Support	\$84,962.50	
Transfer to College Loan Funds	7,799.88	
Transfer to Unexpended Plant Funds	<u>53,500.12</u>	<u>146,262.50</u>
Balance May 31, 1972		<u>\$ 67,887.50</u>

See accompanying Notes to Financial Statements.

STATEMENT OF CHANGES IN FUND BALANCES -
UNRESTRICTED CURRENT FUNDS DEFICIT
FOR THE YEAR ENDED MAY 31, 1972

Balance May 31, 1971	\$558,063.45
Deductions	
Excess of Current Funds Revenues Over Expenditures	<u>26,662.17</u>
Balance May 31, 1972	<u>\$531,401.28</u>

STATEMENT OF CHANGES IN FUND BALANCES -
RESTRICTED CURRENT FUNDS
FOR THE YEAR ENDED MAY 31, 1972

EXHIBIT E

Balance May 31, 1971		\$137,653.90
Additions		
Gifts, Grants and Appropriations	\$443,113.82	
Endowment Income	10,904.12	
Fees and Other	<u>31,796.68</u>	\$485,814.62
Transfer Between Restricted Funds		<u>2,179.25</u>
		<u>487,993.87</u>
Deductions		625,647.77
Expenditures		
Educational and General	288,499.60	
Student Aid	<u>169,949.46</u>	458,449.06
Unexpended Funds Returned to Donor		6,223.75
Transfers to Current Funds Revenues		
Indirect Cost Recoveries		9,640.62
Other		100.00
Transfer Between Restricted Funds		<u>2,179.25</u>
		<u>476,592.68</u>
Balance May 31, 1972		<u>\$149,055.09</u>

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1972

Note 1. Accounting Basis

The accounts of the College are maintained and the accompanying financial statements have been prepared on a modified accrual basis. Depreciation has not been recorded on campus buildings and equipment carried in the plant funds. Gains and losses on the sale of investments held in the endowment funds are not taken into income but are credited or debited to a net adjusted gains and losses account, which is part of the principal of the funds. The College's policy is to report unrestricted gifts initially in the unrestricted current funds gift fund. The Governing Board may apply gifts from this fund to current operations, transfer gifts to any other fund, hold gifts in the fund to be distributed in future years, or any combination of the above. Restricted current funds gifts and grants are reported as revenues only to the extent expended during the year. The above accounting procedures are in accordance with generally accepted accounting practice for educational institutions.

Note 2. Dormitory Bonds

Bonds in the amount of \$360,000.00 were sold to the U. S. Government under a trust indenture dated April 1, 1955 to finance the construction of Gerda Mortensen Hall. The balance owing at May 31, 1972 was \$266,000.00. The bonds bear interest at 2 3/4% and mature in amounts from \$8,000.00 to \$16,000.00 annually on April 1, 1973 to 1995.

The bonds are secured by (1) the general obligation of the College, (2) a first mortgage on Gerda Mortensen Hall and the net revenues and income derived therefrom, and (3) the net revenues and income of Sverdrup-Oftedal Memorial Hall.

The College must pay into a bond and interest sinking fund account such sums as are necessary to meet the then current year's debt service and to maintain a reserve of two years' accumulated debt service. These payments are to be made from the net revenues and income of Gerda Mortensen Hall and Sverdrup-Oftedal Memorial Hall as far as such net revenues and income are adequate therefor, but the obligation to make such payments is a general obligation of the College and the general funds of the College will be used to make said payments to the extent necessary.

Note 3. First Mortgage Serial Bonds of 1960

Bonds in the amount of \$750,000.00 were sold through an underwriter (B. C. Ziegler and Company) under a trust indenture dated June 1, 1960 to finance the construction of Si Melby Hall, the auditorium-gymnasium. The balance owing at May 31, 1972 was \$210,000.00. The bonds bear interest at 5 3/4% and mature quarterly through 1975 in amounts from \$67,000.00 to \$73,000.00 annually.

AUGSBURG COLLEGE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1972

Note 3. First Mortgage Serial Bonds of 1960 - Cont'd

The bonds are secured by (1) a first mortgage on Si Melby Hall and its adjacent athletic field, (2) a first mortgage on the main campus buildings and certain land, and (3) all personal property owned or hereafter acquired in the mortgaged buildings.

Note 4. Dormitory and Student Union Bonds of 1966

Under a trust indenture dated April 1, 1966 the College sold to the U. S. Government its Dormitory and Student Union Bonds of 1966 totaling \$2,610,000.00 to finance Urness Tower Dormitory and the College Center. The bonds bear interest at the rate of 3% and mature in amounts from \$30,000.00 to \$100,000.00 annually on April 1, 1973 to 2016. The balance owing at May 31, 1972 was \$2,500,000.00.

The bonds are secured by the general obligation of the College and additionally by (1) a first mortgage on Urness Tower and the College Center; (2) a first lien on and pledge of the net revenues derived from the operations or ownership of the mortgaged facilities; and (3) the student union fees of not less than \$30.00 per year to be charged and collected from each full-time student.

The College must deposit \$65,000.00 each September 15 and March 15 into a bond and interest sinking fund until the balance is sufficient to meet the interest on the outstanding bonds due on the next interest date and one half of the principal due within the succeeding twelve months plus a debt service reserve of \$103,000.00, after which transfers of lesser amounts will have to be made to a repair and replacement reserve account.

Note 5. Residential Properties Pledged

Substantially all of the residential properties included in the plant funds have been pledged as security on the plant fund mortgages and contracts payable of \$626,310.43.

Note 6. State Unemployment Tax

Educational institutions became subject to State Unemployment compensation laws on January 1, 1972. The institutions have the option of paying a tax at the rate in effect for the year on the applicable compensation of all employees or paying unemployment claims as they arise. The College has elected the second option. No provision has been made in the financial statements for the liability for claims which may be filed due to employment with the College for the period January 1, 1972 through May 31, 1972 since management does not believe they will be material in amount.

AUGSBURG COLLEGE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1972

Note 7. Subsequent Events

On June 30, 1972 the College sold Gerda Mortensen Hall to Fairview-St. Mary's Health Services Corporation for \$622,337.50. Proceeds from the sale were used to repay the outstanding bond indebtedness of \$266,000.00 on the building, with the remaining amount being credited to unexpended plant funds.

STATEMENT OF CURRENT FUNDS REVENUES

SCHEDULE 1

Sheet 1

FOR THE YEAR ENDED MAY 31, 1972

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
<u>Educational and General</u>			
<u>Student Tuition and Fees</u>			
Tuition			
Academic Year	\$2,312,402.00	\$2,312,402.00	
Summer School	60,556.32	60,556.32	
General Fees	73,106.72	73,106.72	
Departmental Fees			
Music Lessons	20,576.00	20,576.00	
Computer Science Laboratory	740.00	740.00	
Incidental Fees			
Matriculation	9,301.00	9,301.00	
Special Registration	3,674.00	3,674.00	
Transcripts and Credentials	1,950.54	1,950.54	
Graduation	4,560.00	4,560.00	
Practice Room Rentals	755.00	755.00	
Placement Service	294.00	294.00	
Lockers	369.00	369.00	
	<u>2,488,284.58</u>	<u>2,488,284.58</u>	
<u>Endowment Income</u>			
Endowment Income (After Deduction of \$10,956.62 Credited to Other Accounts)	<u>15,466.65</u>	<u>15,466.65</u>	
<u>Gifts and Grants</u>			
The American Lutheran Church	143,701.21	143,701.21	
Minnesota Private College Fund	54,097.92	54,097.92	
Other Current Funds Gifts	17,467.55	17,467.55	
Unrestricted Gifts Applied (See Exhibit C)	84,962.50	84,962.50	
Restricted Gifts	<u>50,159.08</u>		\$ 50,159.08
	<u>350,388.26</u>	<u>300,229.18</u>	<u>50,159.08</u>
<u>Sponsored Research</u>			
Governmental	62,450.45		62,450.45
Non-Governmental	<u>33,786.67</u>		<u>33,786.67</u>
	<u>96,237.12</u>		<u>96,237.12</u>
<u>Other Sponsored Programs</u>			
Governmental	74,709.31		74,709.31
Non-Governmental	<u>67,394.09</u>		<u>67,394.09</u>
	<u>142,103.40</u>		<u>142,103.40</u>
<u>Recovery of Indirect Costs</u>			
Current Restricted Funds Grants	9,640.62	9,640.62	
National Defense Student Loan Fund	<u>9,847.00</u>	<u>9,847.00</u>	
	<u>19,487.62</u>	<u>19,487.62</u>	

STATEMENT OF CURRENT FUNDS REVENUES

SCHEDULE 1

Sheet 2

FOR THE YEAR ENDED MAY 31, 1972

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
<u>Educational and General - Cont'd</u>			
<u>Organized Activities Relating to</u>			
<u>Educational Departments</u>			
Athletics	\$ 3,456.79	\$ 3,456.79	
Band	1,854.39	1,854.39	
Choir	3,706.27	3,706.27	
Dramatic Productions	2,332.75	2,332.75	
Orchestra	712.00	712.00	
	<u>12,062.20</u>	<u>12,062.20</u>	
<u>Other Sources</u>			
Interest Income	4,800.53	4,800.53	
Deferred Payment Charges	2,190.03	2,190.03	
State of Minnesota - Subsidy	8,500.00	8,500.00	
Campus Events	11,097.19	11,097.19	
Parking Fees	976.20	976.20	
Rents - Institutional Property	240.00	240.00	
Gain on Sale of Investments	11,375.00	11,375.00	
Miscellaneous	14,471.24	14,471.24	
	<u>53,650.19</u>	<u>53,650.19</u>	
<u>Total Educational and General</u>	<u>3,177,680.02</u>	<u>2,889,180.42</u>	<u>\$288,499.60</u>
<u>Student Aid</u>			
Educational Opportunity Grant	140,625.00		140,625.00
Restricted Scholarships	29,324.46		29,324.46
<u>Total Student Aid</u>	<u>169,949.46</u>		<u>169,949.46</u>
<u>Auxiliary Enterprises</u>			
<u>College Housing</u>			
Memorial Hall	41,688.80	41,688.80	
Gerda Mortensen Hall	53,363.97	53,363.97	
West Hall	15,890.62	15,890.62	
Urness Tower	144,781.06	144,781.06	
Cottage Housing	95,919.84	95,919.84	
Residences	85,533.64	85,533.64	
	<u>437,177.93</u>	<u>437,177.93</u>	
<u>College Center</u>			
Bookstore	170,418.34	170,418.34	
Cafeteria	409,995.46	409,995.46	
Coffee Shop	43,474.34	43,474.34	
Recreation Room	10,822.70	10,822.70	
General	41,171.80	41,171.80	
	<u>675,882.64</u>	<u>675,882.64</u>	
<u>Total Auxiliary Enterprises</u>	<u>1,113,060.57</u>	<u>1,113,060.57</u>	
<u>Total Revenues</u>	<u>\$4,460,690.05</u>	<u>\$4,002,240.99</u>	<u>\$458,449.06</u>

STATEMENT OF CURRENT FUNDS EXPENDITURES

SCHEDULE 2

Sheet 1

FOR THE YEAR ENDED MAY 31, 1972

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
<u>Educational and General</u>			
<u>Instruction</u>			
<u>Faculty</u>			
Academic Year			
Faculty Salaries	\$1,000,029.94	\$1,000,029.94	
Other Salaries	29,952.23	29,952.23	
Sabbatical and Leave Pay	28,481.30	28,481.30	
Faculty Grants and Tuition	13,473.52	13,473.52	
Insurance and Retirement Benefits	155,755.37	155,755.37	
Physical Exams	753.00	753.00	
Travel	2,578.14	2,578.14	
Professional Meetings	1,271.07	1,271.07	
Professional Services	3,250.00	3,250.00	
Dues and Memberships	610.50	610.50	
Secretarial Service	7,345.01	7,345.01	
Miscellaneous	607.85	607.85	
Summer School			
Faculty Salaries	44,277.00	44,277.00	
Other Salaries	3,328.01	3,328.01	
Supplies and Expense	4,491.96	4,491.96	
	<u>1,296,204.90</u>	<u>1,296,204.90</u>	
<u>Departmental</u>			
American Studies	194.40	190.80	\$ 3.60
Art	2,894.50	2,648.73	245.77
English	3,967.83	3,681.04	286.79
Classical Languages	148.55	148.55	
Modern Language - Language			
Laboratory	3,947.84	3,361.66	586.18
Music	7,195.84	7,111.86	83.98
Speech	1,262.42	1,262.42	
Biology	10,875.75	10,289.71	586.04
Chemistry	9,069.62	6,433.54	2,636.08
Computer Science Laboratory	2,917.30	2,917.30	
Mathematics	1,259.63	1,259.63	
Physical Education	6,368.97	6,368.97	
Physics	2,745.13	2,745.13	
Philosophy	578.05	578.05	
Religion	3,435.32	2,091.68	1,343.64
Business Administration, Economics			
and Business Education	3,723.62	3,356.07	367.55
Education - Library Science	3,917.74	3,917.74	
History	964.71	964.71	
Political Science	776.57	776.57	
Psychology	3,009.88	3,009.88	
Sociology	11,317.44	1,520.32	9,797.12
	<u>80,571.11</u>	<u>64,634.36</u>	<u>15,936.75</u>
Total Instruction	<u>1,376,776.01</u>	<u>1,360,839.26</u>	<u>15,936.75</u>

STATEMENT OF CURRENT FUNDS EXPENDITURES

SCHEDULE 2

Sheet 2

FOR THE YEAR ENDED MAY 31, 1972

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
<u>Educational and General - Cont'd</u>			
<u>Organized Activities Relating</u>			
<u>to Educational Departments</u>			
Athletics	\$ 37,975.37	\$ 34,603.66	\$ 3,371.71
Band	15,700.58	15,700.58	
Choir	5,797.37	5,797.37	
Drama	4,231.90	4,231.90	
Orchestra	2,003.67	2,003.67	
Instructional Services	15,432.52	15,432.52	
Institutional Studies	473.78	473.78	
Honors Program	<u>1,337.66</u>	<u>1,337.66</u>	
Total Organized Activities			
Relating to Educational			
Departments	<u>82,952.85</u>	<u>79,581.14</u>	<u>3,371.71</u>
<u>Sponsored Research</u>			
Governmental	62,450.45		62,450.45
Non-Governmental	<u>33,786.67</u>		<u>33,786.67</u>
Total Sponsored Research	<u>96,237.12</u>		<u>96,237.12</u>
<u>Other Sponsored Programs</u>			
Governmental	57,246.82		57,246.82
Non-Governmental	<u>68,158.74</u>		<u>68,158.74</u>
Total Other Sponsored Programs	<u>125,405.56</u>		<u>125,405.56</u>
<u>Extension and Public Service</u>			
Special Events	8,815.01	7,236.77	1,578.24
Continuing Education	<u>1,650.79</u>	<u>1,650.79</u>	
Total Extension and Public			
Service	<u>10,465.80</u>	<u>8,887.56</u>	<u>1,578.24</u>
<u>Library</u>			
Salaries	45,534.14	45,534.14	
Student Help	17,718.73	15,623.83	2,094.90
Insurance and Retirement Benefits	3,639.11	3,639.11	
Books	29,219.54	29,219.54	
Periodicals	9,022.43	9,022.43	
Binding	1,869.10	1,869.10	
Library Equipment	2,166.46	2,166.46	
Postage	272.88	272.88	
Printing	865.85	865.85	
Dues and Memberships	2,978.00	2,978.00	
Supplies and Expense	<u>5,690.66</u>	<u>5,690.66</u>	
Total Library	<u>118,976.90</u>	<u>116,882.00</u>	<u>2,094.90</u>

STATEMENT OF CURRENT FUNDS EXPENDITURES

SCHEDULE 2

Sheet 3

FOR THE YEAR ENDED MAY 31, 1972

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
<u>Educational and General - Cont'd</u>			
<u>Student Services</u>			
Registrar's Office	\$ 42,145.27	\$ 42,145.27	
Dean of Students	33,462.59	32,074.84	\$ 1,387.75
Admissions Office	88,667.08	88,203.56	463.52
Religious Life	14,659.71	14,414.16	245.55
Health Service	13,518.61	13,518.61	
Placement Service and			
Student Employment	23,562.40	23,546.55	15.85
Financial Aid	8,981.61	8,707.33	274.28
Guidance and Counseling	27,537.95	27,090.88	447.07
FAME Office	6,194.58	6,194.58	
Total Student Services	<u>258,729.80</u>	<u>255,895.78</u>	<u>2,834.02</u>
<u>Operation and Maintenance of</u>			
<u>Educational Plant</u>			
Salaries	135,727.21	135,727.21	
Student Help	1,309.22	1,309.22	
Insurance and Retirement Benefits	12,800.22	12,800.22	
Professional Services	1,953.64	1,953.64	
Building Maintenance	16,734.32	16,734.32	
Grounds Maintenance	2,137.35	2,137.35	
Auto Equipment Maintenance	1,409.13	1,409.13	
Other Supplies and Expense	3,516.40	3,516.40	
Rent	14,783.32	14,783.32	
Heat	26,177.83	26,177.83	
Light	27,495.05	27,495.05	
Water	4,877.87	4,877.87	
Insurance - Buildings and Contents	7,517.86	7,517.86	
Taxes and Assessments	3,777.35	3,777.35	
Allocation of Salaries and Fringe			
Benefits to Auxiliary Enterprises	(63,089.94)	(63,089.94)	
Total Operation and Maintenance			
of Educational Plant	<u>197,126.83</u>	<u>197,126.83</u>	
<u>General Administration</u>			
Board of Regents	2,079.28	2,079.28	
President's Office	73,458.65	73,331.01	127.64
Academic Dean's Office	32,018.09	31,952.49	65.60
Finance and Business Office	102,991.93	102,991.93	
Total General Administration	<u>210,547.95</u>	<u>210,354.71</u>	<u>193.24</u>

STATEMENT OF CURRENT FUNDS EXPENDITURES

SCHEDULE 2

Sheet 4

FOR THE YEAR ENDED MAY 31, 1972

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
<u>Educational and General - Cont'd</u>			
<u>Public Relations and Development</u>			
Development	\$ 31,110.53	\$ 31,078.42	\$ 32.11
Development Associates	24,602.91	24,602.91	
Church Relations	19,093.65	19,093.65	
Alumni	29,582.60	29,582.60	
Public Relations	56,205.78	54,705.78	1,500.00
Total Public Relations and Development	160,595.47	159,063.36	1,532.11
<u>General Institutional</u>			
Catalog	7,701.34	7,701.34	
Dues and Memberships	3,565.85	3,565.85	
University Community Development Corp.	3,000.00	3,000.00	
Minnesota Private College Council	2,933.75	2,933.75	
Graduation	7,129.00	7,129.00	
Social	227.30	227.30	
Minnesota Private College Fund	4,809.50	4,809.50	
Convocation	3,030.74	3,030.74	
Printing and Mailing	37,472.50	37,109.09	363.41
Printing and Mailing Allocated to Departments	(31,772.73)	(31,772.73)	
Switchboard	28,567.59	27,580.64	986.95
Switchboard Allocated to Departments	(4,047.68)	(4,047.68)	
Xerox	7,802.84	7,802.84	
Xerox Allocated to Departments	(10,307.79)	(10,307.79)	
Data Processing	44,401.31	44,401.31	
Past Service Benefits	6,060.60	6,060.60	
Post Office	4,181.08	4,181.08	
Legal	1,471.37	1,471.37	
Liability and Other General Insurance	7,999.00	7,999.00	
Life Insurance	31,416.95		31,416.95
Employee and Dependents Tuition Discounts	41,453.00	41,453.00	
Interest	56,900.54	56,900.54	
Miscellaneous	1,095.59	1,095.59	
Total General Institutional	255,091.65	222,324.34	32,767.31
<u>Total Educational and General</u>	<u>2,892,905.94</u>	<u>2,610,954.98</u>	<u>281,950.96</u>
<u>Student Aid</u>			
Educational Opportunity Grants	140,625.00		140,625.00
College Scholarships and Grants	283,532.12	283,532.12	
Restricted Scholarships and Grants	29,324.46		29,324.46
Total Student Aid	453,481.58	283,532.12	169,949.46

STATEMENT OF CURRENT FUNDS EXPENDITURES

SCHEDULE 2

Sheet 5FOR THE YEAR ENDED MAY 31, 1972

	<u>Total</u>	<u>Unrestricted</u>	<u>Restricted</u>
<u>Auxiliary Enterprises</u>			
<u>College Housing</u>			
Memorial Hall	\$ 32,412.00	\$ 32,386.99	\$ 25.01
Gerda Mortensen Hall	49,503.48	49,465.97	37.51
West Hall	13,572.86	13,572.86	
Urness Tower	166,368.99	166,143.93	225.06
Cottage Housing	74,710.67	74,685.66	25.01
Residences	<u>102,234.80</u>	<u>102,234.80</u>	
	<u>438,802.80</u>	<u>438,490.21</u>	<u>312.59</u>
<u>College Center</u>			
Bookstore	167,273.35	167,273.35	
Cafeteria	323,970.63	318,372.08	5,598.55
Coffee Shop	48,657.78	48,292.45	365.33
Recreation Room	14,253.55	13,981.38	272.17
General	<u>94,682.25</u>	<u>94,682.25</u>	
	<u>648,837.56</u>	<u>642,601.51</u>	<u>6,236.05</u>
<u>Total Auxiliary Enterprises</u>	<u>1,087,640.36</u>	<u>1,081,091.72</u>	<u>6,548.64</u>
<u>Total Expenditures</u>	<u>\$4,434,027.88</u>	<u>\$3,975,578.82</u>	<u>\$458,449.06</u>

STATEMENT OF COLLEGE HOUSING REVENUES AND EXPENDITURES

SCHEDULE 3

FOR THE YEAR ENDED MAY 31, 1972

	Memorial Hall	Gerda Mortensen Hall	West Hall	Urness Tower	Cottage Housing	Residences	Total
<u>Rental Revenues</u>	\$41,688.80	\$53,363.97	\$15,890.62	\$144,781.06	\$95,919.84	\$ 85,533.64	\$437,177.93
<u>Expenditures</u>							
Operating							
Salaries	11,770.83	14,720.92		23,909.12	8,672.68	23,624.46	82,698.01
Employee Benefits	465.03	1,130.71	84.15	560.53		1,369.95	3,610.37
Student Help	900.00	2,062.80	1,056.75	3,726.48	7,233.34	4,213.46	19,192.83
Building Maintenance	4,841.84	1,856.35	1,152.03	9,116.05	5,810.53	15,162.62	37,939.42
Equipment	524.05	1,245.53	85.27	173.40	1,054.28	1,631.27	4,713.80
Heat	4,280.10	3,555.80	817.09	10,798.64	10,957.07	3,304.80	33,713.50
Light	4,434.23	2,958.01	1,428.84	11,287.13	6,501.68	2,385.06	28,994.95
Water	701.47	1,350.86	492.74	2,148.50	2,183.02	1,840.51	8,717.10
Real Estate Taxes		178.16		157.75	841.56	20,689.80	21,867.27
Rentals Paid				185.40			185.40
Insurance	859.34	1,445.29	195.99	3,382.80	975.13	686.43	7,544.98
Laundry	208.40	229.40		643.45			1,081.25
Telephone	1,540.44	2,504.16	2,311.93	4,239.41	11,564.77		22,160.71
Professional Services	497.85	1,311.29		2,868.70	2,987.16		7,665.00
Supplies and Other Expense	1,388.42	1,376.72	536.99	2,390.19	5,843.36	3,487.65	15,023.33
	<u>32,412.00</u>	<u>35,926.00</u>	<u>8,161.78</u>	<u>75,587.55</u>	<u>64,624.58</u>	<u>78,396.01</u>	<u>295,107.92</u>
Debt Service							
Interest		7,535.00	5,411.08	61,459.24	10,086.09	23,838.79	108,330.20
Principal		6,042.48		16,260.00			22,302.48
Sinking Fund Provision				13,062.20			13,062.20
		<u>13,577.48</u>	<u>5,411.08</u>	<u>90,781.44</u>	<u>10,086.09</u>	<u>23,838.79</u>	<u>143,694.88</u>
Total Expenditures	32,412.00	49,503.48	13,572.86	166,368.99	74,710.67	102,234.80	438,802.80
Net Income (Loss)	\$ 9,276.80	\$ 3,860.49	\$ 2,317.76	(\$ 21,587.93)	\$21,209.17	(\$ 16,701.16)	(\$ 1,624.87)

COMPARATIVE STATEMENT OF FUND BALANCESSCHEDULE 7MAY 31, 1972 AND 1971

	<u>May 31, 1972</u>	<u>May 31, 1971</u>	Increase (Decrease)
Capital Invested in Plant	\$5,407,614.29	\$5,164,916.38	\$242,697.91
Bond and Interest Sinking Funds	157,824.62	127,882.39	29,942.23
Unexpended Plant Funds	198,256.52	252,552.91	(54,296.39)
Endowment Funds	604,783.36	563,685.32	41,098.04
National Defense Student Loan Fund	89,245.47	80,266.47	8,979.00
College Loan Funds	32,164.80	30,602.81	1,561.99
Unrestricted Current Funds Deficit	(531,401.28)	(558,063.45)	26,662.17
Unrestricted Current Funds Gifts	<u>67,887.50</u>	<u>67,887.50</u>	<u>67,887.50</u>
<u>Totals</u>	<u>\$6,026,375.28</u>	<u>\$5,661,842.83</u>	<u>\$364,532.45</u>

End of Audit Reports

COMMENTS ON AUDIT REPORT:

1. The American Lutheran Church contributed \$143,701.21 for the last fiscal year. The College reports this is approximately the same amount as the College has annually received over the past decade.
2. The College received \$54,097.92 from the Minnesota Private College Fund for the last fiscal year.
3. The \$26,662.17 excess of Revenues over Expenditures for the fiscal year ending May 31, 1972 compared to the deficit of \$110,947.05 for the previous year was due to stringent economy measures including a 10% staff reduction. For the current year three faculty members were eliminated and salaries frozen, except for promotions.
4. The \$531,401.28 Unrestricted Current Fund Deficit is an accumulation of excess expenditures over revenues covering a 10-year period of time. This deficit is funded by internal borrowing and from time to time through short term outside borrowing. A significant adjustment in expenditure patterns was made in fiscal year 1971/72. The Board of Regents will adopt on November 20, 1972 a three-year program designed to eliminate this item.

PARITY BONDS

The Authority may issue additional Bonds to provide funds to complete the Project which Bonds will be on a parity with this issue. In the event of such issuance additional Base Rentals and related provisions will be required. Additional parity Bonds may also be issued to provide for Project improvement, alteration, repair or replacement with the consent of the holders of 65% of outstanding Bonds.

REDEMPTION

Article III of the Mortgage Trust Indenture provides in part:

"Section 3.01 Redemption of Bonds. The Bonds shall be subject to redemption, prior to maturity and at the option of the Authority as follows:

Bonds maturing on or before December 1, 1987 are noncallable except to the extent and in the circumstances provided in Section 10.02 of the Lease or as provided in Section 6.15 hereof. Bonds maturing December 1, 1988 through December 1, 2012, inclusive, may be called at the option of the Authority prior to the stated maturities thereof, in whole or in part and in inverse chronological and numerical order, on any interest payment date on or after December 1, 1987 upon at least thirty days' prior notice, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each Bond as follows:

3.00% if redeemed on or prior to June 1, 1992;

2.00% if redeemed after June 1, 1992 but on or prior to June 1, 1997; or

1.00% if redeemed on or after December 1, 1997.

All Bonds are subject to redemption at par and accrued interest on any interest payment date, as a whole but not in part, in case of damage, destruction or taking of the Project to the extent provided in Section 6.15 hereof and in case of the Institution's exercise of its option to purchase pursuant to Section 10.02 of the Lease.

Notice of any such redemption shall be published in a financial journal at least once, or shall be mailed, not more than sixty days nor less than thirty days before the date fixed for such payment in the form provided by Section 3.02 and in the manner and to the extent required by Section 3.03. Prior to the date fixed for redemption, funds shall be deposited with the Trustee sufficient to pay the Bonds called and accrued interest thereon, plus any premium required. Upon the happening of the above conditions, any Bonds thus called shall not bear interest after the call date, and except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture."

Section 6.15 of the Mortgage Trust Indenture and Section 10.02 of the Lease provide for redemption of all bonds at any time at par in the event of substantial damage or damage to the facilities of the Project to the extent they are not operatable.

REGISTRATION OF BONDS

Either, or both, principal and interest will be registrable and if registered may be reconverted. Any expense in connection therewith will be that of the owner.

LEGAL OPINION

The issuance and sale of the Bonds shall be subject to the delivery of the approving legal opinion of Messrs. Faegre & Benson as Bond Counsel to the Authority, the Institution, the Trustee and the purchaser of the Bonds to the effects that (1) the Authority has authority under the Act to issue the Bonds, to acquire and lease the Project to the Institution and to execute and deliver the Indenture to secure the Bonds, (ii) the Bonds, the Deed, the Lease and the Indenture have been duly authorized by all necessary proceedings and duly executed and delivered, (iii) the Bonds, the Lease and the Indenture are valid and binding instruments in accordance with their terms, (iv) the Indenture provides a valid and direct first mortgage lien on the Project subject only to the Lease and encumbrances permitted by the Indenture, (v) the Grant Agreement is the valid and binding obligation of the United States of America to provide interest subsidy on the Bonds and (vi) the interest on the Project Bonds is exempt from Federal and Minnesota state income taxes (other than Minnesota corporate franchise taxes measured by income) under present laws and rulings.

LITIGATION

A former employee has commenced an action for approximately \$20,000 damages for alleged discrimination on account of race and sex under the Civil Rights Act. In 1971 the Women's Equity Action League requested the Secretary of Health, Education and Welfare to investigate an alleged pattern of sex discrimination in faculty employment.

The College has adopted an Affirmative Action Program to furnish equal opportunity without regard to race, sex or religion.

The suit for damages and investigation are pending. In the opinion of Messrs. Faegre & Benson, an adverse ruling would not affect the Government's obligation to pay interest subsidy under the Grant Agreement.

Except for this action and this request, the College has no other litigation pending or threatened against it of which it is aware. It is the judgment of the College that neither this action nor this request impair either the right of the College to enter into a Lease with the Authority for the Project, or, the security of the Bonds.

INFORMATIONAL MEETING

All firms interested in bidding on this issue are invited to attend an informational meeting at the offices of the Minnesota Higher Education Facilities Authority, 278 Metro Square Building, Seventh and Robert, St. Paul, Minnesota, on Tuesday, November 21, 1972, at 3:00 P.M. The Executive Director of the Authority, Representatives of the College, Bond Counsel and the Fiscal Consultant will be available to answer questions.

—Notes—

PLEASE SUBMIT BID IN DUPLICATE. It is preferred, but not mandatory, that this form be used.

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To: Minnesota Higher Education Facilities Authority Date: November 28, 1972
Suite 278 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101

Re: \$2,200,000 First Mortgage Revenue Bonds, Series A (Augaburg College)

For the Bonds of this issue which shall mature and bear interest at the annual rate, as follows, we offer a price of \$ _____ and accrued interest to the date of delivery.

_____ % 1975	_____ % 1983	_____ % 1991	_____ % 1999	_____ % 2006
_____ % 1976	_____ % 1984	_____ % 1992	_____ % 2000	_____ % 2007
_____ % 1977	_____ % 1985	_____ % 1993	_____ % 2001	_____ % 2008
_____ % 1978	_____ % 1986	_____ % 1994	_____ % 2002	_____ % 2009
_____ % 1979	_____ % 1987	_____ % 1995	_____ % 2003	_____ % 2010
_____ % 1980	_____ % 1988	_____ % 1996	_____ % 2004	_____ % 2011
_____ % 1981	_____ % 1989	_____ % 1997	_____ % 2005	_____ % 2012
_____ % 1982	_____ % 1990	_____ % 1998		

Delivery with an unqualified legal opinion is to be made at _____

(a place to be designated later)

This offer, unless extended by us, shall expire within six (6) hours of the time set for its opening. In the event of failure to deliver these bonds in accordance with the official notice of sale as printed on the reverse side and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Account Members

Account Manager

By: _____

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST \$ _____

NET EFFECTIVE RATE _____ %

The foregoing offer is hereby accepted by the addressee on the date of the offer by its following officers duly authorized and empowered to make such acceptance.

Secretary

Chairman

OFFICIAL NOTICE OF BOND SALE

\$2,200,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY FIRST MORTGAGE REVENUE BONDS, SERIES A (AUGSBURG COLLEGE)

Bids will be received Tuesday, November 28, 1972, 11:00 A.M., CST, at the Authority's Offices, Metro Square Building, St. Paul, Minnesota, for award at 3:00 P.M. of the same day on the following terms:

DATE AND INTEREST

The Bonds will be dated December 1, 1972. Interest will be payable June 1, 1973, and each December 1, and June 1, thereafter.

TYPE AND PURPOSE

The Bonds will be negotiable coupon, special obligations of the Authority, payable solely, and only, out of Project revenues and other income, charges and moneys to be produced and received, including rentals under the Lease between the Authority and Augsburg College, relative to the ownership and operation of the Project for which the proceeds of this issue will be used, and the Reserve Accounts established thereto. The Bonds will be issued in denominations of \$5,000 each and may be registrable as to both principal and interest, or either, according to the terms of the Mortgage Trust Indenture relative to the issue. The Bonds are being issued for the construction and equipping of an apartment-type student housing facility on the campus of Augsburg College to whom it will be leased by the Authority, and for the establishment of certain Reserve Accounts relative to the issue.

MATURITIES AND REDEMPTION

December 1, in the years and amounts as follows:

\$ 5,000 1975-77	\$50,000 1995-96	\$100,000 2005
\$15,000 1978-80	\$55,000 1997	\$105,000 2006
\$20,000 1981-84	\$60,000 1998	\$115,000 2007
\$25,000 1985-87	\$65,000 1999	\$125,000 2008
\$30,000 1988-89	\$70,000 2000	\$135,000 2009
\$35,000 1990-91	\$75,000 2001	\$145,000 2010
\$40,000 1992-93	\$80,000 2002	\$155,000 2011
\$45,000 1994	\$85,000 2003	\$165,000 2012
	\$95,000 2004	

All dates are inclusive.

At the option of the Issuer all Bonds maturing on or after December 1, 1988, shall be subject to prior payment in inverse order of serial numbers on December 1, 1987, and any interest payment date thereafter, at a price of: 103 if called on or prior to June 1, 1992; 102 if redeemed after June 1, 1992 but on or prior to June 1, 1997, or 101 if redeemed on or after December 1, 1997, except that all Bonds are subject to redemption at par and accrued interest on any interest payment date, as a whole, but not in part, in case of damage, destruction or taking of the Project to the extent provided in Section 6.15 of the Mortgage Trust Indenture and in case of the Institution's exercise of its option to purchase pursuant to Section 10.02 of the Lease.

GRANT AGREEMENT

A Grant Agreement has been entered into with the United States of America, Department of Housing and Urban Development, pursuant to which the Government will provide an annual interest subsidy to support and to be pledged to debt service payments on the Bonds, as more fully described in the Official Statement.

PAYING AGENT AND TRUSTEE

Principal and interest will be payable at the Main Office of the Northwestern National Bank of Minneapolis, Minnesota with whom the Authority will enter into a Mortgage Trust Indenture relative to this issue. An alternate paying agent may be named in the bid by the Purchaser subject to the consent of the Authority and provided that there shall be no additional expense to the Authority or the College by reason thereof.

DELIVERY

Within 40 days after award, subject to the unqualified approving legal opinion of Messrs. Faegre and Benson of Minneapolis, Minnesota, and customary closing papers, including a statement of non-litigation. Bond printing and legal opinion will be paid for by the Issuer. Delivery will be at a place of the Purchaser's choice. Payment must be made in Federal Funds, or equivalent immediately available funds, on day of delivery. Legal opinion will be printed on the Bonds.

TYPE OF BID

Sealed bids for not less than \$2,157,000 and accrued interest on the principal sum of \$2,200,000 from the date of the Bonds to date of delivery must be filed with the undersigned prior to time of sale, together with a certified or cashier's check in the amount of \$44,000, payable to the order of the Minnesota Higher Education Facilities Authority, to be forfeited as damages but without limitation of the rights of the Issuer to additional damages if the bidder fails to comply with the accepted bid.

RATES

All rates must be in integral multiples of 5/100th or 1/8th of 1%. All Bonds of the same maturity must bear a single rate from date of issue to maturity. The interest rate for any maturity shall be not less than that of any prior maturity and no interest rate shall exceed any other interest rate by more than 2% per annum. Additional coupons may not be used.

AWARD

Award will be made on the basis of lowest dollar interest cost; determined by the addition of any discount to and the deduction of any premium from the total interest on all Bonds from their date to their stated maturity. The Issuer reserves the right to reject any and all bids, to waive informalities and to adjourn the sale.

Dated October 31, 1972

BY ORDER OF THE MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

/s/ Richard C. Hawk
Secretary

PLEASE SUBMIT BID IN DUPLICATE. It is preferred, but not mandatory, that this form be used.

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To: Minnesota Higher Education Facilities Authority Date: November 28, 1972
Suite 278 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101

Re: \$2,200,000 First Mortgage Revenue Bonds, Series A (Augsburg College)

For the Bonds of this issue which shall mature and bear interest at the annual rate, as follows, we offer a price of \$ _____ and accrued interest to the date of delivery.

_____ % 1975	_____ % 1983	_____ % 1991	_____ % 1999	_____ % 2006
_____ % 1976	_____ % 1984	_____ % 1992	_____ % 2000	_____ % 2007
_____ % 1977	_____ % 1985	_____ % 1993	_____ % 2001	_____ % 2008
_____ % 1978	_____ % 1986	_____ % 1994	_____ % 2002	_____ % 2009
_____ % 1979	_____ % 1987	_____ % 1995	_____ % 2003	_____ % 2010
_____ % 1980	_____ % 1988	_____ % 1996	_____ % 2004	_____ % 2011
_____ % 1981	_____ % 1989	_____ % 1997	_____ % 2005	_____ % 2012
_____ % 1982	_____ % 1990	_____ % 1998		

Delivery with an unqualified legal opinion is to be made at _____
(a place to be designated later)

This offer, unless extended by us, shall expire within six (6) hours of the time set for its opening. In the event of failure to deliver these bonds in accordance with the official notice of sale as printed on the reverse side and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Account Members

Account Manager

By: _____

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST \$ _____

NET EFFECTIVE RATE _____ %

.....
The foregoing offer is hereby accepted by the addressee on the date of the offer by its following officers duly authorized and empowered to make such acceptance.

Secretary

Chairman

OFFICIAL NOTICE OF BOND SALE

\$2,200,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY FIRST MORTGAGE REVENUE BONDS, SERIES A (AUGSBURG COLLEGE)

Bids will be received Tuesday, November 28, 1972, 11:00 A.M., CST, at the Authority's Offices, Metro Square Building, St. Paul, Minnesota, for award at 3:00 P.M. of the same day on the following terms:

DATE AND INTEREST

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TYPE AND PURPOSE

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MATURITIES AND REDEMPTION

December 1, in the years and amounts as follows:

\$ 5,000 1975-77	\$50,000 1995-96	\$100,000 2005
\$15,000 1978-80	\$55,000 1997	\$105,000 2006
\$20,000 1981-84	\$60,000 1998	\$115,000 2007
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\$40,000 1992-93	\$80,000 2002	\$155,000 2011
\$45,000 1994	\$85,000 2003	\$165,000 2012
	\$95,000 2004	

All dates are inclusive.

At the option of the Issuer all Bonds maturing on or after December 1, 1988, shall be subject to prior payment in inverse order of serial numbers on December 1, 1987, and any interest payment date thereafter, at a price of: 103 if called on or prior to June 1, 1992; 102 if redeemed after June 1, 1992 but on or prior to June 1, 1997, or 101 if redeemed on or after December 1, 1997, except that all Bonds are subject to redemption at par and accrued interest on any interest payment date, as a whole, but not in part, in case of damage, destruction or taking of the Project to the extent provided in Section 6.15 of the Mortgage Trust Indenture and in case of the Institution's exercise of its option to purchase pursuant to Section 10.02 of the Lease.

GRANT AGREEMENT

A Grant Agreement has been entered into with the United States of America, Department of Housing and Urban Development, pursuant to which the Government will provide an annual interest subsidy to support and to be pledged to debt service payments on the Bonds, as more fully described in the Official Statement.

PAYING AGENT AND TRUSTEE

Principal and interest will be payable at the Main Office of the Northwestern National Bank of Minneapolis, Minnesota with whom the Authority will enter into a Mortgage Trust Indenture relative to this issue. An alternate paying agent may be named in the bid by the Purchaser subject to the consent of the Authority and provided that there shall be no additional expense to the Authority or the College by reason thereof.

DELIVERY

Within 40 days after award, subject to the unqualified approving legal opinion of Messrs. Faegre and Benson of Minneapolis, Minnesota, and customary closing papers, including a statement of non-litigation. Bond printing and legal opinion will be paid for by the Issuer. Delivery will be at a place of the Purchaser's choice. Payment must be made in Federal Funds, or equivalent immediately available funds, on day of delivery. Legal opinion will be printed on the Bonds.

TYPE OF BID

Sealed bids for not less than \$2,157,000 and accrued interest on the principal sum of \$2,200,000 from the date of the Bonds to date of delivery must be filed with the undersigned prior to time of sale, together with a certified or cashier's check in the amount of \$44,000, payable to the order of the Minnesota Higher Education Facilities Authority, to be forfeited as damages but without limitation of the rights of the Issuer to additional damages if the bidder fails to comply with the accepted bid.

RATES

All rates must be in integral multiples of 5/100th or 1/8th of 1%. All Bonds of the same maturity must bear a single rate from date of issue to maturity. The interest rate for any maturity shall be not less than that of any prior maturity and no interest rate shall exceed any other interest rate by more than 2% per annum. Additional coupons may not be used.

AWARD

Award will be made on the basis of lowest dollar interest cost; determined by the addition of any discount to and the deduction of any premium from the total interest on all Bonds from their date to their stated maturity. The Issuer reserves the right to reject any and all bids, to waive informalities and to adjourn the sale.

Dated October 31, 1972

BY ORDER OF THE MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

/s/ Richard C. Hawk
Secretary

PLEASE SUBMIT BID IN DUPLICATE. It is preferred, but not mandatory, that this form be used.

B
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R
M

To: Minnesota Higher Education Facilities Authority Date: November 28, 1972
Suite 278 Metro Square Building
Seventh and Robert Streets
St. Paul, Minnesota 55101

Re: \$2,200,000 First Mortgage Revenue Bonds, Series A (Augsburg College)

For the Bonds of this issue which shall mature and bear interest at the annual rate, as follows, we offer a price of \$ _____ and accrued interest to the date of delivery.

_____ % 1975	_____ % 1983	_____ % 1991	_____ % 1999	_____ % 2006
_____ % 1976	_____ % 1984	_____ % 1992	_____ % 2000	_____ % 2007
_____ % 1977	_____ % 1985	_____ % 1993	_____ % 2001	_____ % 2008
_____ % 1978	_____ % 1986	_____ % 1994	_____ % 2002	_____ % 2009
_____ % 1979	_____ % 1987	_____ % 1995	_____ % 2003	_____ % 2010
_____ % 1980	_____ % 1988	_____ % 1996	_____ % 2004	_____ % 2011
_____ % 1981	_____ % 1989	_____ % 1997	_____ % 2005	_____ % 2012
_____ % 1982	_____ % 1990	_____ % 1998		

Delivery with an unqualified legal opinion is to be made at _____

(a place to be designated later)

This offer, unless extended by us, shall expire within six (6) hours of the time set for its opening. In the event of failure to deliver these bonds in accordance with the official notice of sale as printed on the reverse side and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Account Members

Account Manager

By: _____

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST \$ _____

NET EFFECTIVE RATE _____ %

The foregoing offer is hereby accepted by the addressee on the date of the offer by its following officers duly authorized and empowered to make such acceptance.

Secretary

Chairman

OFFICIAL NOTICE OF BOND SALE

\$2,200,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY FIRST MORTGAGE REVENUE BONDS, SERIES A (AUGSBURG COLLEGE)

Bids will be received Tuesday, November 28, 1972, 11:00 A.M., CST, at the Authority's Offices, Metro Square Building, St. Paul, Minnesota, for award at 3:00 P.M. of the same day on the following terms:

DATE AND INTEREST

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TYPE AND PURPOSE

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MATURITIES AND REDEMPTION

December 1, in the years and amounts as follows:

\$ 5,000 1975-77	\$50,000 1995-96	\$100,000 2005
\$15,000 1978-80	\$55,000 1997	\$105,000 2006
\$20,000 1981-84	\$60,000 1998	\$115,000 2007
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\$35,000 1990-91	\$75,000 2001	\$145,000 2010
\$40,000 1992-93	\$80,000 2002	\$155,000 2011
\$45,000 1994	\$85,000 2003	\$165,000 2012
	\$95,000 2004	

All dates are inclusive.

At the option of the Issuer all Bonds maturing on or after December 1, 1988, shall be subject to prior payment in inverse order of serial numbers on December 1, 1987, and any interest payment date thereafter, at a price of: 103 if called on or prior to June 1, 1992; 102 if redeemed after June 1, 1992 but on or prior to June 1, 1997, or 101 if redeemed on or after December 1, 1997, except that all Bonds are subject to redemption at par and accrued interest on any interest payment date, as a whole, but not in part, in case of damage, destruction or taking of the Project to the extent provided in Section 6.15 of the Mortgage Trust Indenture and in case of the Institution's exercise of its option to purchase pursuant to Section 10.02 of the Lease.

GRANT AGREEMENT

A Grant Agreement has been entered into with the United States of America, Department of Housing and Urban Development, pursuant to which the Government will provide an annual interest subsidy to support and to be pledged to debt service payments on the Bonds, as more fully described in the Official Statement.

PAYING AGENT AND TRUSTEE

Principal and interest will be payable at the Main Office of the Northwestern National Bank of Minneapolis, Minnesota with whom the Authority will enter into a Mortgage Trust Indenture relative to this issue. An alternate paying agent may be named in the bid by the Purchaser subject to the consent of the Authority and provided that there shall be no additional expense to the Authority or the College by reason thereof.

DELIVERY

Within 40 days after award, subject to the unqualified approving legal opinion of Messrs. Faegre and Benson of Minneapolis, Minnesota, and customary closing papers, including a statement of non-litigation. Bond printing and legal opinion will be paid for by the Issuer. Delivery will be at a place of the Purchaser's choice. Payment must be made in Federal Funds, or equivalent immediately available funds, on day of delivery. Legal opinion will be printed on the Bonds.

TYPE OF BID

Sealed bids for not less than \$2,157,000 and accrued interest on the principal sum of \$2,200,000 from the date of the Bonds to date of delivery must be filed with the undersigned prior to time of sale, together with a certified or cashier's check in the amount of \$44,000, payable to the order of the Minnesota Higher Education Facilities Authority, to be forfeited as damages but without limitation of the rights of the Issuer to additional damages if the bidder fails to comply with the accepted bid.

RATES

All rates must be in integral multiples of 5/100th or 1/8th of 1%. All Bonds of the same maturity must bear a single rate from date of issue to maturity. The interest rate for any maturity shall be not less than that of any prior maturity and no interest rate shall exceed any other interest rate by more than 2% per annum. Additional coupons may not be used.

AWARD

Award will be made on the basis of lowest dollar interest cost; determined by the addition of any discount to and the deduction of any premium from the total interest on all Bonds from their date to their stated maturity. The Issuer reserves the right to reject any and all bids, to waive informalities and to adjourn the sale.

Dated October 31, 1972

BY ORDER OF THE MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY

/s/ Richard C. Hawk
Secretary