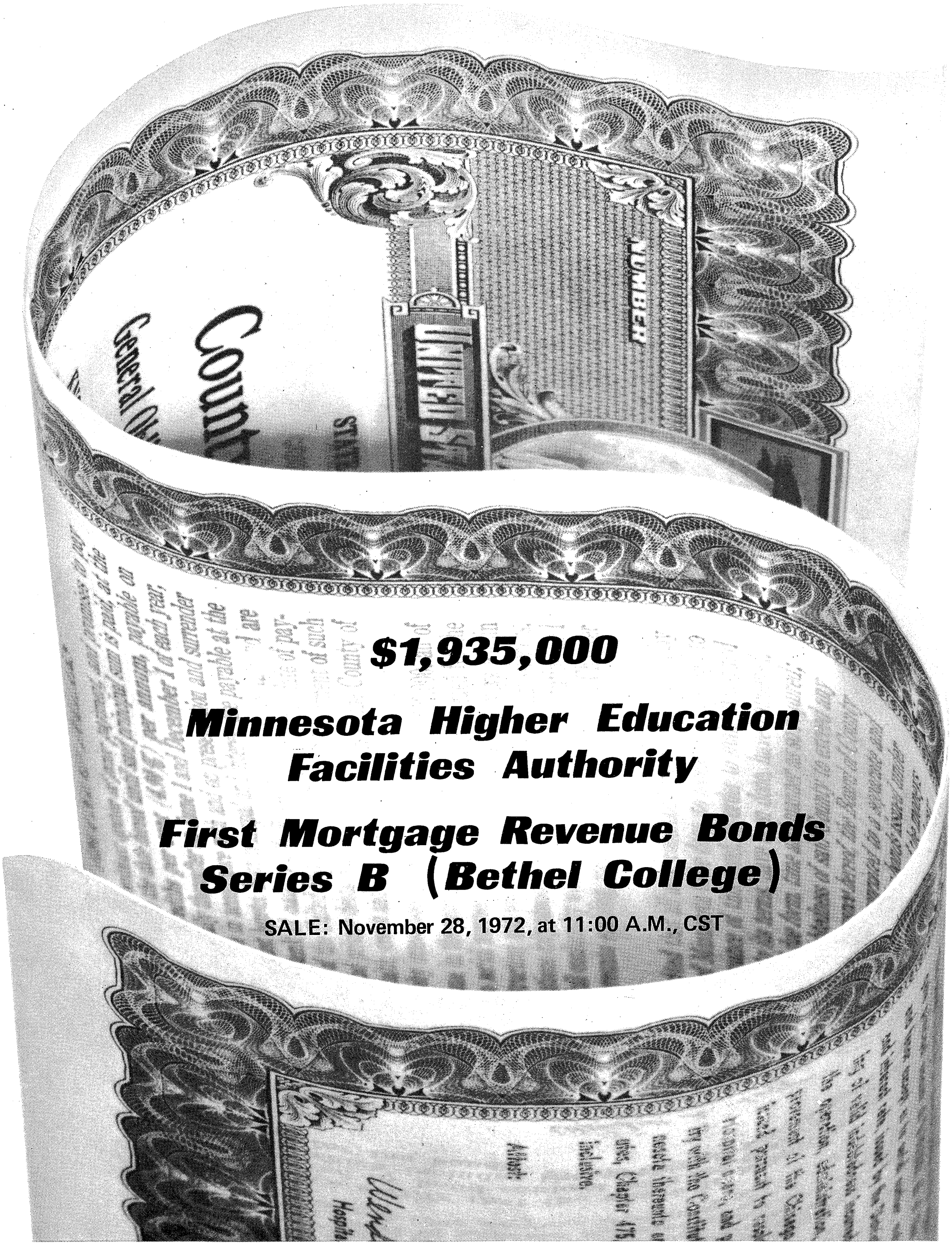

$1,935,000

Minnesota Higher Education Facilities Authority

First Mortgage Revenue Bonds Series B (Bethel 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

ERRATA

1. Page 7 – Item 3 – 4th Line – Change $31,743.60 to read $34,082.

2. Page 9 – Under Grant Agreement – 5th Line – Change $65,000 to read $41,756.

3. Page 10 – 3rd paragraph – 3rd Line – Change $65,000 to read $41,756.

4. Page 10 – Under Deed – Change entire paragraph to read:

   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; and will furnish an opinion of the Institution's counsel, Messrs. Johnson & Eastlund, of Minneapolis, Minnesota, as to the Deed by the Institution and the title to the Project and site thereof and the Leased Equipment (except to the extent insured by title insurance) subject only to the Lease and the Indenture and Permitted Encumbrances (as that term is defined in the Lease and Indenture).

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OFFICIAL NOTICE OF BOND SALE

$1,935,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
FIRST MORTGAGE REVENUE BONDS, SERIES B (BETHEL COLLEGE)

Bids will be recieved 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 rental revenues and other income, charges and moneys to be produced and received pursuant to the Lease between the Authority and the Lessee 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 furnishing of two units of seven buildings each to accommodate approximately 480 students on the campus of Bethel College, Arden Hills, Minnesota, and for the establishment of certain reserves relative to the issue. The Lessee of the Project will be the Baptist General Conference.

MATURITIES AND REDEMPTION

June 1, in the years and amounts as follows:

$25,000 1974	$ 70,000 1985	$115,000 1992
$30,000 1975-77	$ 75,000 1986	$120,000 1993
$45,000 1978	$ 80,000 1987	$130,000 1994
$50,000 1979-80	$ 90,000 1988	$140,000 1995
$55,000 1981	$ 95,000 1989	$150,000 1996
$60,000 1982	$100,000 1990	$160,000 1997
$65,000 1983-84	$105,000 1991	

All dates are inclusive.

At the option of the Issuer all bonds maturing on or after June 1, 1988, shall be subject to prior payment in inverse order of serial numbers on June 1, 1987, and any interest payment date thereafter, at a price of par and accrued interest.

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 by the Purchaser subject to the consent of the Authority and provided that there shall be no additional expense to the Authority 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 $1,884,300 and accrued interest on the principal sum of $1,935,000 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 $38,700, 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

$1,935,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
FIRST MORTGAGE REVENUE BONDS, SERIES B (BETHEL 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.

YEAR	PRINCIPAL	BOND YEARS	CUMULATIVE BOND YEARS	
1974	$ 25,000	37.5	37.5	________
1975	30,000	75.0	112.5	________
1976	30,000	105.0	217.5	________
1977	30,000	135.0	352.5	________
1978	45,000	247.5	600.0	________
1979	50,000	325.0	925.0	________
1980	50,000	375.0	1300.0	________
1981	55,000	467.5	1767.5	________
1982	60,000	570.0	2337.5	________
1983	65,000	682.5	3020.0	________
1984	65,000	747.5	3767.5	________
1985	70,000	875.0	4642.5	________
1986	75,000	1012.5	5655.0	________
1987	80,000	1160.0	6815.0	________
1988	90,000 C	1395.0	8210.0	________
1989	95,000 C	1567.5	9777.5	________
1990	100,000 C	1750.0	11527.5	________
1991	105,000 C	1942.5	13470.0	________
1992	115,000 C	2242.5	15712.5	________
1993	120,000 C	2460.0	18172.5	________
1994	130,000 C	2795.0	20967.5	________
1995	140,000 C	3150.0	24117.5	________
1996	150,000 C	3525.0	27642.5	________
1997	160,000 C	3920.0	31562.5	________

AVERAGE MATURITY: 16.31 Years
DATED: December 1, 1972
INTEREST: June 1, 1973, and each December 1, and June 1, thereafter.
MATURE: June 1, 1974-97, inclusive.
REDEMPTION (C): Bonds maturing June 1, 1988-97, inclusive, are callable commencing June 1, 1987, at par; except if called pursuant to Section 6.15 of the Mortgage Trust Indenture or Section 10.02 of the Lease.

OFFICIAL STATEMENT
RELATING TO
$1,935,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
FIRST MORTGAGE REVENUE BONDS
SERIES B (BETHEL 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 as adjusted by deduction of the application fee. 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 ISSUE

The proceeds of the issue, except for funded reserves, will be used to construct and furnish two units of seven buildings each to provide townhouse-type student housing which will accommodate approximately 480 students. A design-and-build package contract has been entered into and construction is underway. The units will be frame with partial brick exterior and will be built on the College's new Arden Hills campus. Each unit will have three bedrooms, living room, bath and storage. Plumbing will be placed for future installation of an efficiency kitchen. Each unit will house six students. The facilities will be owned by the Authority but leased back to the College for operation. Occupancy is expected by the Fall Term of 1973, or earlier. Interim financing has been arranged through a St. Paul bank. The contractor is Marvin H. Anderson.

BOND PROCEEDS BUDGET

Construction		\$1,412,280
Furnishings		175,000
Fees		18,885
Contingency		40,000
Capitalized Interest		67,725*
Discount Allowance		50,700
Debt Service Reserve:		
Series	\$136,328**	
General	34,082***	170,410
		\$1,935,000

*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.

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) Assignment of the proceeds received pursuant to an interest subsidy grant from the United States Government;

4) First mortgage lien on the Project.

Item "2" 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 November 25 of each year one-half of the principal, and by May 25, all of the principal due on the next principal date.

(II) General Bond Reserve Account — $34,082*

(III) Debt Service Reserve Account — $136,328*

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

*See "Reserves" below.

RESERVES

Following are the required reserves:

A.	Debt Service Reserve Account	$136,328
B.	General Bond Reserve Account	34,082
C.	Repair and Replacement Reserve Account	50,000
	Total:	$220,410*

*1.7 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 five annual deposits of $10,000 each commencing December 1, 1973. 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 "A" 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 $41,756. 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. HUD has made a fund reservation of $60,000 annually for this Project.

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 B (Bethel College) Construction Account—	Trustee will pay costs of Project from it.
2. Series B (Bethel College) Revenue Fund Account—	All pledged revenues will be deposited in this account.
a. Series B (Bethel College) Bond and Interest Sinking Fund Account	For payment of principal and interest. $67,725 from proceeds of bond issue will be immediately placed in this account from Bond proceeds.
b. Series B (Bethel College) Debt Service Reserve Account	For payment of principal and interest of this issue. $136,328 will be immediately placed in this account from Bond proceeds.
c. Series B (Bethel 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 B (Bethel 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 B (Bethel 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

Gross Revenue:

Existing Dormitory of 120 students the revenues of which are unpledged		
	120 X $490	$ 58,800
New Townhouses		
	480 X $490	235,200
		$294,000
At 95% Occupancy		95%
		$279,300*

*2.15 times Estimated Net Average Annual Debt Service.

Operating Costs:

Salaries	$ 17,000	
Benefits	1,200	
Maintenance	35,000	
Utilities	44,000	
Insurance	8,000	
Administrative	9,600	
Miscellaneous	5,740	$120,540
		$158,760*

*1.22 times Estimated Net Average Annual Debt Service.

NOTE: Operational and maintenance costs are not deductible by the College before debt service. The projected net revenues shown in "2" above are only to demonstrate the Project's feasibility.

ANTICIPATED AVERAGE NET ANNUAL DEBT SERVICE

$129,770 (after deduction of estimated $41,756 interest subsidy grant)

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 ($136,328) 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 appraisement 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 or 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

Bethel College was founded in 1905. It is a non-profit institution of higher education, owned and operated by the Baptist General Conference, an Illinois non-profit corporation. Throughout this official statement, the Baptist General Conference and Bethel College are collectively called the "College" or "Institution".

Originally located on a site in St. Paul, the College has now moved to a new 217 acre campus on the shores of Lake Valentine in Arden Hills.

The College is accredited by:

- North Central Association of Colleges and Secondary Schools
- American Association of University Women
- American Association for Teacher Education
- National Council for Accreditation of Teacher Education

Its four-year course leads to a Bachelor of Arts Degree.

Adjoining the College is Bethel Seminary. Although the College and Seminary are academically separate entities, each is owned by the Baptist General Conference whose full faith and credit, with that of the College, is placed behind this issue. So, while no specific direct pledges are made of revenues or assets of the Seminary for debt service of this issue, nevertheless, as a part of the Conference, there is an indirect pledge of its revenues and assets. Therefore, the audit reports shown in this prospectus of the operations of the College include the Seminary. Likewise, the following statement of facilities includes Seminary buildings. The enrollment figures shown later, though, do not include Seminary students. The present academic buildings are said to be adequate for current enrollment. The addition of administration and performing arts buildings will provide all of the facilities necessary to meet projected enrollments.

HOUSING NEEDS

The College is currently continuing to operate its housing facilities on the old campus for which it has loan commitments. It is its intention that these facilities will be disposed of, their use discontinued and their indebtedness paid as nearly concurrently with the opening of new housing units on the new campus as possible. At the present time the College has only one 120-unit student housing facility on its new campus, although there is also housing for Seminary students. The units of the Project will only in part replace the capacity of those on the old campus to be sold. It is now expected a slightly smaller similar project will be needed next year.

INVENTORY OF EXISTING FACILITIES

New Campus

Seminary Facility	Construction Date	Cost	Replacement Cost Estimate
Academic Buildings (6)	1965	$3,700,000	$6,600,000
Apartments	1965	2,100,000	3,500,000
College Facilities			
Dormitory*	1966	550,000	900,000
Academic Buildings (4)	Current	6,250,000	
Site Work			
Acquisition & Development	1965 to Current	1,000,000	
		$13,600,000	

*Donated Anonymously.

The former St. Paul campus is now for sale at a price of $3,500,000.

The enrollments of the College, past, present and projected are:

Academic Year	Students
1967-68	1061
1968-69	1086
1969-70	1092
1970-71	1173
1971-72	1112
1972-73	1160
1973-74*	1225
1974-75*	1250
1975-76*	1275
1976-77*	1325

*Projected

Current tuition is $1,800 for a nine-month term.

The following excerpts have been taken from the "Financial Statement as of May 31, 1972 together with Auditors' Report" for the College and Seminary prepared by its auditors, Arthur Andersen & Company, Minneapolis, Page Numbers have been added to correspond with this prospectus.

ARTHUR ANDERSEN & CO.
MINNEAPOLIS, MINNESOTA

To the Board of Regents,

Bethel College and Seminary:

We have examined the balance sheet of BETHEL COLLEGE AND SEMINARY (a department of The Baptist General Conference) as of May 31, 1972 and 1971, and the related statements of changes in fund balances, operating income and expenses and changes in financial position for the years 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.

The College, like many similar organizations, provides no depreciation on its investments in buildings and equipment which are recorded at cost. The property was financed from borrowed funds and contributions to the College and it is considered that any future replacement of this property would also be financed in a similar manner rather than from operations.

At May 31, 1972, the College had an investment of $3,022,455 in land, buildings and equipment at the St. Paul Campus. As discussed in Note 2 to the accompanying financial statements, present intentions of the Board of Regents are to dispose of this property as part of the move to the Arden Hills Campus. As discussed in the preceding paragraph, no depreciation has been provided on this property. The ultimate amount which may be realized from disposal of this property is not presently determinable.

In our opinion, subject to the realization of the investment in land, buildings and equipment at the St. Paul Campus, the accompanying balance sheet and the statements of changes in fund balances, operating income and expenses and changes in financial position present fairly the financial position of Bethel College and Seminary as of May 31, 1972 and 1971, and the results of its operations and changes in financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis, after giving retroactive effect to the recording of faculty salaries, as explained in Note 3 to the financial statements.

Our examination has been made primarily for the purpose of forming the opinion stated above. The data contained in Exhibits 6 through 9 of this report, although not considered necessary for a fair presentation of financial position and results of operations, are presented as supplementary information and have been subjected to the audit procedures applied in the examination of the basic financial statements. In our opinion, these data are fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Arthur Andersen & Co.

ARTHUR ANDERSEN & CO.

Minneapolis, Minnesota,

July 28, 1972.

EXHIBIT 1

BETHEL COLLEGE AND SEMINARY

BALANCE SHEET--MAY 31, 1972 AND 1971

A S S E T S

	Current and Plant	Current Restricted	Student Loan	Endowment	Agency	Total 1972	Total 1971
CURRENT ASSETS:							
Cash	$ 136,665	$55,424	$ 25,071	$ 20,782	$13,256	$ 251,198	$ 80,651
Accounts receivable from-							
Students, less allowance of $12,000 in 1972 and $5,051 in 1971	86,444	-	-	-	-	86,444	34,798
Other	120,532	3,982	-	4,210	-	128,724	99,458
Inventories of bookstores and food service, at cost	37,253	-	-	-	-	37,253	44,947
Prepaid expenses and deposits	50,416	-	-	-	-	50,416	43,551
Total current assets	$ 431,310	$59,406	$ 25,071	$ 24,992	$13,256	$ 554,035	$ 303,405
ADVANCES DUE FROM (TO) OTHER FUNDS	(50,584)	6,402	-	44,182	-	-	-
NOTES RECEIVABLE from present and former students	-	-	578,407	-	-	578,407	510,696
INVESTMENTS, at cost or quoted market value at date of receipt:							
Cash and certificates of deposit, including $37,568 held by trustee in bond and interest sinking fund (Note 4), restricted for building purposes	$ 2,526,885	$ -	$ -	$ -	$ -	$ 2,526,885	$ 36,802
Trust proceeds receivable, designated for building purposes	123,919	-	-	-	-	123,919	144,035
Stocks and bonds, less reserve for market price valuation of $159,149 in both years (quoted market value $938,926 in 1972), including stocks with cost of $161,858 in 1972, restricted for building purposes (Exhibit 5)	202,884	-	-	694,373	-	897,257	573,610
Contracts for deed	11,095	-	-	-	-	11,095	18,552
Total investments	$ 2,864,783	$ -	$ -	$694,373	$ -	$ 3,559,156	$ 772,999
PROPERTY AND EQUIPMENT, at cost, including $7,551,471 pledged in 1972 to long-term debt (Notes 2 and 4):							
Arden Hills Campus-							
Land and improvements	$ 874,546	$ -	$ -	$ -	$ -	$ 874,546	$ 745,081
Buildings and equipment	8,311,173	-	-	-	-	8,311,173	4,887,407
Total	$ 9,185,719	$ -	$ -	$ -	$ -	$ 9,185,719	$ 5,632,488
St. Paul Campus-							
Land and improvements	$ 85,213	$ -	$ -	$ -	$ -	$ 85,213	$ 85,212
Buildings and equipment	2,937,242	-	-	-	-	2,937,242	3,077,952
Total	$ 3,022,455	$ -	$ -	$ -	$ -	$ 3,022,455	$ 3,163,164
Total property and equipment	$12,208,174	$ -	$ -	$ -	$ -	$12,208,174	$ 8,795,652
DEFERRED DEBT FINANCING COSTS, being amortized (Note 4)	$ 304,229	$ -	$ -	$ -	$ -	$ 304,229	$ -
	$15,757,912	$65,808	$603,478	$763,547	$13,256	$17,204,001	$10,382,752

The accompanying notes to financial statements and Exhibit 5 are an integral part of this balance sheet

EXHIBIT 1
(Continued)

BETHEL COLLEGE AND SEMINARY

BALANCE SHEET--MAY 31, 1972 AND 1971

LIABILITIES AND FUND BALANCES

	Current and Plant	Current Restricted	Student Loan	Endowment	Agency	Total 1972	Total 1971
CURRENT LIABILITIES:							
Current maturities of long-term debt (Note 4)	$ 85,529	$ -	$ -	$ -	$ -	$ 85,529	$ 80,887
Notes payable-							
Unsecured demand notes to bank, 6-1/4%, issued to							
The Baptist General Conference	23,000	-	-	-	-	23,000	323,000
Bethel College and Seminary Gift Annuity and Retirement Plans	-	-	-	-	-	-	94,633
Others, 3-3/4 - 7-1/2%	77,728	-	-	-	-	77,728	48,521
Contractors payable	63,538	-	-	-	-	63,538	67,460
Accounts payable	58,648	9,836	-	120,019	-	188,503	79,086
Accrued interest expense	152,947	-	-	-	-	152,947	6,473
Accrued faculty salaries (Note 3)	221,218	-	-	-	-	221,218	204,850
Student deposits and advance registration fees	78,373	-	-	-	13,256	91,629	76,102
Total current liabilities	$ 760,981	$ 9,836	$ -	$120,019	$13,256	$ 904,092	$ 981,012
NATIONAL DEFENSE STUDENT LOAN PROGRAM GRANT	-	-	504,542	-	-	504,542	445,327
LONG-TERM DEBT, less current maturities (Note 4)	8,342,672	-	-	-	-	8,342,672	2,428,282
Total liabilities	$ 9,103,653	$ 9,836	$504,542	$120,019	$13,256	$ 9,751,306	$ 3,854,621
FUND BALANCES (Exhibit 2) (Note 1)	$ 6,654,259	$55,972	$ 98,936	$643,528	$ -	$ 7,452,695	$ 6,528,131
	$15,757,912	$65,808	$603,478	$763,547	$13,256	$17,204,001	$10,382,752

The accompanying notes to financial statements and Exhibit 5 are an integral part of this balance sheet

EXHIBIT 2

BETHEL COLLEGE AND SEMINARY

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEARS ENDED MAY 31, 1972 AND 1971

	Current and Plant	Current Restricted	Student Loan	Endowment	Total 1972	Total 1971
BALANCE, BEGINNING OF YEAR, as previously reported (Note 1)	$6,150,105	$43,583	$84,952	$454,341	$6,732,981	$6,092,857
Adjustment to record accrued faculty salaries (Note 3)	(204,850)	-	-	-	(204,850)	(179,862)
BALANCE, BEGINNING OF YEAR, as adjusted	$5,945,255	$43,583	$84,952	$454,341	$6,528,131	$5,912,995
ADD (DEDUCT):						
Excess of income over expenses (Exhibit 3)	116,203	-	-	-	116,203	279,267
Restricted contributions, gifts and bequests received	601,573	59,567	469	192,620	854,229	420,656
Fund raising expenses	-	-	-	-	-	(65,108)
Amounts expended for stipulated purposes, including $22,914 transferred in 1972 to current and plant fund income for scholarships	-	(53,670)	-	-	(53,670)	(56,157)
(Increase) decrease in reserve for market price valuation on endowment fund investments	-	-	-	-	-	28,300
Investment income, including gain or (loss) on security transactions	-	6,492	-	(3,433)	3,059	8,654
Interest income on student loans, etc.	-	-	4,984	-	4,984	4,841
Cancellation of student loans, bad debts, etc.	-	-	(241)	-	(241)	(5,317)
Interfund transfer- Current fund participation in National Defense Student Loans to students	(8,772)	-	8,772	-	-	-
BALANCE, END OF YEAR	$6,654,259	$55,972	$98,936	$643,528	$7,452,695	$6,528,131

The accompanying notes to financial statements are an integral part of this statement

BETHEL COLLEGE AND SEMINARY

STATEMENT OF OPERATING INCOME AND EXPENSES

FOR THE YEARS ENDED MAY 31, 1972 AND 1971

	Gross Income	Scholarships and Other Direct Expenses	Net 1972	Net 1971
INCOME:				
Tuition and instruction fees	$1,976,167	$ -	$1,976,167	$1,885,719
(Less)- Scholarships, net of designated gifts and endowment income	91,431	(295,519)	(204,088)	(125,644)
Net tuition and instructional fees	$2,067,598	$ (295,519)	$1,772,079	$1,760,075
Auxiliary enterprises (Exhibit 6)	539,414	(498,843)	40,571	46,109
Dormitory and faculty housing operations (Exhibit 7)	403,620	(334,460)	69,160	88,653
Organized activities relating to educational departments (Exhibit 8)	11,687	(78,328)	(66,641)	(58,773)
Economic opportunity and National Science Foundation grants	92,105	(92,105)	-	-
Other, including $23,587 work study program, $19,015 unrestricted endowment income	88,774	-	88,774	110,273
Provision for market price valuation for investments	-	-	-	(60,448)
Church support-				
Baptist General Conference	401,457	-	401,457	363,069
Conference Churches	62,502	-	62,502	36,865
Contributions, gifts, etc.	267,238	-	267,238	376,451
Total	$3,934,395	$(1,299,255)	$2,635,140	$2,662,274
EXPENSES (Exhibit 9):				
Instructional			$1,218,872	$1,145,044
Library			207,342	195,218
General and administrative, less $45,010 in 1972 and $47,535 in 1971 allocated to auxiliary enterprises and dormitory and faculty housing			646,763	594,529
Student services			250,865	258,789
Plant operation and maintenance, less $66,593 in 1972 and $56,341 in 1971 allocated to auxiliary enterprises and dormitory and faculty housing			195,095	189,427
Total expenses			$2,518,937	$2,383,007
Excess of income over expenses (Exhibit 2) (Note 3)			$ 116,203	$ 279,267

The accompanying notes to financial statements are an integral part of this statement

EXHIBIT 4

BETHEL COLLEGE AND SEMINARY

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED MAY 31, 1972 AND 1971

	1972	1971
WORKING CAPITAL WAS PROVIDED FROM:		
Operations-		
Excess of income over expenses	$ 116,203	$279,267
Increase in reserve for market valuation	-	60,448
Total from operations	$ 116,203	$339,715
Increase in National Defense Student Loan grants	59,215	56,207
Restricted contributions, gifts and bequests received	854,229	420,656
Increase in long-term debt, net	5,610,161	-
Sale of securities, net	-	66,306
Other	8,043	13,496
Total funds provided	$6,647,851	$896,380
WORKING CAPITAL WAS USED FOR:		
Additions of property and equipment, net	$3,412,522	$275,856
Purchases of securities, net	2,806,273	-
Increase in notes receivable from students, net	67,711	83,562
Increase (decrease) in trust proceeds receivable	(20,116)	144,035
Fund raising expenses	-	65,108
Adjustment to record faculty salaries (Note 3)	-	179,862
Current restricted fund expenditures	53,670	56,157
Decrease in long-term debt, net	-	81,684
Cancellation of student loans, bad debt, etc.	241	5,317
Total funds used	$6,320,301	$891,581
INCREASE IN WORKING CAPITAL	$ 327,550	$ 4,799

WORKING CAPITAL CHANGES REPRESENTED BY:

	1972	1971
Increase (decrease) in current assets-		
Cash	$ 170,547	$(95,441)
Accounts receivable	80,912	12,988
Inventories	(7,694)	(7,428)
Prepaid expenses	6,865	1,258
	$ 250,630	$(88,623)
(Increase) decrease in current liabilities-		
Current maturities of long-term debt	$ (4,642)	$ (6,423)
Notes payable	365,426	247,507
Contractors and accounts payable	(105,495)	39,058
Accrued interest expense	(146,474)	15,303
Accrued faculty salaries	(16,368)	(204,850)
Student deposits and advance registration fees	(15,527)	2,827
	$ 76,920	$ 93,422
INCREASE IN WORKING CAPITAL	$ 327,550	$ 4,799

The accompanying notes to financial statements are an integral part of this statement

EXHIBIT 5
(Continued)

BETHEL COLLEGE AND SEMINARY

STATEMENT OF INVESTMENTS OWNED

MAY 31, 1972

	Number of Shares or Principal Amount	Cost or Quoted Market Value at Date of Receipt	Quoted Market Value
ENDOWMENT FUND:			
Certificate of Deposit, 5%, due June, 1972	$100,000	$100,000	$100,000
Bonds-			
Michigan Bell, 8-5/8%, due 2010	$100,000	$102,016	$108,500
Nova Scotia Province, 6-1/4%, due 1992	25,000	24,619	21,000
Wisconsin Gas Co., 6-5/8%, due 1991	20,000	20,351	17,300
Total bonds		$146,986	$146,800
Preferred Stock-			
International Telephone and Telegraph Corp., 4%	200	$ 18,201	$ 19,701
Common Stock-			
American Telephone & Telegraph Co.	600	$ 30,485	$ 25,575
Columbia Broadcasting System, Inc.	400	22,490	22,000
Consolidated Foods Corp.	500	20,976	19,876
Control Data Corp.	400	34,572	28,550
Dart Industries Inc.	224	6,445	12,712
Detroit Edison Co.	600	13,568	12,075
Emerson Electric Co.	200	17,280	17,000
Engelhard Minerals & Chemicals Corp.	700	20,017	19,775
Federated Department Stores, Inc.	400	14,548	20,850
Firestone Tire & Rubber Co.	268	6,332	6,566
Ford Motor Co.	200	10,563	13,350
General Electric Co.	400	16,790	27,500
Harris-Intertype Corp.	400	22,389	22,050
H. J. Heinz Co.	400	18,282	17,300
International Business Machines Corp.	150	52,338	59,663
International Telephone and Telegraph Corp.	100	4,374	5,788
Marshall Field & Co.	300	8,181	11,250
Monsanto Company	500	25,360	27,813
Northern States Power Co.	214	7,178	5,511
Square D Co.	800	16,772	30,800
Texaco Inc.	800	27,151	26,301
Trans World Airlines, Inc.	180	11,484	10,440
Travelers Corp.	600	21,611	25,275
Total common stock		$429,186	$468,020
Total endowment fund		$694,373	$734,521

The accompanying notes to financial statements are an integral part of this statement

(1) **Description of Funds-**

Bethel College and Seminary segregates its funds and fund transactions in the following manner:

Current and Plant Fund

Funds are derived from income received from tuition, fees, unrestricted contributions, income earned on endowment fund principal, etc. All operating expenses of the College are paid from these receipts. Educational and administrative property of the College are recorded in this fund, as are all unexpended cash and securities which are to be used for plant purposes.

Current Restricted Fund

Funds are derived from gifts made to the College under the donors' stipulations that they be used for specific purposes. The income from this fund is transferred to the Current and Plant Fund.

Student Loan Funds

Funds are derived from gifts received by the College under the donors' stipulation that they be used for student loans and from Federal grants received under the National Defense Student Loan Program. As of May 31, 1972 the Student Loan Fund balance consisted of National Defense Student Loan Program ($83,232) and the College and Seminary Loan funds ($15,704).

Endowment Funds

Funds are derived from gifts made to the College. The principal of these gifts is to remain intact; the income is available for current or restricted purposes, as designated by the donor.

Agency Fund

This fund represents amounts held by the College as agent or custodian for students and organizations.

(1) Description of Funds (continued)-

The College is also responsible for the administration and management of the Bethel College and Seminary Gift Annuity Plan and the Bethel College and Seminary Retirement Plan. Separate financial statements are prepared on the entities.

Gift Annuity Plan

The Gift Annuity Plan was established in May, 1963, for the purpose of encouraging individuals to make funds available to Bethel in return for stipulated, periodic payments, subject to certain terms and conditions, during their remaining lifetime. The Baptist General Conference has guaranteed payment on all annuity certificates issued.

At May 31, 1972, the face amount of annuity certificates outstanding was $252,454 and the net assets were $256,700.

Retirement Plan

The Retirement Plan was established September 1, 1959, for the purpose of providing retirement benefits for eligible employees of Bethel College and Seminary. In 1966, this plan was amended to provide retirement benefits for other eligible employees of The Baptist General Conference.

Under the terms of the Plan, the College assumes no liability for benefits payable and may amend or terminate the Plan at any time. In the event that the Plan is terminated, the excess of fund assets over benefits is to be paid to the College. If the fund assets are not sufficient to cover specified benefits to retirees, the benefits payable are to be prorated.

At September 1, 1971, the date of the latest actuarial determination, the accrued benefits of the Plan were approximately $1,319,996 and the net assets were $1,772,851 at May 31, 1972.

(2) Accounting for Property and Equipment-

Depreciation Policy:

Bethel College and Seminary, like many other similar institutions, provides no depreciation on its buildings and equipment, which for the most part, have been constructed or purchased from borrowed funds and

(2) Accounting for Property and Equipment (continued)-

Depreciation Policy (continued):

contributions to the College. It is anticipated that any future replacements of these properties would also be provided for in the same manner.

Campus Relocation:

Bethel College and Seminary is in the process of relocating its campus to a site in the Village of Arden Hills. At the present time construction has been completed on the Seminary facilities and the first College dormitory. Construction on the College building units (classroom humanities and science; library and food services; and fieldhouse and auditorium) is now in progress. The College has delayed construction of the administration building and performance center (see revised estimated cost below) pending successful disposition of the St. Paul Campus and solicitation of additional funds to finance the project. The following is a summary of the progress of new construction at May 31, 1972:

	Estimated Cost		Costs Incurred	
Project	Original	Revised	To May 31, 1972	Method of Financing
College Complex Arden Hills Campus	$6,272,000	$5,705,000(1)	$3,158,000	8% Direct Obligation Notes (Note 4)
College dormitories	1,358,000	1,358,000	-	U. S. Office of Housing and Urban Development Loan
Capitalized interest on financing	-	-	178,000	
	$7,630,000	$7,063,000	$3,336,000	

(1) Revised estimate does not include cost of administration building and performance center originally estimated to cost $726,000 and $275,000, respectively.

At May 31, 1972, the College had an investment of $3,022,455 in land, buildings and equipment at the St. Paul Campus. The Board of Regents intends to dispose of this property as a part of the move to the Arden Hills Campus. The sales price of the property is $3,500,000.

Equipment Purchases:

At May 31, 1972, the College had issued purchase orders to acquire equipment for the new campus of approximately $515,000.

(3) Faculty Salaries-

All faculty personnel employed by Bethel College and Seminary are under annual contracts which expire on August 31 of each year. As of May 31, 1972, Bethel adopted the policy of accruing faculty salaries payable in June, July, and August, 1972. This change has been reflected in the accompanying financial statements by recording the accrued faculty salaries amounting to $221,218 at May 31, 1972, and charging current and plant fund operations, $16,368 for the year then ended. In prior years, Bethel had recorded faculty salaries on a cash basis although the teaching activities were substantially completed by May 31 of each year and the tuition revenues from which salaries were to be paid had been recorded by May 31. The College's fund balances at May 31, 1971, as reported in the accompanying financial statements, have been restated to reflect a retroactive charge for the accrual of faculty salaries at that date in the amount of $204,850. As a result of this charge, the excess of income over expenses for the year ended May 31, 1971 decreased from $304,255 to $279,267, and the fund balances reduced from $6,732,981 to $6,528,131, at May 31, 1971.

(4) Long-Term Debt-

	Amount Due as of May 31, 1972				
	Payable				
Description	Within One Year	After One Year	Total	Total Amount Due May 31, 1971	Collateral
Bethel College and Seminary Dormitory Bonds of 1956, 2-3/4%, due in annual amounts of $7,000 to $15,000 from 1971 to 1996	$ 8,000	$ 251,000	$ 259,000	$ 267,000	Bodien and Edgren Residences and related net revenues as defined.
7% mortgage note payable to Farmers & Mechanics Savings Bank, due in monthly amounts of $15,612, including interest, to 1990	55,613	1,851,430	1,907,043	1,958,906	Arden Hills Campus land and buildings except College campus and buildings; and all of old campus central block except Bodien and Edgren Residence Halls.
Baptist General Conference Direct Obligation Notes, 8%, due 1976	-	6,000,000	6,000,000	-	See below.
Mortgage notes payable, due in monthly installments-					
George C. Jones Mortgage Company, 4% to 1982	6,240	52,078	58,318	64,265	Center and Idaho Manors.
H. & Val J. Rothschild Co., 4 - 5-5/8% to 1985	8,172	108,378	116,550	124,512	Falcon, Eagle and Pascal Manors.
St. Paul Federal Savings & Loan, 4-1/2% - 6% to 1984	6,974	65,092	72,066	78,766	Property located at 1401, 1444, 1450, and 1492 Arona; 1434, 1438, and 1900 Asbury; 1530 and 1540 Snelling.
1st State Bank of St. Paul, 7% to 1988	530	14,694	15,224	15,720	Property located at 1419 Arona.
Total	$85,529	$8,342,672	$8,428,201	$2,509,169	

(4) Long-Term Debt (Continued)-

Under the terms of the Bethel College and Seminary Dormitory Bonds of 1956, the revenues from designated facilities are pledged as collateral. The loan agreement provides that the College and Seminary shall deposit $13,000 to a Bond and Interest Sinking Fund account on or before March 15 and September 15 of each year. These deposits are to be made until such time as the accumulated funds are at least equal to the current year's and the next succeeding two years' debt service. Thereafter, the College shall deposit funds sufficient to maintain funds required as set forth above. All required payments were made during the year ended May 31, 1972.

The 8% Direct Obligation Notes were issued in February, 1972, to obtain funds to continue the construction of the Arden Hills Campus. The notes were issued at a $300,000 discount, which is being amortized over the term of the notes. Under the terms of the 8% Direct Obligation Notes, the Baptist General Conference has pledged on behalf of Bethel, a first lien on tuition in an amount equal to the debt service on the Notes. The agreement also provides that the net proceeds (after payment of debt amounting to approximately $2,341,000 for which the St. Paul Campus is pledged as collateral) of the sale of the St. Paul Campus (Note 2) will be applied as payment on these Notes.

All notes and the dormitory bonds have been signed by The Baptist General Conference.

(5) Retirement Plan-

Bethel College and Seminary has a contributory pension plan for all full-time salaried employees. Required contributions by Bethel represent 6-1/2% of salaries. The total pension expense for the years ended May 31, 1972 and 1971 was $89,348 and $83,329 respectively. At May 31, 1972, all accrued benefits were fully funded.

(6) Bethel College and Seminary Development Foundation-

The Board of Regents established the Bethel College and Seminary Development Foundation in June, 1971, to facilitate the college's deferred gifts program. Gifts and other transfers received by the Foundation are held under trust agreements which stipulate the disposition of principal and income. The assets of the trust are transferrable to the College only upon satisfaction of trust provisions. The Foundations reported assets totaling $796,752, including investments, at market value, of $756,109 as of April 30, 1972. In addition, as of May 31, 1972, the Foundation had borrowed $20,000 (for initial funding of the Foundation) from the Bethel College and Seminary Retirement Plan. No distributions of principal or income were made to the College during the year ended May 31, 1972.

BETHEL COLLEGE AND SEMINARY

STATEMENT OF DORMITORY AND FACULTY HOUSING OPERATIONS

FOR THE YEAR ENDED MAY 31, 1972

	College Dormitories					
	Bodien	Edgren	Hagstrom	Center Manor	Eagle Manor	Falcon Manor
RENTS RECEIVED	$47,239	$49,684	$27,618	$12,494	$11,185	$11,633
EXPENSES:						
Direct expenses-						
Salaries and benefits	$11,335	$10,432	$ 8,770	$ 1,080	$ 1,136	$ 1,080
Utilities	9,797	8,019	3,913	2,385	2,293	2,350
Taxes and insurance	438	529	259	951	693	649
Laundry rental	-	1,515	-	-	-	-
Rent	-	-	-	-	-	-
Other	307	325	167	184	486	239
Indirect expenses-						
Allocated portion of-						
General and administrative (Exhibit 9)	2,361	2,449	1,318	452	468	470
Plant operation and maintenance (Exhibit 9)	15,471	15,909	6,889	1,664	1,593	1,542
Total expenses	$39,709	$39,178	$21,316	$ 6,716	$ 6,669	$ 6,330
Excess of income over expenses before mortgage interest	$ 7,530	$10,506	$ 6,302	$ 5,778	$ 4,516	$ 5,303
MORTGAGE INTEREST	2,813	3,041	3,251	1,285	1,476	1,511
Net income - 1972	$ 4,717	$ 7,465	$ 3,051	$ 4,493	$ 3,040	$ 3,792
1971	$10,765	$10,364	$ 7,525	$ 6,069	$ 4,554	$ 3,874

Idaho Manor	Pascal Manor	Other	Seminary Village Apartments	New Dorm	Faculty Housing	Total 1972	Total 1971
$11,882	$12,673	$ 2,465	$171,816	$38,736	$6,195	$403,620	$428,469
$ 1,106	$ 1,096	$ 600	$ 5,761	$ 7,557	$ -	$ 49,953	$ 32,304
2,229	2,562	601	24,763	10,534	390	69,836	69,244
909	452	61	9,128	1,765	300	16,134	15,754
-	-	-	182	465	-	2,162	5,149
-	-	-	-	-	-	-	20,920
365	552	18	5,348	1,819	109	9,919	15,599
467	498	96	8,559	1,921	254	19,313	20,693
1,594	1,918	182	5,340	10,573	1,663	64,338	54,141
$ 6,670	$ 7,078	$ 1,558	$ 59,081	$34,634	$2,716	$231,655	$233,804
$ 5,212	$ 5,595	$ 907	$112,735	$ 4,102	$3,479	$171,965	$194,665
1,182	2,597	435	83,456	-	1,758	102,805	106,012
$ 4,030	$ 2,998	$ 472	$ 29,279	$ 4,102	$1,721	$ 69,160	
$ 4,026	$ 3,948	$(1,220)	$ 33,805	$ 2,813	$1,630		$ 88,653

The accompanying notes to financial statements are an integral part of this statement.

End of Audit Excerpts

The following "Combined Balance Sheet" and "Combined Statement of Income and Expense" for the year ended April 30, 1972 for the Baptist General Conference were prepared by its Certified Public Accountant, Leo J. Brabenec, Page Numbers have been added to correspond to this prospectus.

Baptist General Conference
COMBINED BALANCE SHEET

As of April 30, 1972

	Total	Board of Home Missions	Board of Foreign Missions	Board of Christian Education	Mission Share	Harvest Publications	Bethel College and Seminary	Vancouver Bible Institute	Head-quarters Buildings	Board of Trustees	Contra
ASSETS											
Cash—											
Checking and savings accounts	$ 596,372	$ 20,156	$(52,363)	$(6,065)	$290,870	$ 12,744	$ 265,002	$ 2,568	$ (45,311)	$108,771	$
Imprest Fund	1,260									1,260	
Notes and accounts receivable—											
Trade	142,307					142,307					
Other	795,013			4,790	2,511	28,388	707,131		103,256	134,859	(185,922)
Advances to Staff, Students, Missionaries and Fields	123,670	2,354	23,814				86,444	11,058			
Prepaid and deferred expense	364,335	1,844	3,000			3,016	354,645		980	850	
Loans to churches	396,441	461,441									(65,000)
Inventories	196,604			9,716		146,826	37,253	2,809			
Investments—Stocks, bonds, investment shares and properties	4,274,924	95,554	185,017			2,000	3,802,052	3,010	154,059	33,232	
Contingency funds	24,457		24,457								
Land and Buildings	13,932,314	40,657	23,900				12,208,174	327,894	1,331,689		
Furniture and equipment—net	168,781	10,031	6,753	11,028	4,833	1,528		118,236	6,738	9,634	
TOTAL ASSETS	$21,016,478	$632,037	$214,578	$19,469	$298,214	$336,809	$17,460,701	$465,575	$1,551,411	$288,606	$(250,922)
LIABILITIES, FUND RESERVES, AND SURPLUS											
Accounts payable—											
To Staff, Missionaries, Fields, etc.	$ 45,084	$ 1,793	$ 26,535	$	$ 16,756	$	$	$	$	$	$
Student deposits, fees, etc.	91,629						91,629				
Other	842,028					155,210	626,206	1,387	3,388	216,759	(160,922)
Notes payable	351,574						100,728	49,693	291,153		(90,000)
Loans, mortgages, and bonds payable	9,508,470						8,428,201	194,743	885,526		
Endowment and loan funds	1,298,674		46,000				1,247,006	5,668			
Annuity certificates	272,100	6,300	900			1,000	256,700			7,200	
Current restricted fund	55,972						55,972				
Funded reserves	148,168	22,983	106,868							18,317	
Other reserves	83,467	17,239	18,103	19,606				3,421		25,098	
General reserves	1,269,487	583,722	16,172	(137)	281,458			(4,304)	371,344	21,232	
Principal of plant funds	6,869,226						6,654,259	214,967			
Surplus from operation	180,599					180,599					
TOTAL LIABILITIES, FUND RESERVES, AND SURPLUS	$21,016,478	$632,037	$214,578	$19,469	$298,214	$336,809	$17,460.701	$465,575	$1,551,411	$288,606	$(250,922)

Note: Figures for Bethel College and Seminary are as of May 31, 1972

Baptist General Conference

COMBINED STATEMENT OF INCOME AND EXPENSE
For the year ended April 30, 1972

OPERATING INCOME		
Bookstore sales	$ 432,026	
Subscriptions and periodicals	287,098	
Tuition income	2,015,705	
Dormitory residences, dining halls, and College bookstore sales	1,107,395	
Advertising income	20,472	
Other income	21,495	
TOTAL OPERATING INCOME		$3,884,191
DEDUCT: COST OF OPERATION		
Cost of sales—Harvest Publications	$ 297,254	
Printing and composition, artwork, etc.—Harvest Publications	410,211	
Administration—Harvest Publications	116,269	
College and Bible School operating costs	3,624,066	
TOTAL COST OF OPERATION		4,447,800
		$ (563,609)
OTHER INCOME		
Contributions	$3,352,299	
Interest income	48,594	
Miscellaneous income	54,194	
TOTAL OTHER INCOME		3,455,087
		$2,891,478
OTHER EXPENDITURES		
Advances to Fields and Missionaries	$1,488,308	
Administrative expense	717,208	
Scholarships granted	204,088	
TOTAL OTHER EXPENDITURES		2,409,604
EXCESS OF INCOME OVER EXPENSE		$ 481,874
NOTES:		
Not included in the above income were restricted contributions, gifts, and bequests received by Bethel College and Seminary which were credited directly to the Fund Balances.		$ 854,229

Mission: SHARE! operations are included in the above statement as follows: Contributions in the amount of $807,611 and administrative expense of $163,132.

Operations of Bethel College and Seminary included above are for the fiscal year ended May 31, 1972.

— End of "Combined Balance Sheet" and "Combined Statement of Income and Expense for the year ended April 30, 1972 for the Baptist General Conference. —

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 June 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 June 1, 1988 through June 1, 1997, 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 June 1, 1987 upon at least thirty days' prior notice, at the principal amount thereof, plus accrued interest to the date of redemption. 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

These Bonds may be registered as to principal only, or as to both principal and interest. If a Bond is registered as to both principal and interest it may be reconverted into a Coupon Bond at the request and expense of the registered 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 (i) 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

The College reports that there is not litigation pending or threatened of which it is aware which in its judgment would impair its right to enter into a Lease with the Authority, 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—