OFFICIAL STATEMENT DATED NOVEMBER 10, 2016

NEW ISSUES **Moody's Rating: Baa3**
NOT BANK QUALIFIED

In the opinion of Bond Counsel, according to present State of Minnesota and federal laws, regulations and rulings, assuming compliance with certain covenants, the interest on the Bonds is not includable in gross income for federal income tax purposes or in net taxable income of individuals, estates and trusts for State of Minnesota income tax purposes, and is not an item of tax preference in determining federal or Minnesota alternative minimum tax applicable to individuals and corporations. Interest on the Bonds is subject to the State of Minnesota franchise tax applicable to corporations, including financial institutions, and is includable in the calculation of certain federal taxes imposed on corporations. The Bonds will not be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code. (See "TAX EXEMPTION.")

Minnesota Higher Education Facilities Authority

AUGSBURG COLLEGE

$32,240,000
Revenue Bonds, Series 2016A
(Augsburg College)
(DTC Book Entry Only)

$13,680,000
Revenue Bonds, Series 2016B
(Augsburg College)
(DTC Book Entry Only)

Dated Date: Date of Delivery **Interest Due: May 1 and November 1, commencing May 1, 2017**

The Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2016A (Augsburg College) (the "2016A Bonds") and the Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2016B (Augsburg College) (the "2016B Bonds") (collectively, the "Bonds") will mature on May 1 as shown on the inside front cover of this Official Statement.

The Bonds are subject to optional redemption prior to maturity, as described herein. See "THE BONDS – Prior Redemption – Optional Redemption." The Bonds are also subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture. The Bonds are also subject to optional redemption in whole or in part in the event of a Determination of Taxability, as described herein. See "THE BONDS – Prior Redemption – Extraordinary Optional Redemption" and "THE BONDS – Determination of Taxability."

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. (See "THE BONDS – Book Entry Only System" herein). U.S. Bank National Association, Saint Paul, Minnesota will act as Trustee.

The Bonds are special obligations of the Minnesota Higher Education Facilities Authority (the "Authority") payable solely from Loan Repayments made by or on behalf of Augsburg College (the "College") pursuant to a Loan Agreement between the Authority and the College, or out of other amounts pledged pursuant to the Indenture as described herein. The Loan Repayments will be a general obligation of the College.

THE BONDS SHALL NOT BE LEGAL OR MORAL OBLIGATIONS OF THE STATE OF MINNESOTA, NOR SHALL THEY CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF MINNESOTA, OR THE TAXING POWERS OF THE STATE, ARE PLEDGED. THE AUTHORITY HAS NO TAXING POWERS.

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriter named below subject to the opinion as to validity and tax exemption of the Bonds by McGrann Shea Carnival Straughn & Lamb, Chartered, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by Nilan Johnson Lewis PA, Minneapolis, Minnesota, and for the Underwriter by Kutak Rock LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriter at DTC on or about December 1, 2016.

The Underwriter intends to engage in secondary market trading of the Bonds, subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of the holder thereof. For information with respect to the Underwriter, see "UNDERWRITING" herein.

RBC Capital Markets

Maturity Schedule

$32,240,000
Revenue Bonds, Series 2016A
(Augsburg College)
(DTC Book Entry Only)

The 2016A Bonds will mature on May 1 as follows:

Year	Amount	Interest Rate	Yield	Price	CUSIP 60416H:
2024	$365,000	2.375%	2.450%	99.493	2H 6
2025	$375,000	2.625%	2.700%	99.437	2J 2
2026	$385,000	2.875%	2.900%	99.793	2K 9
2027	$390,000	3.000%	3.125%	98.894	2L 7
2028	$405,000	3.250%	3.300%	99.525	2M 5
2029	$810,000	3.375%	3.500%	98.747	2N 3
2030	$835,000	3.500%	3.650%	98.417	2P 8
2031	$865,000	3.625%	3.750%	98.615	2Q 6

$8,650,000 4.000% Term Bonds due May 1, 2038 Yield 4.080% Price 98.862 CUSIP 60416H 2S 2
$19,160,000 5.000% Term Bonds due May 1, 2046 Yield 3.840% Price 109.090* CUSIP 60416H 2R 4

* Priced to the May 1, 2026 redemption date.

$13,680,000
Revenue Bonds, Series 2016B
(Augsburg College)
(DTC Book Entry Only)

The 2016B Bonds will mature on May 1 as follows:

$13,680,000 4.250% Term Bonds due May 1, 2040 Yield 4.297% Price 99.300 CUSIP 60416H 2T 0

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers provided in this Official Statement are included for convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds. None of the Authority, the Underwriter, nor the College takes any responsibility for the accuracy of such CUSIP numbers.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, sales representative or other person has been authorized by the Authority, the College or the Underwriter to give any information or to make any representations with respect to the Bonds other than as 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 the Authority, the College or the Underwriter. The information contained herein, except as it relates to the Authority, DTC, and the Trustee, has been obtained from the College and is not guaranteed as to accuracy or completeness. Information relating to the Authority, DTC and the Trustee has been obtained from such persons and is not guaranteed as to accuracy or completeness. Information regarding the tax-exempt status of the Bonds has been provided by Bond Counsel. Except for information concerning the Authority, the information contained herein is not to be construed as a representation by the 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 CREATE, UNDER ANY CIRCUMSTANCES, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE COLLEGE SINCE THE DATE HEREOF.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement or the Final Official Statement, they will be furnished on request.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, and there shall not be any sale of the Bonds by any person in any state in which it is unlawful for such person to make such offer, solicitation or sale. The registration or qualification of these securities in accordance with applicable provisions of securities laws of the jurisdictions in which the Bonds may be registered or qualified and the exemption from registration or qualification in other jurisdictions shall not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

Certain of the parties involved in this financing have agreed to indemnify certain other parties for any untrue statement of a material fact contained in this Official Statement or any omission to state a material fact necessary to be stated in this Official Statement in order to make the statements contained herein not misleading.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE COLLEGE NOR ANY OTHER PARTY EXPECTS OR INTENDS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Mark Misukanis, Chair	Assistant Professor, Metropolitan State University, Resident of Mendota Heights, Minnesota
Gary D. Benson, Vice Chair	Director of Project Planning & Development, Kraus-Anderson Construction Company, Resident of New Brighton, Minnesota
Nancy Sampair, Secretary	Retired Banker, Resident of Saint Paul, Minnesota
Kathryn Balstad Brewer	Retired Banker and Educator, Resident of New Brighton, Minnesota
Paul Cerkvenik (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota
Mary F. Ives	Real Estate Business Owner, Resident of Grand Rapids, Minnesota
Danette Jerry (Ex Officio)	Financial Services Manager, Minnesota Office of Higher Education, Saint Paul, Minnesota
Michael D. Ranum	Chief Financial Officer, BWBR Architects, Inc., Resident of Circle Pines, Minnesota
David D. Rowland	Executive Vice President, The Travelers Companies, Inc., Resident of Edina, Minnesota
Raymond VinZant, Jr.	Founder, Midway Vo-Tech, Saint Paul, Resident of Wyoming, Minnesota

Barry W. Fick, Executive Director

Bond Counsel
McGrann Shea Carnival Straughn & Lamb, Chartered

Municipal Advisor
Springsted Incorporated

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MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

$32,240,000

REVENUE BONDS, SERIES 2016A
(Augsburg College)
(DTC BOOK ENTRY ONLY)

$13,680,000

REVENUE BONDS, SERIES 2016B
(Augsburg College)
(DTC BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Augsburg College (the "College"), a Minnesota nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code with its main campus located in Minneapolis, Minnesota, in connection with the issuance of the Authority's $32,240,000 Revenue Bonds, Series 2016A (Augsburg College) (the "2016A Bonds") and the Authority's $13,680,000 Revenue Bonds, Series 2016B (Augsburg College) (the "2016B Bonds") (collectively, the "Bonds").

The Bonds are being issued pursuant to the provisions of Sections 136A.25 to 136A.42, Minnesota Statutes, as amended, by the provisions of which the Authority was created and authorized to issue its obligations to assist institutions of higher education within the State of Minnesota to finance and refinance certain projects.

The Bonds are also issued pursuant to the Trust Indenture (the "Indenture") to be dated as of December 1, 2016 between the Authority and U.S. Bank National Association, as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Bonds.

Pursuant to a Loan Agreement (the "Loan Agreement") to be dated as of December 1, 2016 between the College and the Authority, the Authority is loaning the Bond proceeds to the College and the College will covenant as a general obligation of the College to make Loan Repayments and deposits in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same shall become due.

The College will use Bond proceeds to:

(i) finance a portion of the construction, equipping, and furnishing of the Norman and Evangeline Hagfors Center for Science, Business and Religion (the "Hagfors Center") along with a skyway connection between Hagfors Center and the Lindell Library on the College campus (the "Project");
(ii) capitalize interest during the Project construction period;
(iii) fund a debt service reserve; and
(iv) pay certain costs of issuance.

The Bonds are secured by a pledge of the Loan Repayments, which are a general obligation of the College. Under the Loan Agreement, the College agrees to provide the funds necessary to make timely payment of the Loan Repayments. See "SOURCE OF PAYMENT FOR THE BONDS AND FINANCIAL COVENANTS" herein.

The Bonds are also secured by the Reserve Account created under the Indenture and held by the Trustee. The Reserve Account will be funded in the amount of the Reserve Requirement from Bond proceeds. See "ACCOUNTS – Reserve Account."

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority or the State of Minnesota or the taxing powers of the State are pledged. The Authority has no taxing powers.

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to such documents. See Appendices IV and V for definitions of certain words and terms used herein and for a description of certain provisions of the documents hereinafter referred to.

RISK FACTORS

No person should purchase Bonds without carefully reviewing the following information which sets forth some, but not all, of the factors which may affect the Owners' receipt of payments of the principal of or interest on the Bonds.

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge of amounts payable by the College under the Loan Agreement, and (b) amounts in the Reserve Account and other accounts and funds which will be held by the Trustee and applied to the payment of principal, premium, if any, and interest on the Bonds. The Bonds are not secured by a mortgage on or security interest in any real property or personal property. If an Event of Default occurs, there can be no assurance that security for the Bonds will be sufficient to pay the principal of, premium, if any, or interest on the Bonds when due.

Obligation of the College

No entity or person other than the College is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Trust Indenture, or the Bonds or the other obligations of the College under such documents. Accordingly, for payment of principal and interest on the Bonds, holders of the Bonds must look solely to the Loan Repayments to be made by the College under the Loan Agreement and the Reserve Account and other funds, if any, the Trustee holds under the Indenture.

Adequacy of Revenues

Payment of principal of and interest on the Bonds is intended to be made from the College's Loan Repayments. The College's ability to make Loan Repayments will be dependent on its ability to generate sufficient unrestricted revenues in excess of expenditures, to invest and maintain sufficient monies in its investments and to obtain sufficient investment earnings therefrom. Such revenues and expenditures are subject to many conditions and factors, some of which may be beyond the control of the College and may change in the future to an extent that cannot be presently determined.

Competition

There is intense competition among institutions of higher education for students both nationally and within the upper Midwest region from which the College draws the majority of its students. Universities and colleges compete principally based on location, net tuition rates, degree offerings, and academic reputation. To the extent that competitors have or achieve an advantage with respect to any of these factors, the College could be adversely affected. In addition, competitive pressures could result in tuition reductions, the inability to raise tuition, or increases in financial aid in the form of discounted tuition, which could adversely affect the amount of the College's unrestricted net assets available for the payment of debt service on the Bonds.

Changes in demographics, such as a decrease in the overall number of high school graduates or a decrease in the number of high school graduates who elect to go to college, could adversely affect the College's efforts to attract students.

Reliance on Tuition

The adequacy of the College's unrestricted net assets available for the payment of debt service on the Bonds will depend in part on the amount of future tuition revenue the College receives. Such revenue in turn will depend primarily on the ability of the College to charge sufficient rates for tuition and to maintain enrollment levels. Future enrollment levels will depend on the number of students applying to the College and accepting offers of admission. A number of factors, including, without limitation, levels of tuition rates and other fees, competition from other colleges, a change in the number of college-age students generally, and adverse general economic conditions could influence the number of applicants to the College.

Financial Aid

In 2015, approximately 96.7% of the College's undergraduate students received some form of financial assistance through scholarships, grants, loans and work study, from federal, state, College or private sources covering at least a portion of tuition, fees and living expenses. See Appendix I, "THE COLLEGE – Financial Aid" herein. No assurance can be given that federal and state financial aid and private third party financing will continue to be funded at current levels or that the College will continue to fund student aid at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's revenues.

Damage or Destruction

Although the College will be required to obtain certain insurance as set forth in the Loan Agreement, there can be no assurance that the College will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies.

Bankruptcy

The ability of the Trustee to exercise rights under the Loan Agreement and the Indenture may be limited by bankruptcy, insolvency, reorganization, or other similar laws or equitable principles related to or affecting the enforcement of creditors' rights.

Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and computed pro forma debt service coverage is provided in APPENDIX I under the caption “Maximum Annual Debt Service and Pro Forma Coverage Statement.” The pro forma coverage is merely a mathematical computation as reflected in the applicable table and constitutes no assurance as to the future sufficiency of College revenues to satisfy College operations and Bond and other debt service requirements.

Construction Risks

Construction of the Project is subject to ordinary risks associated with new construction, such as risks of cost overruns, non-completion and delays due to a variety of factors, including, among other things, site difficulties, necessary design changes or final detailing, labor shortage or strife, delays in and shortages of materials, weather conditions, fire, and casualty. Any delays in construction may adversely impact the College’s ability to complete the Project by the expected completion date, which may result in, among other things, cost overruns.

Lack of Mortgage

The Bonds are secured solely by a pledge by the Authority to the Trustee of amounts payable by the College under the Loan Agreement. The Bonds are not secured by any mortgage on or security interest in any of the College’s property or by any other collateral. The College had agreed in the Loan Agreement that is will not grant a mortgage on any of the Project Site or the Project Buildings, as defined in the Loan Agreement, which consists generally of the Project financed by the Bonds.

Endowment Portfolio Risk

Market conditions that negatively affect the College’s investments may adversely affect debt service coverage and endowment spending. The College’s Board of Regents has approved an investment policy which gives specific guidance about portfolio investments. The College’s investment policy defines a diversified investment portfolio utilizing an external investment advisor. The operating budget of the College includes an annual contribution from endowment funds currently equal to 4.50% of the endowment’s prior 12-quarter moving average. See also Appendix I, “THE COLLEGE – College Investments.”

Variable Rate Demand Obligation; Mandatory Tender Obligation

The College has one outstanding variable rate demand obligation (“VRDO”) in the amount of $2,000,000, representing approximately 8% of its outstanding indebtedness. The Variable Rate Demand Revenue Bonds, Series Six-J2 (Augsburg College) issued by the Authority are special, limited obligations payable solely from amounts drawn under a letter of credit (the “Letter of Credit”) provided by BMO Harris Bank (the “Bank”). The Letter of Credit expires October 1, 2019. No assurance can be given that the College will be able to obtain an extension of the Letter of Credit or obtain an alternate letter of credit to secure the VRDO. Failure to obtain an alternate letter of credit when required could cause the VRDO to be subject to a mandatory tender in whole.

In addition, holders of the College’s VRDO have the right to tender their bonds to the College for purchase on any business day upon seven days’ notice. If the remarketing agent for the VRDO cannot place any or all of the tendered bonds with other purchasers, the trustee for the VRDOs is required to draw on the Letter of Credit to pay the purchase price for the tendered and unplaced bonds. The College is obligated to reimburse the Bank for all draws on the Letter of Credit.

The College has outstanding a bank direct purchase obligation in the amount of $12,025,000, the Authority's Revenue Note, Series Eight-E (the "Note"). The Note has a fixed rate of 2.041% to May 1, 2020, which is the mandatory tender date for the Note. While the Note holder may not tender the Note back to the College before the mandatory tender date, on the mandatory tender date the College may be required to purchase the Note or arrange for alternative financing in the event new terms for the extension of the mandatory tender date cannot be negotiated.

The Bonds will not be issued as a VRDO or as a bank direct purchase. However, the failure to remarket the College's VRDO following a mandatory or optional tender and/or the failure to extend the mandatory tender date of the Note may adversely affect the ability of the College to pay debt service on the Bonds. In addition, upward changes in VRDO rates and/or a higher renegotiated interest rate on the Note could increase interest expense for the College and adversely affect the ability of the College to pay debt service on the Bonds. The College has not entered into any interest rate swaps or hedges with respect to any of its debt obligations.

Other Possible Risk Factors

The occurrence of any of the following events, or other unanticipated events, could adversely affect the operations of the College:

(1) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, without being able to obtain corresponding increases in revenues.

(2) Adoption of federal, State or local legislation or regulations, such as limits on tuition increases, having an adverse effect on the future operating or financial performance of the College.

(3) International events, including any acts of war and terrorism, which may have adverse effects on enrollment and investments.

(4) Market conditions that negatively affect the College's investments and therefore may adversely affect debt coverage and endowment spending.

(5) Cybersecurity risks related to breaches of the College's information technology systems or computer viruses and the inadvertent disclosure of confidential student and other information.

See also "TAX EXEMPTION – Minnesota Tax Considerations" herein.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the College will enter into an undertaking (the "Undertaking") with the Trustee for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the College to the Municipal Securities Rulemaking Board annually, and to provide notices of the occurrence of any of the fourteen events enumerated in the Rule not later than ten business days after the occurrence of the event. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of listed events is set forth in the Continuing Disclosure Certificate to be executed by the College (the "Continuing Disclosure Certificate") at the time the Bonds are delivered, a copy of which is available from the College or the Trustee. Appendix III, "INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE," contains a summary of the financial information and operating data to be provided annually. The Continuing Disclosure Certificate may be amended under certain circumstances as permitted by the Rule.

Furthermore, the College has reserved its right to discontinue providing information required by the Continuing Disclosure Certificate or the Rule if a final determination is made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful, and to modify the terms of the Continuing Disclosure Certificate if a court of competent jurisdiction or the College determines that such modification is required or permitted by the Rule.

In connection with previous bond issues, the College has undertaken continuing disclosure obligations in written certificates specified in paragraph (b)(5)(i) of the Rule and substantially similar to the Continuing Disclosure Certificate. In the past five years, the College has timely filed annual reports as required by its continuing disclosure obligations. However, the College subsequently became aware that it had failed in each of the past five years to accurately and completely update certain tables and operating and financial information within its annual reports. The College has taken remedial action to bring the College into compliance with its continuing disclosure obligations. A failure by the College to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have other remedies at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure, or the information supplied by the College pursuant to the Undertaking, may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

The Bonds will be issued in book-entry form, will be dated as of their date of delivery and will mature annually each May 1, commencing May 1, 2024, as set forth on the inside cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing on any principal payment date, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each May 1 and November 1, commencing May 1, 2017.

Book Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds in the aggregate principal amount of each such maturity and will be deposited with DTC.

For further detail on DTC, see Appendix VI, "The Depository Trust Company."

Prior Redemption

Mandatory Redemption

Portions of the 2016A Term Bonds maturing on May 1, 2038, and May 1, 2046 (the "2016A Term Bonds") shall be called for redemption on May 1 in the years set forth immediately below in the principal amounts set forth immediately below, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond and Interest Sinking Fund Account.

2016A Term Bonds due May 1, 2038

Year	Amount	Year	Amount
2032	$ 900,000	2036	$1,050,000
2033	$ 935,000	2037	$1,855,000
2034	$ 970,000	2038†	$1,930,000
2035	$1,010,000		

† *Stated maturity*

2016A Term Bonds due May 1, 2046

Year	Amount	Year	Amount
2039	$2,005,000	2043	$2,440,000
2040	$2,105,000	2044	$2,560,000
2041	$2,210,000	2045	$2,690,000
2042	$2,325,000	2046†	$2,825,000

† *Stated maturity*

Portions of the 2016B Term Bonds maturing on May 1, 2040 (the "2016B Term Bonds") shall be called for redemption on May 1 in the years set forth immediately below in the principal amounts set forth immediately below, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond and Interest Sinking Fund Account.

2016B Term Bonds Due May 1, 2040

Year	Amount	Year	Amount
2018	$360,000	2030	$595,000
2019	$380,000	2031	$620,000
2020	$395,000	2032	$650,000
2021	$410,000	2033	$675,000
2022	$430,000	2034	$705,000
2023	$445,000	2035	$735,000
2024	$465,000	2036	$765,000
2025	$485,000	2037	$800,000
2026	$505,000	2038	$835,000
2027	$525,000	2039	$870,000
2028	$550,000	2040†	$905,000
2029	$575,000		

† *Stated maturity*

Optional Redemption

The 2016A Bonds maturing on or after May 1, 2027 are subject to optional redemption at the College's direction on May 1, 2026 and on any day thereafter at par plus accrued interest. Redemption may be in whole or in part and if in part in such order of maturity as the College directs and selected by random means within a maturity, in integral multiples of $5,000.

The 2016B Bonds are subject to optional redemption at the College's direction on May 1, 2018 and on any day thereafter at par plus accrued interest. Redemption may be in whole or in part and if in part in order of sinking fund payment dates from earliest to last in integral multiples of $5,000.

In certain circumstances described in the Indenture, the College may request that the notice of redemption be conditional and subject to rescission or cancellation by the College up to five Business Days prior to the redemption date.

Extraordinary Optional Redemption

The Bonds will also be subject to optional redemption at par and accrued interest in integral multiples of $5,000, as a whole or in part, in certain cases of damage to or destruction or condemnation of the Project Facilities, and upon a Determination of Taxability as provided in the Loan Agreement (see "THE BONDS – Determination of Taxability" and "SUMMARY OF DOCUMENTS – The Loan Agreement").

Partial Redemption

If fewer than all Bonds of a maturity are called for redemption, the Authority and the Trustee will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

In the case of Bonds of denominations greater than $5,000, if less than the full denomination of such Bonds then outstanding is to be called for redemption, then for all purposes in connection with redemption, each $5,000 of principal amount shall be treated as though it was a separate Bond of the denomination of $5,000 bearing the number borne by such fully registered Bond and a subnumber assigned by the Trustee. Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and available for the redemption of said $5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture or the Loan Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

In the case of partial redemption of 2016A Term Bonds, the College may select bonds in such order of maturity as the College shall direct, and may treat the mandatory redemption amounts of the 2016A Term Bonds as maturities for this purpose.

In the case of partial redemption of 2016B Bonds, mandatory redemption amounts may be treated as maturities and shall be redeemed in order from the earliest to the last maturity.

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than 20 days, and if more than 60 days, then again not less than 20 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, 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.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the affected Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the Date of Taxability effective until the date on which the principal of the Bonds is paid. **If a Determination of Taxability should occur, any monetary damages or loss resulting from or incident thereto shall be limited to the additional interest on the Bonds.** See "TAX EXEMPTION" and Appendix IV, "DEFINITION OF CERTAIN TERMS."

The College will have the option to prepay the Loan on the next date for which due notice of redemption can be given, in full or in part and on any date thereafter following a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability) and without a premium.

USE OF PROCEEDS

The Authority will loan Bond proceeds to the College that will be used to:

(i) finance a portion of the construction, equipping, and furnishing of the Project;
(ii) capitalize interest during the Project construction period;
(iii) fund a debt service reserve; and
(iv) pay certain costs of issuance.

On April 29, 2016, the College broke ground on its newest and largest academic building, the Norman and Evangeline Hagfors Center for Science, Business, and Religion (the "Hagfors Center"), including a skyway connecting the Hagfors Center to the Lindell Library on the College campus (the "Project"). The Project is designed to foster intersections among areas of study, support active learning, and connect the College to the community. The building will have approximately 135,000 square feet for eight academic departments, including biology, business, chemistry, computer science, physics, psychology, math, and religion, and will have 24 labs and 6,000 square feet of student-faculty research facilities.

McGough Construction, Inc. Saint Paul, Minnesota, is the design-builder for the Project and has entered into a guaranteed maximum price contract with the College. Hammel Green and Abrahamson, Inc., Minneapolis, Minnesota, is the architectural firm engaged by McGough Construction to design the Project. The estimated cost of the Project is $71.5 million, which the College will partially finance with Bond proceeds. The balance of the Project cost not paid with Bond proceeds will be paid from College funds, including contributions available for Project costs, of which the College has received approximately $35.0 million.

The College anticipates that the Project will be ready to move in on approximately November 1, 2017 and will be open for use on or about January 8, 2018.

SOURCES AND USES OF FUNDS

Sources of Funds	Series 2016A	Series 2016B
Par Amount of the Bonds	$32,240,000	$13,680,000
Original Issue Premium / (Discount)	1,596,864	(95,760)
Total Sources	$33,836,864	$13,584,240
Uses of Funds		
Deposit to the Construction Account for Project Costs	$29,550,000	$12,300,000
Deposit to the Bond and Interest Sinking Fund Account	1,327,629	1,210
Deposit to the Reserve Account	2,611,717	1,108,197
Deposit to the Construction Account for Costs of Issuance	198,160	104,520
Underwriter Discount	149,358	70,313
Total Uses	$33,836,864	$13,584,240

SOURCE OF PAYMENT FOR THE BONDS AND FINANCIAL COVENANTS

Source of Payment

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture, including moneys and investments in the Reserve Account. The Reserve Account will be fully funded to the Reserve Requirement from proceeds of the Bonds on the date of issuance of the Bonds.

The Bonds are secured by the pledge of the Loan Repayments, which are a general obligation of the College, the Reserve Account, and other funds the Trustee holds under the Indenture. The College will agree pursuant to the terms of the Loan Agreement and the Indenture to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds. The College agrees to make such payments out of its operating funds or any other moneys legally available.

The College will covenant and agree to charge tuition, fees, rentals and charges which, together with the general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the College as they come due.

The Bonds shall not be legal or moral obligations of the State of Minnesota, nor shall they constitute a debt for which the faith and credit of the Authority or the State of Minnesota, or the taxing powers of the State, are pledged. The Authority has no taxing powers.

The College will also covenant that so long as the Bonds shall remain outstanding:

a. For at least two of the preceding three complete Fiscal Years for which Audited Financial Statements are available, the Revenue/Expenditure Test must be met.

b. For so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding which does not increase the Maximum Annual Debt Service and further excepting that portion of Funded Debt for capital projects for which the College has received written and signed pledges of gifts for such project), unless (i) the average Debt Service Coverage Ratio for the two most recent Fiscal Years for which audited financial statements are available, or (ii) the Debt Service Coverage Ratio for the most recent Fiscal Year for which audited financial statements are available was at least 120% or 125%, respectively; provided that if the additional Funded Debt proposed to be incurred is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for each Fiscal Year during the Test Period, for purposes of this paragraph (b), the estimated amount of Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an Independent Management Consultant to the College and the Trustee; and provided further that if the Board of Regents has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, for purposes of this paragraph (b), there shall be added to Net Income Available for Debt Service for each Fiscal Year during the Test Period the amount of such increase net of increased operating expenses, as estimated in a report of an Independent Management Consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be incurred is to finance equipment or facilities that will produce savings in operating costs of the College, as estimated in a report of an Independent Management Consultant to the College and the Trustee, there shall be added to the amount of Net Income Available for Debt Service for each Fiscal Year during the Test Period, for purposes of this paragraph (b), the estimated net savings to be derived from such equipment or facilities in the first Fiscal Year following the estimated date of acquisition or construction of such equipment or facilities.

For purpose of these covenants, the following terms shall have the following meanings:

"Adjusted Increase (Decrease) in Unrestricted Net Assets" means the Increase (Decrease) in Unrestricted Net Assets, as reported in the Statement of Activities section of the audited financial report of the College; adjusted to: (a) exclude depreciation and amortization, (b) exclude net assets released from restriction representing acquisition of land, buildings and equipment, (c) exclude extraordinary gains or losses and accounting restatements or reclassifications; (d) exclude gains or losses from refunding or refinancing of indebtedness; (e) exclude unrealized net gains or losses on unrestricted investments or interest rate swaps; and (f) exclude gains or losses from the disposal of capital assets.

"Debt Service Coverage Ratio" means for any particular period, the ratio (expressed as a percentage) determined by dividing Net Income Available for Debt Service during the period by the total amount of principal of and interest required to be paid on Funded Debt during the period; provided that for purposes of calculating Debt Service Coverage Ratio pursuant to the Loan Agreement, Maximum Annual Debt Service of (a) then outstanding Funded Debt and (b) Funded Debt thereafter incurred or proposed to be incurred shall be substituted for the total amount of principal of and interest required to be paid on Funded Debt during the period.

"Funded Debt" means indebtedness (including a guarantee of indebtedness) for borrowed money having a maturity date of more than one year from the date of incurrence or assumption thereof and which, under generally accepted accounting principles, is shown on the balance sheet as a liability, including such indebtedness whenever payable if renewable at the sole option of the College for a term (including such renewal) of more than one year pursuant to the terms thereof or of a revolving loan agreement for a period of more than one year from the date of creation thereof unless and to the extent the lender thereunder may at its option require repayment at intervals of one year or less and including lease rental obligations with a term of more than one year from the date of incurrence or assumption by the College which, under generally accepted accounting principles, are shown on the balance sheet as a liability.

"Maximum Annual Debt Service" means the largest total amount of principal of and interest on Funded Debt payable by the College in any future Fiscal Year during which Bonds will (if paid at their stated maturity dates or redeemed in accordance with a mandatory sinking fund schedule) be outstanding subject to the following:

(i) if any part of the Funded Debt is outstanding variable rate indebtedness, the rate of interest on the variable rate indebtedness for future Fiscal Years shall be 120% of the average rate of interest for the two most recent Fiscal Years or, at the election of the College, for the then current interest period; if variable rate indebtedness is proposed to be incurred, the rate of interest shall be 120% of the average rate of interest for the past two years for similar variable rate debt, as certified by an Independent Management Consultant, or an investment banking firm selected by the College to underwrite the sale of such variable rate indebtedness;

(ii) if any part of the Funded Debt outstanding or to be incurred is a guarantee by the College of indebtedness of a third person or so-called "pass-through" or "covered" indebtedness (the College having borrowed money to re-lend to a third person), 75% or 100% of such Funded Debt shall be excluded if the third person (whose debt is guaranteed or whose payments are expected to service the College's obligations with respect to such Funded Debt) had a debt service coverage ratio (including in the computation of debt service, the debt service on the debt proposed to be incurred) of at least 125% or 150%, respectively, during the most recent Fiscal Year for which financial statements are available; provided that if such guarantee has been exercised within the past three years, such percentage of Funded Debt may not be so excluded;

(iii) the amount of debt service with respect to "balloon" indebtedness may, at the option of the College, be calculated on a level debt service basis over the period commencing on the later of (I) the incurrence thereof and (II) the date of issuance of Funded Debt for which the test in subsection (b) above is to be applied, ending on the date when the balloon is payable; as used herein, "balloon" indebtedness means Funded Debt 25% or more of the principal of which is due in any 12 month period;

(iv) the amount of debt service with respect to “put” indebtedness shall be calculated from and after the first put date next following the date on which the put indebtedness is incurred as if such put indebtedness bears interest at the Projected Rate as amortized on a level debt service basis over a twenty-five (25) year period; provided that if there is a written commitment from a bank or other financial institution to refinance the amount of any indebtedness which the College may be required to redeem or purchase, the debt service with respect to such put indebtedness may, at the option of the College, be calculated on the basis of the repayment schedule contemplated by such written commitment, commencing the date such commitment will (unless renewed) expire; “put” indebtedness means Funded Debt which (A) the College may be required, at the option of the holder thereof, to prepay or purchase prior to the stated maturity date thereof, in whole or in part, but if in part, in an amount 25% or more of the original principal amount thereof, and (B) if subject to variable rates, is then in an interest rate reset period of more than two years;

(v) there shall not be taken into account any part of the Funded Debt of the College which has been refunded, refinanced or otherwise defeased under an arrangement whereby all future payments of such indebtedness will be met from moneys and investments and earnings thereon held by an indenture trustee or escrow agent, provided that any such investments shall be direct obligations of or obligations fully guaranteed by the United States of America;

(vi) if any part of such Funded Debt consists of crossover refunding debt, no part of the debt service with respect to such crossover refunding debt shall be taken into account prior to the crossover date, and after the crossover date, no part of the debt service of the refunded debt shall be taken into account;

(vii) if any part of such Funded Debt is “nonrecourse” indebtedness or Subordinated Indebtedness, no part of the debt service with respect thereto shall be taken into account; “nonrecourse” indebtedness means indebtedness secured by a mortgage of, security interest in, lien, charge or encumbrance on or pledge of property, real or personal, tangible or intangible, the liability for which is limited to the property financed by or located on or appurtenant to the property financed by such indebtedness, with no recourse to any other property of the College;

(viii) if any part of the Funded Debt outstanding or to be incurred constitutes capital appreciation bonds or notes, the amount of debt service to be taken into account shall be the excess of the accreted value of such bonds or notes in a Fiscal Year over the accreted value in the prior Fiscal Year; “capital appreciation bonds or notes” includes zero coupon bonds and notes and discount bonds or notes issued at less than 95% of the par value at maturity, provided that accreted values per year are established at the date of issuance thereof; and

(ix) the amount of any reserve fund for any Funded Debt or redemption fund which may be used only to pay, redeem, or purchase such Funded Debt incurred or proposed to be issued may be deducted from debt service for the Fiscal Year or Fiscal Years in which such Funded Debt finally matures and for payment of which the reserve or redemption fund moneys may be used without creating a default.

“Net Income Available for Debt Service” means the Adjusted Increase (Decrease) in Unrestricted Net Assets (plus interest payments on Funded Debt, excluding capitalized interest, if any).

“Projected Rate” means the fixed rate equal to the projected yield at par of an obligation, as set forth in the report of a Rate Setter, which report is acceptable to the Trustee as to form, and shall state that, in determining the Projected Rate, such Rate Setter reviewed the yield evaluations at par of not less than five (5) obligations selected by such Rate Setter, the interest on which is exempt from federal income tax, which obligations such Rate Setter states in its opinion are reasonable comparators to be utilized in developing such Projected Rate and which obligations: (1) were outstanding on a date selected by the Rate Setter, which date so selected occurred during the forty-five (45) day period preceding the date of calculation utilizing the Projected Rate in question; (2) to the extent practicable, are obligations of persons engaged in operations similar to those of the College and have a credit rating similar to that of the College; and (3) to the extent practicable, have a remaining term and amortization schedule the same as being assumed for the put indebtedness.

"Rate Setter" means an investment banking firm or other person knowledgeable about the market for comparators required to establish the Projected Rate and nationally recognized as experienced at establishing rates similar to the Projected Rate.

"Revenue/Expenditure Test" means the Adjusted Increase in Unrestricted Net Assets shall not be less than zero.

"Subordinated Indebtedness" means indebtedness, the payment of principal, premium, if any, and interest on which ("Subordinated Debt Service") is subordinated to payment of principal, premium, if any, and interest on the Bonds ("Bonds Debt Service") by a written instrument, a copy of which is filed with the Trustee, containing substantially the following terms of subordination: (A) no payment of Subordinated Debt Service shall be made by the College, if an uncured Event of Default exists under the Indenture for the Bonds, and (B) upon (i) acceleration of the indebtedness or the Bonds or (ii) any dissolution, winding up, reorganization, bankruptcy, insolvency or receivership of the College, all Bonds Debt Service then due and to become due in the future on the Bonds shall first be paid in full or provided for in accordance with the Indenture for the Bonds before any further payment of Subordinated Debt Service is made by the College or any receiver, trustee in bankruptcy, liquidating trustee or other person on behalf of the College.

"Test Period" means either the two most recent Fiscal Years for which audited financial statements are available or the most recent Fiscal Year for which audited financial statements are available, as appropriate.

For purposes of (a) and (b) above, all capitalized terms used but not otherwise defined in the Loan Agreement shall have the meanings provided for audits of colleges and universities, as applied by CliftonLarsonAllen LLP in the report of the College's financial statements for the Fiscal Year ended May 31, 2016.

Negative Pledge

The College covenants that, except for Permitted Encumbrances and except as otherwise permitted by the Loan Agreement, it will not mortgage, grant a lien upon, pledge, grant a security interest in, make an assignment of its interest in or permit the creation of any encumbrance on the Hagfors Center or the related skyway comprising the Project.

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which certain proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of the original issue and sale of the Bonds are to be deposited into the Construction Account, the Bond and Interest Sinking Fund Account, and the Reserve Account, as described below. Following Bond closing, amounts received by the Trustee from the College as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due.

Construction Account

There shall be deposited initially into the Construction Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Bond and Interest Sinking Fund Account or the Reserve Account. In addition to such proceeds of the Bonds, pursuant to the Loan Agreement, the College has covenanted that it will provide and apply additional funds which, together with Bond proceeds, will be sufficient to provide for the payment of all Project costs and all other costs relating to the Project. The Authority shall have no obligation to deposit any moneys in said Construction Account or apply moneys to Project costs except proceeds of the Bonds.

The moneys in the Construction Account shall be held in trust by the Trustee and applied to the payment and reimbursement of Project costs and pending such application shall be subject to a lien and charge in favor of the Holders of the Bonds and shall be held for the further security of such Holders until paid out.

Payments may be made from the Construction Account for Project costs, as further detailed in the Indenture, provided, however, that proceeds of the Bonds may not be applied to the costs of issuance thereof (including underwriting discount) in an amount in excess of two percent of the proceeds of the Bonds.

Included in the Project costs are costs of issuing the Bonds. Project costs shall be paid only upon written order of the Authorized Institution Representative.

Bond and Interest Sinking Fund Account

There shall initially be deposited into the Bond and Interest Sinking Fund Account accrued interest on the Bonds (if any) and amounts designated as capitalized interest. Subsequent deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the College. Deposits into the Bond and Interest Sinking Fund Account shall be made at least two (2) Business Days prior to each Interest Payment Date in amounts equal to interest and, if applicable, principal due on such Interest Payment Date.

The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement, which shall be the least of (a) the maximum amount of principal of and interest on then Outstanding Bonds that accrues and is payable in any remaining Bond Year at the time of calculation or (ii) 10% of the principal amount of the Bonds or (iii) 125% of the average annual debt service of then Outstanding Bonds in the Bond Years remaining at the time of calculation. Funds in the Reserve Account are irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the College as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall forthwith restore the deficiency, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the College for amounts so withdrawn.

Investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued by the Trustee not less frequently than as of May 1, 2017 and semiannually thereafter. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of accrued but unrealized interest on moneys or investments therein) is more than the lesser of (a) the amount of the Reserve Requirement or (b) the amount permitted for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If on any valuation date the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the value of the amount on deposit exceeds the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not more than 30 days.

Interest and income in the Reserve Account shall be transferred first, to the Bond and Interest Sinking Fund Account to the extent the amount on deposit in the Bond and Interest Sinking Fund Account is less than the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, and second, to the Redemption Account any excess interest and income. When the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund Account or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Redemption Account

There shall be deposited into the Redemption Account all other amounts required to be deposited therein pursuant to any provision of the Loan Agreement or the Indenture.

Amounts on deposit to the credit of the Redemption Account shall be used, first, to make up deficiencies in the Bond and Interest Sinking Fund Account; second, to create and maintain the Reserve Requirement in the Reserve Account; and, third, for the redemption of outstanding Bonds at the request or direction of the College and for the purchase of outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption. Notwithstanding the foregoing, the Trustee is authorized in its discretion to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account shall be invested by the Trustee only in investments as authorized by Minnesota law from time to time. Section 5.04 of the Indenture sets forth specific parameters as to type, credit quality, and maturity of investments. See Appendix V, "SUMMARY OF DOCUMENTS – The Indenture" herein.

FUTURE FINANCING

The College regularly improves, expands and changes its physical plant and incurs long-term financing as needed for these purposes. Following the issuance of the Bonds the College does not anticipate incurring additional Funded Debt for such purposes for the next 36 months.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of eight members appointed by the Governor with the advice and consent of the Senate. A representative of the Minnesota Office of Higher Education and the President of the Minnesota Private College Council, who is a non-voting member, are also members of the Authority.

Barry W. Fick assumed the position of Executive Director of the Authority effective as of July 13, 2016. He replaced the retiring Marianne T. Remedios, who held that position since 2000. Mr. Fick comes to the Authority after 28 years at Springsted Incorporated, Public Sector Advisors ("Springsted"). Springsted is the Municipal Advisor to the Authority. See "MUNICIPAL ADVISOR" herein.

Elaine J. Yungerberg has been Assistant Executive Director of the Authority since 1993.

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $1.3 billion. The Authority has had 213 issues (including refunded and retired issues) totaling over $2.4 billion, of which approximately $855 million is outstanding as of October 1, 2016. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. Under current statutory authority, public community and technical colleges in the State are also eligible for assistance, but only in financing of child-care and parking facilities. In addition, pursuant to special legislation, the Authority has twice issued bonds on behalf of a public community college for housing purposes. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

The scope of projects for which the Authority may issue bonds is broad, including buildings or facilities for use as student housing, academic buildings, parking facilities, day-care centers, 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.

While the Authority retains broad powers to oversee planning and construction, it is current policy to permit the institution almost complete discretion with respect to these matters.

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority and to refinance other debt for capital improvements.

The operations of the Authority are financed solely from fees paid by the participating institutions; it has no taxing power.

Bond issuance costs, including fees of bond counsel, the municipal advisor and trustee, are paid by the participating institution.

MUNICIPAL ADVISOR

The Authority has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota ("Springsted"), as municipal advisor in connection with certain aspects of the issuance of the Bonds. In preparing the Official Statement, Springsted has relied upon College officials and other sources who have access to relevant data to provide accurate information for the Official Statement, and Springsted has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. Springsted is not a public accounting firm and has not been engaged by the Authority to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. Springsted is an independent advisory firm registered as a municipal advisor and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

The Municipal Advisor is under common ownership with Springsted Investment Advisors, Inc. ("SIA"), an investment advisor registered in the states where services are provided. SIA may provide investment advisory services to the Issuer from time to time in connection with the investment of proceeds from the Bonds as well as advice with respect to portfolio management and investment policies for the Issuer. SIA pays the Municipal Advisor a referral fee from the fees paid to SIA by the Issuer.

FINANCIAL ADVISOR TO THE COLLEGE

The College has retained Blue Rose Capital Advisors, LLC (the "Financial Advisor") to provide certain financial advisory services in connection with the issuance of the Bonds. The Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of the information set forth in this Official Statement. The Financial Advisor is not a public accounting firm and has not been engaged by the College to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

The Financial Advisor is under common ownership with HedgeStar, LLC ("HedgeStar") and MuniPriceTracker, LLC ("MPT"). HedgeStar provides hedge accounting, fair value accounting, and valuation services for financial instruments including, but not limited to, fixed-income securities and derivatives, which services may have been used in the preparation of the College's financial statements. MPT provides secondary market bond trading reporting services, which may be relied upon for tax compliance and trading performance evaluation by the College, or by other parties involved in the issuance, in connection with the Bonds. HedgeStar and MPT currently do not, and in connection with the Bonds are not expected to, provide services to the College.

UNDERWRITING

The Bonds are being purchased by RBC Capital Markets, LLC (the "Underwriter"). The Underwriter has agreed to purchase the 2016A Bonds at a purchase price of $33,687,505.55 (representing the aggregate principal amount of the 2016A Bonds less an underwriter's discount of $149,357.95 plus a net original issue premium of $1,596,863.50). The Underwriter has agreed to purchase the 2016B Bonds at a purchase price of $13,513,927.19 (representing the aggregate principal amount of the 2016B Bonds less an underwriter's discount of $70,312.81 and less an original issue discount of $95,760.00).

The Underwriter intends to offer the Bonds to the public initially at the offering prices that result in the yields set forth on the front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices.

The College has agreed in the Bond Purchase Agreement to indemnify the Underwriter and the Authority against certain civil liabilities, including certain potential liabilities under federal securities laws.

RBC Capital Markets, LLC has provided the following information for inclusion in this Official Statement: The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Authority and/or the College. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Authority and/or the College. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

THE TRUSTEE

The Issuer has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States of America, to serve as Trustee. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is only responsible to carry out those specific duties assigned to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture, the Loan Agreement, or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the College of any of the Bonds authenticated or delivered pursuant to the Indenture. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

RATING

As noted on the cover hereof, Moody's Investors Service (“Moody’s”) has assigned a rating of Baa3 on the Bonds. The rating reflects only the view of such rating agency. Any explanation of the significance of the rating may be obtained only from Moody's.

There is no assurance that the rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

The Authority and the College are unaware of any pending or threatened litigation which would affect the validity of the Bonds, the tax-exempt nature of the Bonds, the authority of either party to enter into the Bond-related documents or the ability of either to perform as described herein, or materially affect the ability of the College to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

The Bonds will be subject to the unqualified approving opinion as to validity and tax exemption by McGrann Shea Carnival Straughn & Lamb, Chartered, Minneapolis, Minnesota, as Bond Counsel. A legal opinion in substantially the form set out in Appendix II herein will be delivered at Bond Closing.

Certain legal matters will be passed upon for the College by Nilan Johnson Lewis PA, of Minneapolis, Minnesota; and for the Underwriter by Kutak Rock LLP, Minneapolis, Minnesota.

TAX EXEMPTION

Federal Tax Considerations

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) provisions relating to the expenditure of Bond proceeds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts, (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) provisions relating to the ownership and operation of the facilities financed by the Bonds. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. (See “SUMMARY OF DOCUMENTS – The Loan Agreement – Determination of Taxability” in Appendix V). A change of law as in effect on the date of issuance of the Bonds or a determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Bond Counsel, under present laws and rulings, interest on the Bonds is not includable in gross income for federal income tax purposes. Interest on the Bonds is not treated as a preference item in determining federal alternative minimum taxable income of individuals and corporations. However, the interest is includable in “adjusted current earnings” for purposes of computing the federal alternative minimum taxable income of corporations.

The Code imposes a branch profits tax equal to 30% of the "dividend equivalent amount" which is measured by "earnings and profits" effectively connected to the United States, net of certain adjustments. Included in the earnings and profits of a United States branch of a foreign corporation is income that would be effectively connected with a United States trade or business if such income were taxable, such as the interest on the Bonds.

In addition, interest on the Bonds is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of a property, casualty or other insurance company subject to the tax imposed by Section 831 of the Code, the amount which otherwise would be taken into account as losses incurred under Section 832(b)(5) of the Code must be reduced by an amount equal to 15% of the interest on the Bonds that is received or accrued during the taxable year. In addition, passive investment income, including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for an S corporation that has Subchapter C earnings and profits at the close of the taxable year if more than 25% of its gross receipts are passive investment income.

The Code further provides that interest on the Bonds is includable in the calculation of modified adjusted gross income in determining whether Social Security or railroad retirement payments are to be included in taxable income of individuals.

Minnesota Tax Considerations

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Bond Counsel, under present laws and rulings, interest on the Bonds is not includable in the taxable income of individuals, estates and trusts for Minnesota income tax purposes. Interest on the Bonds is not treated as a preference item in determining the Minnesota alternative minimum tax applicable to individuals, estates and trusts. However, the interest is subject to the Minnesota franchise tax imposed on corporations, including financial institutions, measured by taxable income and the alternative minimum tax base.

Minnesota, like many other states, generally taxes interest on obligations of governmental issuers in other states. In 1995, Minnesota enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of Minnesota governmental units and Indian tribes be included in the net income of individuals, estates and trusts for Minnesota income tax purposes if a court determines that Minnesota's exemption of such interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any such court decision becomes final, irrespective of the date upon which the obligations were issued.

Changes in Federal and State Tax Law

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives or litigation.

From time to time there are Presidential proposals, proposals from various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Original Issue Premium

The 2016A Bonds maturing on May 1, 2046 have been sold to the public at an amount in excess of their stated redemption price at maturity. Such excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

Original Issue Discount

The dollar amount of the initial offering price to the public of the 2016A Bonds maturing on May 1, 2024 through 2031 and 2038 and of the 2016B Bonds is less than the principal amount of such maturities (the "Discount Bonds"). The difference between the initial public offering price of each such Discount Bond (assuming a substantial amount of the Discount Bonds is sold at such price) and its principal amount represents original issue discount. Under existing laws, regulations, rulings and decisions, Bond Counsel is of the opinion with respect to the Discount Bonds that the amount of original issue discount constitutes tax-exempt interest to the extent that it is deemed to accrue to an owner for federal and State of Minnesota income tax purposes (other than Minnesota corporate franchise taxes measured by taxable income and the alternative minimum tax base). Original issue discount is deemed to accrue for such purposes on the basis of a constant yield to maturity taking into account semiannual compounding. The amount of original issue discount that accrues during any accrual period to a holder of a Discount Bond who acquires the Discount Bond in this offering generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes to the same extent as stated interest and will increase the holder's tax basis in such Discount Bond. Any gain realized by a holder from a sale, exchange, payment or redemption of a Discount Bond would be treated as gain from the sale or exchange of such Discount Bond.

It is possible under the applicable provisions governing state and local income taxation in states other than Minnesota that interest on Discount Bonds may be taxable in the year of accrual, and may be deemed to accrue earlier than under federal law. Bondholders who acquire the Bonds at a discount should consult their tax advisors with respect to the state and local tax consequences of owning the Discount Bonds.

Bondholders should consult their tax advisors with respect to collateral consequences arising from the receipt of interest on the Bonds, including without limitation the calculations of alternative minimum tax or foreign branch profits tax liability, or the inclusion of social security or other retirement payments in taxable income.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 relating to the ability of financial institutions to deduct from income for federal income tax purposes, interest expense that is allocable to carrying and acquiring tax-exempt obligations.

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THE COLLEGE

The College is a nonprofit, co-educational, Master's institution rooted in the liberal arts offering undergraduate and graduate degrees. It was founded as a Lutheran seminary in Marshall, Wisconsin in 1869 and moved to Minneapolis, Minnesota in 1872. The first College students were enrolled in 1874 and the first graduation was in 1879.

The College is affiliated with the Evangelical Lutheran Church in America (ELCA). It is accredited by the following organizations:

- The Higher Learning Commission of the North Central Association of Colleges and Schools
- The Council for the Accreditation of Educator Preparation (CAEP)
- Accreditation Review Commission on Education for the Physician Assistant (ARC-PA)
- Commission on Collegiate Nursing Education (CCNE) (Bachelor's, Master's, and DNP degrees)
- Council on Social Work Education (CSWE) (bachelor's and master's degrees)
- National Association of Schools of Music (NASM)

Governance

The College is governed by a Board of Regents, consisting of no fewer than 20 members and not more than 40 members, each elected for a term of four years. Regents are elected by the governing members of the College, consisting of members from four synods of the ELCA, ten members from the Board of Regents, four faculty members, three College administrators, and two students. The Bishops of the St. Paul Area Synod and Southeastern Minnesota Synod alternate with the Bishops of the Minneapolis Synod and Northwest Synod of Wisconsin and serve as members of the Board of Regents *ex officio* for three-year terms. The President of the College also serves as a member of the Board of Regents *ex officio*.

Regent:	Principal Activity and/or Location
Andra Adolfson	Business Development Director, Adolfson & Peterson Construction, Inc., Minneapolis, Minnesota
Ann Ashton-Piper	President, the Bridgie Group, Minneapolis, Minnesota
Karen A. Durant '81	Vice President and Controller, Tennant Company, Golden Valley, Minnesota
Matthew K. Entenza, J.D.	Senior Advisor on Energy and the Economy to Governor Mark Dayton, Saint Paul, Minnesota
Mark A. Eustis	Organizational Leadership and Governance Advisor for Health Systems, Clayton, Missouri
Nicholas C. Gangestad '86	Senior Vice President and Chief Financial Officer, 3M, Saint Paul, Minnesota
Amit Ghosh, MD '12 MBA	Staff Consultant and Professor of Medicine, Mayo Clinic, Rochester, Minnesota
Alexander J. Gonzalez '90	Financial Consultant, Thrivent Financial for Lutherans, Bloomington, Minnesota

Regent:	Principal Activity and/or Location
Norman R. Hagfors	Founder and President (Retired), Norsen, Inc., Minneapolis, Minnesota
Jodi L. Harpstead	Chief Executive Officer, Lutheran Social Service of Minnesota, Saint Paul, Minnesota
Rev. Marlene Whiterabbit Helgemo	Pastor, All Nations Indian Church (United Church of Christ), Minneapolis, Minnesota
Rev Rick Hoyme	Bishop, Northwest Synod of Wisconsin, Evangelical Lutheran Church in America, Chetek, Wisconsin
Diane L. Jacobson, Ph.D.	Director (Retired), Professor of Old Testament, Luther Seminary, Saint Paul, Minnesota
Rev. Rolf Jacobson, Ph.D.	Professor of Old Testament, Luther Seminary, Saint Paul, Minnesota
Wayne Jorgenson ’71	Senior Vice President, Wealth Management, UBS Financial Services, Inc., Bloomington, Minnesota
Toby Piper LaBelle ’96	Senior Vice President, Northland Securities, Minneapolis, Minnesota
Hon. LaJune Thomas Lange, J.D. ’75	President, International Leadership Institute, Minneapolis, Minnesota
Steven E. Larson, MD ’72	Chief Executive Officer and Chairman, Riverside Medical Clinic, Riverside, California
André J. Lewis, Ph.D. ’73	Director of Marketing and Community Affairs and President, RBC Dain Rauscher Foundation, Minneapolis, Minnesota
Dennis J. Meyer ’78	Chief Marketing and Business Development Officer, Robins Kaplan, LLP, Minneapolis, Minnesota
Pam Hanson Moksnes ’79	Vice President for Gift Planning Services, Lutheran Church Missouri Synod, Lutheran Church Extension Fund, Chanhassen, Minnesota
Paul S. Mueller, MD ’84	Staff Consultant and Chair of the Division of General Internal Medicine and Professor of Medicine and Biomedical Ethics, Mayo Clinic, Rochester, Minnesota
Jeffrey M. Nodland ’77	President and CEO, KIK Custom Products, Concord, Ontario, Canada
Lisa M. Novotny ’80	Vice President of Human Resources International, General Mills, Minneapolis, Minnesota
Paul C. Pribbenow, Ph.D., *ex officio*	President, Augsburg College, Minneapolis, Minnesota

Regent:	Principal Activity and/or Location
Rachel Pringnitz ’02, ’07 MBA	Operations Administrator, Division of General Internal Medicine, Mayo Clinic, Rochester, Minnesota
Earl Sethre ’68	Administrative Vice President, Jorgensen Laboratories, Loveland, Colorado
Dean Sundquist ’81	Chairman and Chief Executive Officer, Mate Precision Tooling, Anoka, Minnesota
Rev. Ann M. Svennungsen	Bishop, Minneapolis Area Synod, Evangelical Lutheran Church in America, Minneapolis, Minnesota
Jill Nelson Thomas, JD	President-Elect for Tulsa Town Hall and Chair, Board Development Committee, Family & Children’s Services, Tulsa, Oklahoma
David Tiede, Ph.D.	President and Professor of New Testament (Retired), Luther Seminary, Saint Paul, Minnesota
Vicki Turnquist	Founder and CEO, (Retired) Private Bank Minnesota and Member, Board of Directors, Citizens Independent Bank, St. Louis Park, Minnesota
Rev. Norman W. Wahl, D.Min. ’76	Executive Pastor, Bethel Lutheran Church, Rochester, Minnesota
Rev. Mark N. Wilhelm, Ph.D., *ex officio*	Executive Director for the Network of ELCA Colleges and Universities, Evangelical Lutheran Church in America (ELCA), Chicago, Illinois
Noya Woodrich ’92, ’94 MSW	Former President and Chief Executive Office of the Greater Minneapolis Council of Churches, Minneapolis, Minnesota

President

Paul C. Pribbenow, Ph.D., has been serving as the 10th president of the College since July 1, 2006. Since joining Augsburg, President Pribbenow has enhanced the College’s role as an active community partner in its urban setting. By identifying and embracing initiatives that mutually benefit Augsburg and its neighbors, the College has achieved national recognition for its excellence in service learning, experiential education, and inclusion and equity.

Before coming to the College, President Pribbenow served as president of Rockford College in Rockford, Illinois. He has also served as research fellow for the Center of Inquiry in the Liberal Arts at Wabash College (Indiana); dean for College Advancement and secretary to the Board of Trustees at Wabash College; vice president of the School of the Art Institute of Chicago; and associate dean of the Divinity School of The University of Chicago. President Pribbenow holds a B.A. (1978) from Luther College (Iowa), and an M.A. (1979) and Ph.D. (1993) in social ethics from the University of Chicago.

President Pribbenow serves on the Board of Directors of the National Association of Independent Colleges and Universities, the National Campus Compact Board of Directors, the Oslo Center US Foundation Board of Directors, and the national advisory board for the ALL IN Campus Democracy Challenge. Locally, he is chair of the Central Corridor Anchor Partnership and serves on the Executive Committee of the Minnesota Private College Council.

President Pribbenow received the Outstanding Fundraising Professional of the Year from Association of Fundraising Professionals-Minnesota (AFP) in 2015 and the William Burke Award for Presidential Leadership in Experiential Education from the National Society for Experiential Education ("NSEE") in 2012. He was named a McCormick Presidential Civic Leader Fellow for 2003-04 and 2005-06. And, under President Pribbenow's leadership, the College became the first higher education institution in Minnesota to earn the prestigious Presidential Award for Community Service, the highest honor possible for service work. President Pribbenow is the author of numerous articles on philanthropy, ethics and not-for-profit management. He publishes an email newsletter titled "Notes for the Reflective Practitioner."

Vice President and Chief Strategy Officer

Mr. Leif Anderson serves as Vice President and Chief Strategy Officer, leading the College's institution-wide strategic planning and effectiveness efforts – currently centered on the Augsburg2019 strategic plan. At the direction of the president, Mr. Anderson coordinates the College's strategic agenda across key governance groups, working with the University Council, the president's leadership team, the Board of Regents and others to ensure alignment and institutional effectiveness. His responsibilities include oversight of institutional research and information technology, and special support for innovation and new initiatives.

Prior to his position as Chief Strategy Officer, Mr. Anderson spent 20 years leading information technology at the College, overseeing the development of its IT infrastructure and enterprise information systems with a special emphasis on the faculty's use of technology to improve teaching and learning. Mr. Anderson holds a Master's in Public Affairs from the University of Minnesota's Humphrey School.

Provost and Chief Academic Officer

Dr. Karen L. Kaivola joined the College as Provost and Chief Academic Officer in July of 2013. She provides leadership for two academic deans, the faculty, and the academic program (undergraduate, adult undergraduate, graduate); she also oversees the Library, the Registrar's Office, the Division of Student Success, and College's accreditation and assessment processes. She is responsible for academic planning and budgeting, advancing the College's strategic vision, and strengthening areas of institutional distinction, including general education, experiential education, global education, civic engagement, and vocational discernment.

Dr. Kaivola brings to the role 25+ years as a teacher, scholar, and academic leader. She most recently served as the associate provost for faculty development and J. Ollie Edmunds Chair at Stetson University in DeLand, Florida. At the request of Stetson's then-president, she served as the University's Gender Equity Adviser and as a member of his Cabinet. She also served for more than a decade as one of Stetson's first associate deans in the College of Arts & Sciences. Dr. Kaivola holds a master's and a Ph.D. in English from the University of Washington and a bachelor's degree in English from Georgetown University.

Vice President of Student Affairs

Ms. Ann Garvey is the Vice President of Student Affairs at the College. She began at the College in 1998, having worked in public and private, two-year and four-year institutions, in a variety of positions in student affairs over the past 30 years. Her experience includes work in academic advising, residence life, campus activities, orientation, career services, and student centers.

Ms. Garvey holds a B.A. from the College of St. Catherine, an M.A. (English) from Loyola University of Chicago, and a J.D. from the University of Minnesota.

Vice President of Marketing and Communication

Ms. Rebecca John is the College's vice president of marketing and communication. In this role, she oversees marketing, communication and brand management in support of the College's mission, its role in shaping higher education for the 21st century, and its annual and long-term revenue-generation goals. Ms.

John also serves as the chair for the Augsburg Campus Master Plan Task Force and the College's Campus Design Committee, and the Campus Space Use and Development Committee.

Prior to joining the College in 2010, Ms. John held executive leadership positions in public and private companies in the technology infrastructure, internet development and financial services industries. She holds a Master's in Business Administration from Augsburg and a Master of Arts in Organization Management from the University of Phoenix. She holds bachelor of arts degrees in journalism and in communication from the University of St. Thomas in Saint Paul, Minnesota.

<u>Vice President for Finance and Administration, Chief Financial Officer</u>

Dr. Beth Reissenweber, CPA, CMA, Ph.D., joined the College as the Vice President for Finance and Administration and Chief Financial Officer in June 2014. She has over 20 years of experience in strategic financial planning, treasury and investment management, risk assessment, facilities, human resources, budget, and accounting and audit. Dr. Reissenweber comes to the College from Aurora University, Aurora, Illinois, where she was the Vice President for Finance and Treasurer since 2008. Previously, she spent 11 years at Roosevelt University, Chicago, Illinois, in a variety of financial roles. Dr. Reissenweber holds a B.S. in Business Administration from Elmhurst College, an M.B.A. in Marketing from Indiana University, and a Ph.D. in Educational Studies from the University of Nebraska, Lincoln, Nebraska.

<u>Vice President of Enrollment Management</u>

Dr. William Mullen is Vice President for Enrollment Management. He joined the College in that capacity in July of 2013 after serving as Vice President for Enrollment Management at the Minneapolis College of Art and Design, where he had been since 2003. He leads a team of 30 admissions and student financial services staff in building enrollment and leveraging financial aid strategies for the College's undergraduate, adult undergraduate, graduate, and doctoral programs.

Dr. Mullen holds a doctorate in educational policy and development from the University of Minnesota and an MBA from Capella University. He earned a bachelor's degree in sociology and education from Lawrence University in Appleton, Wisconsin.

<u>Vice President of Institutional Advancement</u>

Ms. Heather Riddle became Vice President of Institutional Advancement in September of 2012. She most recently served as director of development at Children's Hospital and Clinics of Minnesota, and before that was Vice President of advancement at Concordia University in Saint Paul. Her duties at the College are to lead: the campaign for the Center for Science, Business and Religion; growth of overall fundraising from all constituencies; the continued expansion of the College's relationships with alumni, parents, corporations and foundations, and government agencies; and the abiding evolution of the College's culture of philanthropy among alumni and friends, faculty and staff.

Ms. Riddle is a graduate of Concordia College in Moorhead, Minnesota.

Campus Facilities

The College's 24-acre main campus is located near downtown Minneapolis, adjacent to the University of Minnesota West Bank campus and Fairview University Medical Center (Riverside Campus). The College also maintains a campus location in Rochester, Minnesota housed in Bethel Lutheran Church (ELCA), a few blocks from the central downtown area. The Rochester location offers both undergraduate and graduate programs. The Physician's Assistant program is now located in Saint Paul, Minnesota on the Luther Seminary campus to allow for planned growth. In conjunction with the College's Center for Global Education, the College maintains adjunct facilities in Mexico, El Salvador, Guatemala, Nicaragua and Namibia.

Approximately 51.5% of the students enrolled in the undergraduate day program live on campus.

Academic Information

Degrees Offered

The College offers the Bachelor of Arts, the Bachelor of Music and the Bachelor of Science degrees. The College offers undergraduate degrees in over 50 major areas of study. The College also offers the Master of Arts (in leadership, nursing and education), the Master of Fine Arts in Creative Writing, the Master of Business Administration, The Master of Music Therapy, the Master of Science (in physician assistant studies), the Master of Social Work, and the Doctor of Nursing practice degree.

Academic Calendar

The College's day program follows a semester calendar, with fall and spring semesters of approximately 15 weeks and terms of varying lengths in the summer. Full-time undergraduate students normally take four courses each semester. Students may also enroll in courses at the four other colleges and universities of the Associated Colleges of the Twin Cities (Hamline University, Macalester College, St. Catherine University and the University of St. Thomas). In addition to classes offered on campus, or in blended/hybrid and online formats, the College offers a variety of experiential learning opportunities within the United States and abroad. Among the many Day and Adult Undergraduate program options are independent or directed study opportunities and internships.

Adult Undergraduate Programs

The College's Adult Undergraduate program offers degree programs designed for adult learners in Business, Communication Studies, Education, Nursing, and Psychology. Students enrolled in the Adult Undergraduate program may earn a college degree, complete a second major or pursue a personal interest or skill. Adult Undergraduate classes are generally offered in a "hybrid" or blended learning format, combining online and face-to-face instruction, though because the program emphasizes flexibility, online course offerings are available. Students may take one to four classes each term.

The Rochester site offers programs in Business, Education, and Nursing. It operates on a two semester plus summer calendar. Classes generally meet alternate weeks and include direct online instruction during the weeks class does not meet face-to-face.

Graduate Program

The College offers nine graduate programs, with courses in various formats (face-to-face, hybrid, online, low-residency). Most programs are in professional studies disciplines (Business-MBA, Education-MAE, English-MFA/Creative Writing, Master of Arts in Leadership, Music Therapy-MMT, Nursing (MAN, DNP-FNP, DNP-Transcultural Nursing), Physician Assistant Studies, and Social Work-MSW.) Graduate programs follow various calendars. Most offer courses in the Fall, Spring, and Summer terms.

Student Body

The enrollment by program is:

Fall Semester	Day Program FTE	Adult Undergraduate FTE	Augsburg for Adults and Graduate Program FTE	Total FTE
2012	1,926	695	669	3,290
2013	1,886	462	721	3,069
2014	1,868	430	737	3,035
2015	1,962	334	776	3,072
2016	2,014	254	861	3,129

Of the full-time students enrolled for the fall 2016 semester, approximately 83% were Minnesota residents, 12% were from other states and 5% were from foreign countries.

Fall Semester	Day Program Headcount	Adults Undergraduate and Graduate Program Headcount	Total Headcount
2012	1,980	1,740	3,720
2013	1,965	1,611	3,576
2014	1,966	1,496	3,462
2015	1,990	1,424	3,414
2016	2,060	1,581	3,641

Fall to Fall Undergraduate Student Retention

The College reports the following undergraduate retention rates for the past year's cohorts based on tracking incoming freshmen, day program and adult undergraduates.

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016
1st to 2nd Year Retention	78.9%	81.6%	74.9%	79.0%	77.0%
Day Program	78.9%	80.8%	79.2%	78.7%	79.5%
Adult Undergraduate Programs	72.5%	66.9%	66.2%	66.7%	69.1%

The College has made a significant commitment to providing access for underserved populations, and the retention results over the past five years are strong. The percentage of students of color in the first year class has grown from 36% in fall 2010 to 47% in fall 2016, and first-generation college students have been between 35% and 47% of total enrollment during the same period. Currently, more than 30% of day program students have a zero Expected Family Contribution (EFC) as calculated by the Free Application for Federal Student Aid (FAFSA). These populations typically experience weaker retention compared to other students. The College has a number of student support programs and services in place to ensure the success of these underserved populations.

Applications, Acceptances and Enrollments

Day Program Freshmen:

Year	Applicants	Acceptances	Enrolled	Acceptance Ratio	Enrollment Ratio
2012	2,129	1,283	380	60.3%	29.6%
2013	2,946	1,886	464	64.0%	24.6%
2014	2,824	1,922	393	68.1%	20.4%
2015	2,925	1,731	478	59.2%	27.6%
2016	3,487	1,574	477	45.1%	30.3%

Day Program Transfers:

Year	Applicants	Acceptances	Enrolled	Acceptance Ratio	Enrollment Ratio
2012	591	322	180	54.5%	55.9%
2013	443	288	164	65.0%	56.9%
2014	482	284	159	59.9%	56.0%
2015	680	311	198	45.7%	63.7%
2016	716	289	192	40.4%	66.4%

Tuition and Fees

The College meets the cost of educational programs primarily through tuition and fees. The following table lists the schedule of fees charged full-time undergraduate students from the academic years 2012/13 through 2016/17.

	2012/13	2013/14	2014/15	2015/16	2016/17
Tuition and Fees	$31,292	$32,554	$33,766	$34,800	$35,750
Room	4,380	4,548	4,707	4,850	4,975
Full Board	4,075	4,238	4,397	4,530	4,685
Other Student Charges*	610	665	665	665	665
Total	$40,357	$41,995	$43,535	$44,845	$46,075

* *Certain other fees may be charged depending on activity or course of study.*

Part-time undergraduate students (students taking less than three courses during the semester terms) are charged $1,117 per credit for courses taken in 2016/17. The graduate program charges range from $485 to $921 per graduate course credit and the Adult Undergraduate program charges $410 to $420 per course credit for 2016/17.

2016-2017 Undergraduate Rate Comparison of Selected Minnesota Private Colleges (Ranked by Comprehensive Charges)

College/University	Tuition and Required Fees	Room and Board	Comprehensive Charges*
Carleton College	$50,874	$13,197	$64,071
Macalester College	$50,639	$11,266	$61,905
St. Olaf College	$44,180	$10,080	$54,260
College of Saint Benedict	$42,271	$10,535	$52,806
Gustavus Adolphus College	$43,030	$ 9,400	$52,430
Saint John's University	$41,732	$ 9,892	$51,624
Hamline University	$39,629	$ 9,894	$49,523
University of St. Thomas	$39,594	$ 9,760	$49,354
St. Catherine University**	$39,300	$ 9,010	$48,310
Augsburg College**	**$36,415**	**$ 9,628**	**$46,043**
Bethel University**	$35,160	$10,110	$45,270
Concordia College (Moorhead)	$36,878	$ 7,810	$44,688
The College of St. Scholastica**	$35,326	$ 9,314	$44,640
Mpls. College of Art and Design	$36,318	$ 7,420	$43,738
Saint Mary's University of MN**	$32,575	$ 8,635	$41,210
Bethany Lutheran College	$26,020	$ 8,020	$34,040
Concordia University, St. Paul**	$21,250	$ 8,500	$29,750
Average	**$38,305**	**$ 9,557**	**$47,862**

* These are standard charges for first-time, full time, full-year undergraduate students, including fees assessed on all undergraduates. Some charges may vary depending on room, board and program choices.

** Six colleges have non-traditional programs for which a separate tuition applies.

Source: Minnesota Private College Council

Faculty and Staff

The teaching student-faculty ratio for 2016/17 is 15 to 1. There are no religious or denominational prerequisites or any participatory religious requirements for faculty membership. The College subscribes to the 1940 Statement of Principles on Academic Freedom and Tenure of the American Association of University Professors and the Association of American Colleges. The College employs 175 full-time and 202 part-time teaching faculty, for a total of 377 members.

Total employment of faculty and staff is approximately 737. The total compensation for faculty and staff, including benefits, for Fiscal Year 2015/16 was approximately $41.1 million.

Compensation of Full-Time Instructional Faculty

Academic Rank	Number of Faculty	Average Total Compensation
Professor	33	$103,500
Associate Professor	64	86,400
Assistant Professor	62	73,000
Instructor	16	63,500

Of the full-time faculty, 158 hold PhDs or terminal degrees in their fields and 16 hold Master's degrees. Approximately 54% are tenured.

Pensions

The College has two contributory defined contribution retirement plans for academic and non-academic personnel. Contributions are based on a percentage of compensation. The cost of the retirement plans amounted to approximately $1,762,000 and $1,840,000 for the Fiscal Years ended May 31, 2016 and 2015, respectively.

Unions

The International Union of Operating Engineers, Local 70, represents regular full-time and part-time maintenance, grounds, and custodial employees working at the College. The bargaining unit is made up of approximately 40 FTE employees. The current contract expires May 31, 2019. This is the only bargaining unit at the College.

Financial Aid

Approximately 96.7% of the College's students receive some form of financial aid from federal, state, College or private sources. Some of the federal and state financial aid programs apply to tuition and fees, whereas others provide for living expenses such as transportation, housing and personal expenses.

The following table sets forth a five-year summary of direct financial aid for students at the College.

	2011/12	2012/13	2013/14	2014/15	2015/16
Augsburg College	$24,430,945	$24,959,414	$26,739,103	$27,606,886	$33,168,919
Federal Government[(a)]	37,298,164	35,968,920	40,297,076	31,044,090	37,564,737
State of Minnesota	4,563,742	4,530,948	5,216,103	5,350,782	7,749,963
Other[(b)]	5,856,170	5,903,538	6,307,521	6,343,253	7,970,820
Total	$72,149,021	$71,362,820	$78,559,803	$70,345,011	$86,454,439
Percent of Enrollment Aided[(c)]	93.8%	94.6%	96.0%	98.0%	96.7%

(a) *Includes PELL Grants, Supplemental Educational Opportunity Grants, STAFFORD and other Guaranteed Student Loans, Perkins Student loans, and College Work Study Program.*

(b) *Includes endowed scholarships, third party private gifts and private (i.e. bank) loans.*

(c) *For all years shown above, percent of enrollment aided as a percent of full-time degree seeking undergraduates.*

Endowment

Following is a five-year history of the College's Endowment Investments at market value.

Year Ended May 31	Endowment Investments
2012	$29,778,094
2013	$34,552,630
2014	$38,330,460
2015	$40,463,556
2016	$39,412,669

The College’s Endowment Investments as of August 31, 2016 totaled $40,350,119.

College Investments

The College's investment policy, which is established by the Finance Committee of the Board of Regents, has a target mix of 63.2% equity securities, 15.8% marketable alternatives, 12.8% real assets, and 8.2% fixed income securities for the College's invested funds. The annual spending rate of the College's endowment fund is at 4.5% of the 12-quarter average of the market value of the fund, as established by Board of Regents policy. The College engages an outside investment advisor.

Gifts and Grants

Gifts and grants revenues received by net asset classification for the College's prior five Fiscal Years, as reported in the annual financial statements of the College, are as follows:

Year Ended May 31	Unrestricted	Temporarily Restricted	Permanently Restricted
2012	$ 7,159,425	$ 3,856,346	$ 783,042
2013	$ 4,336,005	$ 3,867,213	$ 688,493
2014	$ 5,238,276	$ 5,992,275	$1,013,845
2015	$ 4,526,004	$ 6,366,644	$ 922,187
2016	$11,543,178	$15,648,992	$1,326,227

Capital Campaign

On May 1, 2015, the College completed a $50 million capital campaign. The College has identified the Hagfors Center as a project for which capital campaign contributions may be available for use. Post campaign, alumni and others continue to support the College's fundraising activities lifting the fundraising total over $53 million. A small number of room and lab sponsorships remain available and are expected to generate additional gifts to the College before the Hagfors Center ribbon cutting planned for January 2018.

The College is in the planning phases for three additional capital campaigns.

Statement of Financial Activity for Fiscal Years 2012 through 2016

The following two tables summarize the College's statements of unrestricted activities for the Fiscal Years ended May 31, 2012 through 2016. Fiscal Years 2012 and 2013 appear in the first following table and Fiscal Years 2014 through 2016 appear in the second following table because of a change in presentation in the College's financial statements effective Fiscal Year 2014. For more complete information of the College for the Fiscal Years ended May 31, 2016 and 2015 see Appendix VII of this Official Statement containing the College's audited financial statements for that period.

AUGSBURG COLLEGE

STATEMENT OF UNRESTRICTED ACTIVITIES
Years Ended May 31,

	2012	2013
REVENUES, GAINS AND OTHER SUPPORT		
Tuition and fees	$ 80,808,264	$ 80,122,356
Less: Scholarships and grants	(25,886,238)	(26,350,736)
Net tuition and fees	54,922,026	53,771,620
Government grants	3,185,719	3,078,537
Private gifts and grants	3,973,706	1,257,468
Endowment income	0	0
Investment income	70,523	60,244
Gains (losses) on endowment investments	(10,563)	(9,562)
Sales and services of educational activities	306,576	395,989
Other sources	1,117,580	1,009,350
Sales and services of auxiliary enterprises	9,846,731	9,992,312
Transfers	(1,081,984)	1,258,560
Adjustment of actuarial liability	1,845	3,003
	72,332,159	70,817,521
Net assets released from restrictions	4,594,938	4,089,933
Total Revenues, Gains and Other Support	76,927,097	74,907,454
EXPENSES AND LOSSES		
Program expenses		
Instruction	31,327,177	31,307,727
Academic support	5,792,497	5,477,227
Public service	2,054,928	1,678,566
Student services	14,352,487	14,239,105
Auxiliary enterprises	9,604,441	9,341,941
Support expenses		
Institutional support	10,411,561	11,153,628
Non-Allocable losses		
Disposal of plant assets, net	-	-
Total Expenses and Losses	73,543,091	73,198,194
Change in Net Assets before Reclassifications	3,384,006	1,709,260
Net asset reclassification due to change in law	-	-
Change in Net Assets	3,384,006	1,709,260
NET ASSETS -- Beginning of Year, as Adjusted	29,435,487	32,819,493
NET ASSETS -- END OF YEAR	$ 32,819,493	$ 34,528,753

Source: Audited Financial Statements of the College

AUGSBURG COLLEGE

STATEMENT OF UNRESTRICTED ACTIVITIES
Years Ended May 31,

	2014	2015	2016
OPERATING REVENUES			
Tuition and fees	$ 81,431,118	$ 81,988,062	$ 86,466,782
Less: Scholarships and grants	(28,144,656)	(29,100,662)	(34,693,493)
Net tuition and fees	53,286,462	52,887,400	51,773,289
Government grants	3,343,802	3,391,465	3,515,831
Private gifts and grants	1,386,830	1,134,539	2,624,847
Change in allowance for uncollectible pledges	0	0	
Investment income	195,624	221,961	171,721
Sales and services of educational activities	330,009	404,543	341,191
Other sources	981,179	963,895	670,405
Sales and services of auxiliary enterprises	10,846,302	10,225,770	10,570,664
	70,370,208	69,229,573	69,667,948
Net assets released from restrictions	3,880,784	4,887,312	4,611,865
Total Revenue	74,250,992	74,116,885	74,279,813
OPERATING EXPENSES			
Program expenses			
Instruction	29,387,583	29,613,417	30,985,246
Academic support	5,414,448	5,308,464	5,500,404
Public service	1,740,485	1,764,658	1,663,746
Student services	14,551,169	15,973,515	16,145,454
Auxiliary enterprises	9,893,774	9,510,410	8,939,420
Support expenses			
Institutional support	10,861,218	11,034,408	10,701,882
Total Expenses	71,848,677	73,204,872	73,936,152
CHANGE IN OPERATING NET ASSETS	2,402,315	912,013	343,661
NON-OPERATING REVENUES (EXPENSES)			
Private gifts and grants	507,644	0	5,402,500
Capital funds released from restriction	501,001	721,548	7,800,441
Transfers	(49,424)	34,508	(91,009)
Loss on disposal of assets			(1,437,286)
Net gain (loss) on other investments	(10,563)	(9,716)	(9,067)
Adjustment of actuarial liability	23,642	(3,020)	(40,022)
CHANGE IN NON-OPERATING NET ASSETS	972,300	743,320	11,625,557
CHANGE IN NET ASSETS	3,374,615	1,655,333	11,969,218
Net assets -- begininng of year	34,528,753	37,903,368	39,558,701
NET ASSETS -- END OF YEAR	$ 37,903,368	$ 39,558,701	$ 51,527,919

Source: Audited Financial Statements of the College

Long-Term Indebtedness as of October 1, 2016

1. $2,550,000 sale leaseback arrangement with Hennepin County on the College's Ice Arena Facilities. Hennepin County issued its general obligation bonds in this amount, the debt service for which the College pays by making annual lease payments to Hennepin County. This is a 20-year lease with a final maturity due December 1, 2018. The outstanding balance is $540,000.

2. $5,000,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Six-J2, dated July 27, 2006 ("2006 Bonds"). The 2006 Bonds are secured by the full faith and credit of the College and a letter of credit provided by BMO Harris Bank N.A. (formerly Harris N.A.). Interest is calculated at variable rates and averaged approximately 0.12% per annum during Fiscal Year 2016. The final maturity is May 1, 2021. The outstanding balance on the 2006 Bonds is $2,000,000.

3. $8,860,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-G, dated October 13, 2010 ("2010 Bonds"). The 2010 Bonds are a general obligation of the College and secured by a pledge of loan repayments and a debt service reserve. The 2010 Bonds are fixed rate with interest rates from 1.75% to 5.00% and a final maturity of October 1, 2027. The outstanding balance on the 2010 Bonds is $3,380,000.

4. $6,705,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Eight-C, dated July 30, 2014 ("2014 Bonds"). The 2014 Bonds are a general obligation of the College and secured by a pledge of loan repayments and a debt service reserve. The 2014 Bonds are fixed rate with interest rates from 1.00% to 3.50% and a final maturity of May 1, 2023. The outstanding balance on the 2014 Bonds is $5,845,000.

5. $12,400,000 Minnesota Higher Education Facilities Authority Revenue Note, Series Eight-E, dated April 15, 2015 ("2015 Note"). The 2015 Note is a general obligation of the College and secured by a pledge of loan repayments. The interest rate on the 2015 Note is 2.041% to May 1, 2020, which is the mandatory tender date. At that time, the then remaining principal on the 2015 Note is due absent an extension of the mandatory tender date through an amendment to the note agreement. The 2015 Note has a final maturity of May 1, 2036. The outstanding balance on the 2015 Note is $12,025,000.

Short-Term Indebtedness

The College maintains a $3,000,000 unsecured line of credit with a local bank for cash-flow management purposes, which expires on March 1, 2017. There were no outstanding borrowings under this arrangement at May 31, 2016 and 2015.

Maximum Annual Debt Service and Pro Forma Coverage Statement

The following table displays the pro forma debt service coverage for outstanding College funded debt, plus the debt service on the Bonds. Coverage is calculated based on net income available for debt service for Fiscal Years 2015 and 2016 and estimated maximum annual debt service (MADS). The amount available for debt service is detailed in footnote (a) to the table.

The table is intended merely to show the relationship of amounts available for the College's debt service for Fiscal Years 2015 and 2016 to MADS based on existing outstanding College debt following issuance of the Bonds. It is not intended and should not be considered a projection of future revenues, expenses, debt service or debt service coverage of the College. There is no assurance that the future amounts available for debt service and debt service coverage of the College or the respective relationships thereof will correspond to the pro forma amount available for debt service, pro forma

debt service coverage, MADS or the respective relationships thereof shown by or reflected in the table as follows.

Estimated Maximum Annual Debt Service and Pro Forma Coverage

Fiscal Year Ending May 31	Net Income Available for Debt Service [(a)]	MADS [(b)]	Coverage (times)
2015	$ 6,239,139	$5,202,533	1.20
2016	$10,745,144	$5,202,533	2.07

[(a)] *The Net Income Available for Debt Service, based on the College's audited financial statement for Fiscal Years 2015 and 2016 is calculated in the following table. The calculation of Net Income Available for Debt Service below is based on the definitions in the Loan Agreement for the Bonds.*

	Fiscal Year 2015	Fiscal Year 2016
Change in Net Assets before Reclassification	$ 1,655,333	$11,969,218
Plus: Depreciation, amortization and accretion	4,280,219	4,266,217
Plus: Interest expense	1,190,046	655,962
Less: Net assets released for buildings and equipment	(907,537)	(7,800,441)
Unrealized (gains) or losses on endowment investments on unrestricted net assets	(43,502)	216,902
(Gains) or losses from the disposal of capital assets	64,580	1,437,286
Net Income Available for Debt Service	$ 6,239,139	$10,745,144

[(b)] *Includes debt service for the College's outstanding debt and the Bonds. A portion of the College's outstanding debt consists of variable rate debt. The variable rate debt is assumed to bear interest at a rate of 2.00% and is assumed to amortize to achieve level annual debt service through the final maturity of such debt. A portion of the College's outstanding debt is subject to a mandatory tender. This debt is assumed to bear interest at the current rate through the mandatory tender date and at a rate of 4.00% thereafter, and is assumed to amortize to achieve level annual debt service from the mandatory tender date through the final maturity of such debt.*

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PROPOSED FORM OF LEGAL OPINION

MCGRANN SHEA CARNIVAL STRAUGHN & LAMB, CHARTERED

ATTORNEYS AT LAW

WILLIAM R. MCGRANN	CARLA J. PEDERSEN	CHRISTY E. LAWRIE
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BRIAN L. SOBOL	CARL S. WOSMEK	
SCOTT B. CROSSMAN	AMY L. COURT	RETIRED
	~~	ANDREW J. SHEA

$32,240,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series 2016A
(Augsburg College)

and

$13,680,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series 2016B
(Augsburg College)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue Bonds, Series 2016A (Augsburg College), in the aggregate principal amount of $32,240,000, and its Revenue Bonds, Series 2016B (Augsburg College), in the aggregate principal amount of $13,680,000 (collectively, the "Bonds"), dated as of their date of delivery, more fully described in and issued pursuant to the Indenture (defined below).

The Bonds are issued for the purpose of funding a loan from the Authority to Augsburg College, a Minnesota nonprofit corporation and institution of higher education (the "College"), in order to finance educational facilities to be owned and operated by the College and located on its main campus in the city of Minneapolis, Minnesota. We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College, and the Trust Indenture (the "Indenture") between the Authority and U.S. Bank National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"), each dated as of December 1, 2016; one or more opinions of Nilan Johnson Lewis P.A., as counsel to the College; the form of the Bonds prepared for execution; and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Nilan Johnson Lewis P.A., as to the Loan Agreement having been duly authorized and executed and being binding upon the College and as to the corporate organization, tax-exempt status and unrelated trade or business activities, good standing, and powers of the College. As to title to the Project Site (as defined in the Loan Agreement and Indenture), we have relied on information contained in owner and encumbrances reports, title insurance policies or commitments, or title opinions, provided to us by the College or by counsel engaged by it, and have not undertaken any examination of the records of the College or original title records or abstracts of title.

We have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only matters set forth as our opinion in the Official Statement).

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Authority is an agency of the State of Minnesota duly organized and existing under the laws of the State of Minnesota with authority under Sections 136A.25 to 136A.42, Minnesota Statutes, to issue the Bonds, to loan the proceeds thereof to the College and to execute and deliver the Loan Agreement and the Indenture to secure the Bonds.

2. The Loan Agreement and the Indenture are valid and binding instruments of the parties thereto, enforceable in accordance with their terms.

3. The Bonds are valid and binding limited obligations of the Authority payable from the loan repayments payable by the College under the Loan Agreement which have been assigned to the Trustee, scheduled to be made in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, and are further secured by the pledge of the funds and investments held by the Trustee under the Indenture and by the pledge of funds and rights to payments held by the Trustee, as assignee, under the Loan Agreement. The Bonds are not a general obligation or indebtedness of the Authority within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Authority or charge against its general credit, but are payable solely from amounts pledged thereto in accordance with the provisions of the Indenture.

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is not includable in gross income for purposes of federal income taxation or in net taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"), or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is includable in "adjusted current earnings" for purposes of the computation of "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. The Authority has not designated the Bonds as "qualified tax-

exempt obligations" within the meaning of Section 265 of the Code. The opinion set forth in this paragraph is subject to the conditions that the Authority, the Trustee and the College comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in federal gross income or Minnesota taxable net income retroactive to the date of issuance of the Bonds. The Authority, the Trustee and the College have covenanted to comply with such requirements.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership or disposition of the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, receivership proceedings and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in accordance with general principles of law.

Dated at Minneapolis, Minnesota, December ___, 2016.

McGrann Shea Carnival
Straughn & Lamb, Chartered

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INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE

Annual Reporting

The Annual Report Date will be the date that is 270 days after the fiscal year end, commencing with the fiscal year ended May 31, 2017. The Annual Report will contain:

1. Audited financial statements for the most recent complete fiscal year.

2. If not included in the audited financial statements, the following financial and operating data contained in Appendix I to the Final Official Statement which shall be information as of the end of the most recent complete academic or fiscal year, as appropriate, of the matters covered by the Sections entitled:

    - Student Body
    - Fall to Fall Undergraduate Student Retention
    - Applications, Acceptance and Enrollments
    - Tuition and Fees
    - Faculty and Staff
    - Pensions
    - Unions
    - Financial Aid
    - Endowment
    - College Investments
    - Gifts and Grants
    - Maximum Annual Debt Service and Pro Forma Coverage

Material Events to be Disclosed

The events enumerated in Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, which are to be disclosed are as follows:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults, if material;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed issue (IRS Form 5701-TEB) or other material notices or determinations with the tax-exempt status of the security;
(vii) Modifications to rights of security holders, if material;
(viii) Bond calls, if material, and tender offers;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities, if material;
(xi) Rating changes.
(xii) Bankruptcy, insolvency, receivership or similar event of the Reporting Party (when such event is considered to have occurred under the Rule);
(xiii) The consummation of a merger, consolidation, or acquisition involving the Reporting Party or the sale of all or substantially all of the assets of the Reporting Party, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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DEFINITIONS OF CERTAIN TERMS

Following are definitions of certain words and terms as used in the Indenture and Loan Agreement related to the Bonds. Definitions of some of the words and terms below may also appear elsewhere in this Official Statement.

Account or *Accounts:* One or more of the Accounts created under Articles IV or V of the Indenture.

Act: Sections 136A.25 through and including 136A.42, Minnesota Statutes, as amended.

Arbitrage Regulations: All regulations and proposed regulations from time to time issued and in effect under Section 148 of the Internal Revenue Code (and former Section 103(c) of the Internal Revenue Code of 1954), including without limitation Treasury Regulations Sections 1.148-1 to 1.150-1.

Authority: The Minnesota Higher Education Facilities Authority, an agency of the State of Minnesota, in Saint Paul, Minnesota.

Authorized Authority Representative: The person at the time designated to act on behalf of the Authority by written certificate furnished to the Corporation and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by its Chair, Secretary or Executive Director or any officer authorized to act on behalf of the foregoing officers. Such certificate may designate an alternate or alternates and in that case, specimen signatures for the alternates shall be provided as well.

Authorized Denominations: $5,000 and any integral multiples thereof.

Authorized Institution Representative: The President, the Vice President for Finance and Administration and Chief Financial Officer, the Provost or any other person at the time designated to act on behalf of the Corporation by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the Corporation by the Chairperson or the Secretary of its Board of Regents or the President or any Vice President of the Corporation. Such certificate may designate an alternate or alternates.

Authorized Investments: Investments authorized for moneys in the Accounts created under Articles IV and V of the Indenture and described in the Indenture.

Beneficial Owner: With respect to any authorized denomination of a Bond in Book-Entry Form, each person who beneficially owns such Bond in such authorized denomination and on whose behalf, directly or indirectly, such authorized denomination of Bond is held by the Depository pursuant to the Book-Entry System.

Board of Regents: The Board of Regents of the Corporation, and includes any Executive Committee or other committee authorized to act for such board.

Bond and Interest Sinking Fund Account: The Bond and Interest Sinking Fund Account established pursuant to the Indenture.

Bond Closing: The original issuance, sale and delivery of the Bonds.

Bond Counsel: Any firm of nationally recognized bond counsel experienced in matters relating to the tax-exempt financing acceptable to the Authority.

Bond Purchase Agreement: The Bond Purchase Agreement dated November 3, 2016, among the Authority, the Underwriter and the Corporation, relating to the Bonds.

Bond Resolution: The Series Resolution of the Authority adopted on October 19, 2016, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: With respect to the Bonds, (a) the period from the Issue Date to the close of business on May 1, 2017, and (b) each succeeding 12-month period ending at the close of business on May 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

Bonds: The Series 2016A Bonds and the Series 2016B Bonds.

Book-Entry Form: All the Bonds, if such Bonds, are all held (i) in the name of the Depository (or its nominee) with each Stated Maturity evidenced by a single Bond certificate or (ii) with the approval of the Corporation, Authority and Trustee, in any similar manner for which Beneficial Owners do not receive Bond certificates evidencing their beneficial ownership in any of the Bonds.

Book-Entry System: A system of recordkeeping, securities clearance and funds transfer and settlement maintained for securities by the Depository and its Participants (or Indirect Participants).

Building Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the Corporation and located on the Project Site acquired from funds other than the proceeds of the Bonds.

Business Day: Any day other than Saturday, Sunday, a legal holiday in the State of Minnesota or any other day that the Depository (as defined in the Indenture) or banks in Minnesota are not open for business.

Certificate: A certification in writing required or permitted by the provisions of the Loan Agreement or the Indenture to be signed and delivered to the Trustee or other proper person or persons. If and to the extent required by the provisions of the Indenture, each Certificate shall include the statements provided for in said Indenture.

Certified Resolution: A copy of a resolution of the Authority, certified by its Secretary or other officer authorized to act for the Secretary to have been duly adopted by said Authority and to be in full force and effect on the date of such certification.

College or *Corporation:* Augsburg College, a Minnesota nonprofit corporation, as owner and operator of the Institution, its successors and assigns.

Completion Date: The date set forth in the Certificate of the Project Supervisor furnished pursuant to the Loan Agreement.

Construction Account: The Construction Account established under the Indenture.

Construction Period: The period between the date of commencement of the acquisition, construction, furnishing and equipping the Project and the Completion Date.

Continuing Disclosure Certificate: The Continuing Disclosure Certificate made by the Corporation, to be dated as of December 1, 2016, relating to the Bonds.

Date of Taxability: Date of Taxability has the meaning ascribed to such term in the Loan Agreement.

Default: A default on the part of the Corporation in performance of any covenant or condition of this Loan Agreement which, with notice or passage of time or both, would or has become an Event of Default.

Defaulted Interest: Defaulted Interest has the meaning ascribed to such term in the Indenture.

Depository: DTC or any other person who shall be a Holder of all the Bonds directly or indirectly for the benefit of Beneficial Owners and approved by the Authority, Corporation and Trustee to act as the Depository; provided any Depository shall be registered or qualified as a "clearing agency" within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended.

Designated Areas: Certain portions of the Project designated by the Corporation which are to be free from the constraints on use of bond-financed facilities imposed by the Act, the Internal Revenue Code or the Loan Agreement, the approximate square footage, location and initial expected use of which are set forth in the Loan Agreement, and the Project Costs to be allocated to which will be paid by the Corporation from available Corporation funds and not from proceeds of the Bonds.

Determination of Taxability: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a court of competent jurisdiction to the effect that the interest on the Bonds is includable in gross income of the recipient under Section 103 of the Internal Revenue Code, related sections and regulations thereunder, as in effect on the date of issuance of the Bonds, as more fully provided in the Loan Agreement. A determination that interest on the Bonds is includable in the computation of any alternative minimum tax is not a Determination of Taxability.

DTC: The Depository Trust Company in New York, New York, its successors or assigns.

EMMA: The Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board or such successor municipal finance electronic filing system.

Event of Default: An Event of Default described in the Indenture or Loan Agreement and summarized in this Official Statement in the sections entitled "SUMMARY OF DOCUMENTS – THE INDENTURE – Events of Default" and "SUMMARY OF DOCUMENTS – THE LOAN AGREEMENT – Events of Default."

Financial Journal: The Bond Buyer, Finance & Commerce, The Wall Street Journal, or any other newspaper or journal devoted to financial news published in the English language in Minneapolis or Saint Paul, Minnesota, or in the City of New York, New York.

Fiscal Year: The Corporation's fiscal year, and shall initially mean the 12-month period commencing on June 1 in each year.

Holder, Bondholder or Owner: The person in whose name a Bond shall be registered, except if any Bond is in Book-Entry Form, with respect to any consent or approval of a Holder of Bonds, the terms shall mean the Beneficial Owner.

Indenture: The Trust Indenture between the Authority and U.S. Bank National Association, as Trustee, to be dated as of December 1, 2016, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Independent: When used with reference to an attorney, engineer, architect, certified public accountant, consultant, insurance consultant or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Corporation or the Institution or the transaction to which such Certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Authority or the Corporation or the Institution as an officer, employee or member of the Authority, the Corporation or the Institution or the Board of Regents of the Corporation.

Independent Counsel: An Independent attorney duly admitted to practice law before the highest court of any state.

Independent Management Consultant: An Independent certified public accountant, Independent financial consultant or Independent management consultant having a favorable reputation for skill and experience in studying and reporting on operations of private nonprofit institutions of higher education satisfactory to the Authority.

Indirect Participant: Any person who is not a Participant, who clears securities through or maintains a custodial relationship with a Participant, either directly or indirectly, and who has access to the Book-Entry System.

Institution: Augsburg College, a Minnesota institution of higher education with its main campus located in the city of Minneapolis, Minnesota, owned and operated by the Corporation.

Interest Payment Date: May 1 and November 1 of each year, commencing May 1, 2017, and any other date on which the principal of or interest on the Bonds shall be due and payable.

Interest Rate: With respect to the Bonds, the interest rate per annum specified in the Indenture, in the column entitled "Interest Rate" for the Bonds of the respective year of maturity.

Internal Revenue Code: The Internal Revenue Code of 1986 and amendments thereto.

Issue Date: The date on which the Bonds are delivered to the original purchaser thereof upon original issuance.

Letter of Representations: The Letter of Representations from the Authority to the Depository and the Letter of Representations from the Trustee to the Depository, any amendments thereto, and any other agreement among such parties governing the obligations of such parties (or their successors) in respect of beneficial ownership (and the recording and transfer thereof), and payment and notices concerning the Bonds; provided no such amendment or other agreement shall be entered into unless the Authority or Corporation shall certify that the same shall not materially prejudice the rights of any Beneficial Owner who has not consented thereto.

Loan Agreement: The Loan Agreement between the Authority and the Corporation, to be dated as of December 1, 2016, as from time to time amended or supplemented.

Loan Repayments: Payments required to be made by the Corporation to the Trustee pursuant to the Loan Agreement.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Corporation as owner and the Trustee as secured party pursuant to the Indenture, less the cost of recovery (including attorneys' fees) of such moneys from the insuring company or the condemning authority, plus investment earnings thereon.

Opinion of Counsel: A written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the Corporation or Authority, and to the extent required by the provisions of the Indenture, each Opinion of Counsel shall include the statements provided for in said section of the Indenture.

Outstanding: When used as of any particular time with reference to Bonds, without regard to capitalization of such term, means (subject to the provisions of the Indenture pertaining to Bonds held by the Authority and the Corporation) all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds for the payment or redemption of which funds or direct obligations of or obligations fully guaranteed by the United States of America in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III of the Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of the Indenture pertaining to replacement of Bonds.

Participant: Any securities broker or dealer, bank, trust company, clearing corporation or other organization entitled to directly record, clear and settle the transfers of beneficial ownership interest of the Bonds directly through the Depository and the Book-Entry System.

Participating Underwriter: Participating Underwriter has the meaning ascribed to such term in the Continuing Disclosure Certificate.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities (including, with respect to Project Equipment, purchase money security interests and equipment leases), and as do not in the aggregate, in the opinion of Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Corporation, (iv) those additional encumbrances set forth in Exhibit C to the Loan Agreement and (v) liens granted by the Corporation to secure Funded Debt (as defined in the Loan Agreement) allowed under the Loan Agreement.

Predecessor Bonds: Predecessor Bonds has the meaning ascribed to such term in the Indenture.

Principal Trust Office: For the Trustee originally appointed under the Indenture, the designated corporate trust office of the Trustee which at the date of the Indenture is specified in Section 8.03 of the Loan Agreement, and for any successor Trustee, shall mean its designated corporate trust office.

Project: The Project consists of the acquisition, construction, furnishing and equipping of a four-story academic building of approximately 135,000 square feet, to be known as the Hagfors Center for Science, Business and Religion ("Hagfors Center"), to be used for classrooms, offices and laboratories, along with a skyway connection between Hagfors Center and the Lindell Library; all owned or to be owned and operated by the Corporation and located on the Institution's main campus, the principal street address of which is 2211 Riverside Avenue, Minneapolis, Minnesota.

Project Buildings: The building described in the Indenture and the other improvements described in Section 1.04 of the Indenture and constructed or improved with the proceeds of the Bonds, including investment earnings.

Project Costs: Project Costs has the meaning ascribed to such term in the Indenture.

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds, including investment earnings and, generally described in Exhibit B to the Loan Agreement and described in the Certificate of the Project Supervisor furnished pursuant to the Loan Agreement.

Project Facilities: The Project Site, the Project Buildings and the Project Equipment as the same may at any time exist.

Project Site: The land described on Exhibit A to the Loan Agreement which is owned by the Corporation, and on which any Project Buildings are or will be located or otherwise improved as part of the Project.

Project Supervisor: The Project Supervisor appointed as provided in the Loan Agreement.

Redeem or *redemption:* Includes "prepay" or "prepayment" as the case may be, without regard to capitalization of such terms.

Redemption Account: The Redemption Account established under the Indenture.

Reference Rate: The interest rate per annum announced from time to time by U.S. Bank National Association, as its prime or reference rate, regardless of whether that interest rate is actually charged to any customer of said bank.

Regular Record Date: Regular Record Date has the meaning ascribed to such term in the Indenture.

Reserve Account: The Reserve Account established under the Indenture.

Reserve Requirement: The Reserve Requirement as defined in the Indenture.

Responsible Officer: Any Trustee means and includes the chairman of the board of directors or trustees, the president, every vice president, every assistant vice president, every corporate trust officer, and every officer and assistant officer of such Trustee, other than those specifically above mentioned, to whom any corporate trust matter is referred because of such person's knowledge of, and familiarity with, a particular subject.

Series 2016A Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2016A (Augsburg College), as described in the Indenture.

Series 2016B Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series 2016B (Augsburg College), as described in the Indenture.

Special Record Date: The Special Record Date established pursuant to the Indenture.

Stated Maturity: When used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which principal of such Bond or such installment of interest is due and payable.

Trust Estate: The interest of the Authority in the Loan Agreement assigned under Granting Clause I of the Indenture; the revenues, moneys, investments, contract rights, general intangibles and instruments and proceeds and products and accessions thereof as set forth in Granting Clause II of the Indenture; and additional property held by the Trustee pursuant to Granting Clause III of the Indenture.

Trustee: The trustee at the time serving as such under the Indenture, and initially the Trustee will be U.S. Bank National Association, Saint Paul, Minnesota.

Underwriter: RBC Capital Markets, LLC, as original purchaser of the Bonds.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be complete and reference is made to the full text of the Loan Agreement for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix IV, contained herein.

Construction of Project

The Corporation represents that construction, acquisition and installation of the Project will be substantially completed by no later than January 8, 2018, subject only to "force majeure," as provided in the Loan Agreement. The Corporation may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, or both, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the Corporation, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel to such effect is furnished. The Corporation has agreed that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs exceed the proceeds of the Bonds, including investment earnings in the Construction Account.

Loan Repayments

Under the Loan Agreement, the Corporation agrees to make Loan Repayments in amounts and at times sufficient to provide for payment in full of all principal of and interest and premium, if any, on the Bonds when due. To provide for such payments the Corporation covenants to pay for the account of the Authority the following amounts:

(a) at least two Business Days prior to each May 1 and November 1, commencing May 1, 2017, the Corporation shall deposit into the Bond and Interest Sinking Fund Account, a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and, at least two Business Days prior to each May 1, commencing on May 1, 2017, a sum equal to the amount payable as principal of the Bonds on such principal payment date; provided however, that there shall be credited against such obligations (A) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account (including amounts transferred from the Construction Account pursuant to the Indenture), and (B) any credits permitted by the Indenture; and

(b) on or prior to a date established for the optional redemption or mandatory redemption and prepayment of any Bonds pursuant to the Loan Agreement, the Corporation shall deposit into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Bonds called for redemption from the Redemption Account; and

(c) forthwith into the Bond and Interest Sinking Fund Account or the Redemption Account, as appropriate, the amount of any deficiency in the event the funds on deposit in the Bond and Interest Sinking Fund Account or Redemption Account on any Bond principal or interest payment date are for any reason insufficient to pay principal of, premium, if any and interest on the Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

(d) into the Reserve Account any amounts required to be deposited therein by the Indenture; and

(e) into any fund or account designated by the Trustee such amount as may be determined by the Trustee to be necessary to comply with the provisions of the Loan Agreement and the Indenture, relating to arbitrage rebate.

Each such payment shall be made directly to the Trustee at its Principal Trust Office for the account of the Authority for deposit as provided in the Indenture. The Corporation shall furnish to the Authority, if the Authority so requests, advice of the transmittal of such payments at the time of transmittal of payment.

There is reserved to the Corporation the right to prepay all or part of the Loan and to redeem the Bonds prior to their maturity in certain events as described under "THE BONDS."

As additional payments, the Corporation agrees to pay the annual fee of the Authority, fees and expenses of the Trustee, rebate of certain excess investment earnings to the United States, and certain other expenses.

Use of Project Facilities

Except with respect to the Designated Areas as permitted under the Loan Agreement, the Corporation will own, use and operate the Project Facilities at all times as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with any part of a program of a school or department of divinity for any religious denomination. The Corporation agrees not to use or permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

The Corporation agrees that, so long as there are Bonds outstanding, and subject to certain exceptions, the Corporation will keep the Project Facilities in good repair and good operating condition at its own cost. The Corporation will make such repairs, modifications and replacements as are necessary so that the Project will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation, and may make such repairs, modifications and replacements as in the Corporation's judgment are desirable, subject to the same conditions. The Corporation may sell, transfer, convey, lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities so long as (i) the tax-exempt status of the Bonds will not be affected thereby, (ii) no such transaction or agreement shall be inconsistent with the Loan Agreement, the Indenture, or the Act, (iii) the Corporation shall remain fully obligated under the Loan Agreement as if such transaction or agreement had not been made, and (iv) in the case of any lease to or occupancy by persons who are not students, employees or faculty of the Corporation, an opinion of Bond Counsel is provided to the Trustee to the effect that tax exemption of the interest on the Bonds is not adversely affected. The Corporation may demolish any of the Project Facilities which in the Corporation's judgment are worn out, obsolete or require replacement, are no longer used, or the Corporation, by resolution of the Board of Regents, has determined in its judgment are no longer useful.

Operating Expenses and Liens

The Corporation will pay all utility charges and other charges arising from the operations of the Project Facilities which, if unpaid, would become a lien on the Project Facilities, and will not permit to be established or to remain unsatisfied any mechanics' lien for labor or materials furnished in connection with the acquisition and construction of the Project; provided, that the Corporation may in good faith contest such utility and other charges and any mechanics' or other liens filed or established against the Project Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Authority or Trustee shall notify the Corporation that, in the opinion of Independent Counsel, by nonpayment of any such items the Project Facilities or any part thereof will be subject to loss or forfeiture, in which event the Corporation shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Taxes and Other Governmental Charges

The Corporation will pay, as the same respectively become due, all taxes, special assessments, license fees and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against, or with respect to the operations of the Corporation, or the Project Facilities or any improvements, equipment or related property installed or brought by the Corporation therein or thereon, or the Bonds, the Loan Agreement, the Indenture, or the interest of the Authority, the Trustee, or the Bondholders therein.

The Corporation may, at its expense, in good faith contest any such taxes, assessments, license fees and other governmental charges and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the Corporation that, in the Opinion of Independent Counsel, by nonpayment of any such items the Project Facilities or any part thereof, or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

Insurance

The Corporation is required to maintain, or cause to be maintained, at its cost and expense, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents under a policy or policies covering such risks as are ordinarily insured against by similar institutions, including (without limiting the generality of the foregoing) fire and extended coverage in an amount not less than the lesser of (i) full insurable value of the Project Facilities and contents, or (ii) the principal amount of the Bonds or (if greater) 80% of the full insurable replacement value of the Project Facilities and contents, but any such policy may have a deductible amount of not more than $250,000. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the Trustee. The term "full insurable replacement value" shall mean the actual replacement cost of the Project Buildings (excluding foundation, excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and contents and the Project Equipment. All policies evidencing insurance required by this subparagraph (a) with respect to the Project Facilities shall be carried in the names of the Corporation and the Trustee as their respective interests may appear.

(b) Comprehensive general public liability insurance, including blanket contractual liability and personal injury liability and automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $10,000,000, with a deductible amount of not more than $250,000 per occurrence, and against liability for injury to property in the minimum amount for each occurrence of $250,000.

(c) Workers' compensation insurance respecting all employees of the Corporation in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure; provided that the Corporation may be self-insured with respect to all or any part of its liability for workers' compensation.

All insurance required in Section 5.07 of the Loan Agreement shall be taken out and maintained in responsible insurance companies selected by the Corporation. Each policy shall contain a provision that the insurer shall not cancel or modify it in any manner which would cause the Corporation to no longer be in compliance with Section 5.07 of the Loan Agreement without giving written notice to the Corporation and the Trustee at least 30 days before the cancellation or modification becomes effective. The Corporation may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. The Corporation shall annually, on or before September 1 of each year, provide the Trustee a Certificate of Insurance Compliance in the form attached to the Loan Agreement.

Upon the written request of the Corporation, the Trustee shall permit modifications to such insurance requirements and deductible amounts, including permission for the Corporation to be self-insured in whole or in part for any comprehensive general liability, if consistent with recommendations of an Independent insurance consultant.
Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the Corporation and the Trustee at least 30 days before the cancellation or modification of the policy set forth above becomes effective. The Corporation shall annually provide the Trustee with a Certificate of Insurance Compliance on or before October 1 of each year.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement or reduction in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $1,000,000, the Corporation will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss resulting from such damage or destruction exceeds $1,000,000, the Corporation shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

The Bonds may be redeemed in whole if (i) all or substantially all of the Project Facilities are damaged or destroyed to such extent that they cannot be reasonably restored within six months or (ii) normal use and operation of the Project Facilities are interrupted for a six-month period or (iii) the cost of restoration exceeds the available Net Proceeds by an amount described in the Loan Agreement. The Bonds may be redeemed in part if (i) all or a portion of the Project Facilities have been damaged or destroyed, (ii) the Corporation determines that the Project Facilities or portion thereof, as the case may be, is not needed in its operations and (iii) the Corporation has elected not to restore the Project Facilities or portion thereof, as the case may be. (Also see "THE BONDS – Prior Redemption – Extraordinary Optional Redemption")

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to any part of the Project Facilities shall be taken in any proceeding involving the exercise of the right of eminent domain, the Corporation shall either redeem the Bonds in whole or in part or rebuild or restore such facilities, as more fully provided in the Loan Agreement.

If the Bonds are to be redeemed in whole or in part, such redemption shall be as described in the second paragraph under the caption "Damage or Destruction" above.

Removal of Project Equipment and Building Equipment

The Corporation may remove Project Equipment and Building Equipment from the Project Facilities if no Default exists and upon the following conditions:

(a) the Corporation may substitute equipment and related property for any Project Equipment and Building Equipment, provided that such substitution shall not materially impair the character or revenue producing significance or value of the Project Facilities;

(b) the Corporation may release any equipment from the definition of Project Equipment (with or without the physical removal thereof) without substitution therefor, provided that the Corporation pays a sum equal to the then value of such Project Equipment as determined by an Independent engineer selected by the Corporation, to the Trustee for deposit in the Redemption Account for the redemption and prepayment of the Bonds; provided that if the depreciated book value of the equipment so released was less than $25,000, such release and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an Independent Engineer or an Authorized Institution Representative upon such showing by the Corporation; and

(c) the Corporation may remove any Building Equipment without substitution therefor provided that such removal will not materially impair the character or revenue producing significance or value of the Project Facilities.

In connection with (a) and (b) above, if the depreciated book value of the Project Equipment or in connection with (c) above, the depreciated value of Building Equipment to be substituted, released or removed equals or exceeds $25,000 the Corporation will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the substitution, release or removal of such equipment will not materially impair the character or revenue producing significance or value of the Project Facilities.

Indemnification

The Corporation agrees to hold the Authority, their respective members, directors, officers and employees, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities and the use thereof, including that caused by any negligence of the Authority or anyone acting on its behalf, provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority or the Trustee in excess of the net proceeds received by the Authority or the Trustee from any insurance carried with respect to the loss sustained.

The Corporation agrees to indemnify and hold harmless the Authority against any and all losses, claims, damages or liability to which the Authority may become subject under law, and to reimburse the Authority for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Authority in connection with investigating any such losses, claims, damages, or liabilities or in connection with defending any actions, insofar as the same relate to information furnished to the Authority by the Corporation in connection with the sale of the Bonds.

Corporation to Maintain its Existence and Accreditation

The Corporation agrees that, so long as the Bonds are outstanding, it will maintain its existence as a nonprofit corporation and maintain the Institution's existence as a nonprofit institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies and that it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee corporation or institution, as the case may be, is other than the Corporation, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the Corporation in the Loan Agreement, and be either a state university or college or a nonprofit corporation operating or authorized to operate an Institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against unlawful discrimination and requiring that the institution be nonsectarian; (b) the Corporation shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal

Revenue Code and regulations thereunder and (c) the surviving, resulting or transferee corporation or institution, as the case may be, shall be in compliance with the financial covenants of the Corporation included in the Loan Agreement, immediately after such consolidation or merger.

Federal Income Tax Status

The Corporation represents that it presently is and agrees that it shall take all appropriate measures to assure that it remains an organization described in Section 501(c)(3) of the Internal Revenue Code, exempt from Federal income taxes under Section 501(a) of such Code.

Institution to be Nonsectarian

The Corporation agrees that the Institution will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect. All courses of study at the Institution, including any religion or theology courses, will be taught according to the academic requirements of the subject matter and professional standards.

Determination of Taxability

In the event a Determination of Taxability is made at any time that interest on the Bonds is includable in gross income of the recipient for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole or in part on the next date for which due notice can be given and any date thereafter at a redemption price equal to par plus accrued interest plus additional interest from the Date of Taxability. If a Determination of Taxability should occur, any monetary damage or loss resulting from or incident thereto shall be limited to the additional interest rate on the Bonds, as more fully set forth in the Loan Agreement.

Other Covenants

The Corporation further agrees to comply with all applicable laws and regulations against unlawful discrimination, and not to discriminate as prohibited by Minnesota Statutes, Section 363A.13 (except with respect to the Designated Areas); to provide and file such financing statements and other instruments of further assurance as the Authority or Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds and to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; and to observe all applicable State laws and regulations, including those of the Authority, the Department of Education and the Minnesota Office of Higher Education, subject to the right of contest. The Corporation agrees to indemnify the Authority from losses arising from certain representations made by the Corporation regarding the absence of hazardous waste on the Project Facilities.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148 of the Internal Revenue Code with respect (but only with respect) to amounts paid by the Corporation to the Authority as the Authority's annual fee under the Loan Agreement and any income earned or imputed therefrom.

Events of Default

Following are Events of Default under Section 7.01 of the Loan Agreement:

(a) If the Corporation shall fail to make any Loan Repayment when due, and either (i) on a Bond principal or interest payment date or redemption date (established or required to be established), the available moneys on deposit in the Bond and Interest Sinking Fund Account and Redemption Account are insufficient to pay when due principal of and interest on the Bonds, or (ii) such failure shall continue for five Business Days after notice from the Trustee or the Authority to the Corporation that such payment has not been made; or

(b) If the Corporation shall fail to comply with the provisions of the Loan Agreement relating to arbitrage calculation and rebate requirements; or

(c) If the Corporation shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement as defined in the Indenture, provided failure to comply with Section 7.01(c) of the Loan Agreement shall not become an Event of Default unless the Corporation fails to restore the deficiency within a period of 30 days after written notice specifying such deficiency and requesting that it be remedied is given to the Corporation by the Authority or the Trustee; or

(d) If the Corporation shall fail to observe and perform for reasons other than force majeure, any other covenant, condition or agreement on its part under the Loan Agreement for a period of 30 days after written notice, specifying such default and requesting that it be remedied, is given to the Corporation by the Authority or the Trustee; or

(e) If the Corporation files a petition in voluntary bankruptcy, or for the composition of its affairs or for its corporate reorganization under any state or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the property of the Corporation; or

(f) If a court of competent jurisdiction shall enter an order, judgment or decree against the Corporation in any insolvency, bankruptcy, or reorganization proceeding, or appointing a trustee or receiver of the Corporation or of the whole or any substantial part of the property of the Corporation, and such order, judgment or decree shall not be vacated or set aside or stayed within 90 days from the date of the entry thereof; or

(g) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Corporation or of the whole or any substantial part of the property of the Corporation, and such custody or control shall not be terminated within 90 days from the date of assumption of such custody or control.

The term "force majeure" as used above includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders, regulations or laws of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Corporation. The provisions of paragraph (d) above, are subject to the further limitation that if the default can be remedied but not within a period of 30 days after notice and if the Corporation has taken all action reasonably possible to remedy such default within such 30-day period, the Default shall not become an Event of Default for so long as the Corporation shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the Corporation from carrying out its agreements.

Remedies on Default

Whenever any Event of Default shall have happened, and be subsisting, the Loan Agreement provides that any one or more of the following steps may be taken:

(a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due and payable under the Loan Agreement for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

(b) The Trustee (or the Authority with respect to certain Sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due.

(c) The Trustee may take whatever action in law or equity which appears necessary or desirable to enforce the security provided by or enforce any provision or covenant of the Loan Agreement or the Indenture.

Any amounts collected by the Trustee pursuant to the actions set forth above shall be applied first to advances, fees and expenses, and then to payment of the Bonds, (interest, principal and premium, if any), as provided in the Indenture, and any excess to the Corporation.

Amendments

Except as otherwise provided in the Loan Agreement or in the Indenture, subsequent to issuance of the Bonds and so long as any Bonds are outstanding, the Loan Agreement may not be amended without the prior written consent of the Trustee.

THE INDENTURE

The following constitutes a summary of certain provisions of the Trust Indenture (the "Indenture"). This summary does not purport to be complete and reference is made to the full text of the Indenture for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS," Appendix IV, contained herein.

Granting Clauses

Pursuant to the Indenture, the Authority grants to the Trustee, as security for the Holders of the Bonds, the following:

(a) all right, title and interest of the Authority under the Loan Agreement and all Loan Repayments and all other sums due under the Loan Agreement, except the rights of the Authority relating to fees, expenses, indemnity and advances;

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be created, paid and maintained under the Indenture; (ii) the moneys and investments in the Construction Account not paid out for Project Costs; and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

(c) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the Corporation or by anyone on behalf of them or with their written consent, to the Trustee.

Accounts

Bond proceeds, revenues and other funds derived under the Loan Agreement or Indenture shall be deposited into accounts held by the Trustee as described in "ACCOUNTS," contained in the body of this Official Statement.

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Reserve Account, the Redemption Account and the Construction Account shall be invested by the Trustee as directed in writing by the Authorized Institution Representative only in investments authorized by the Act, as amended from time to time, and subject to the additional restrictions generally described as follows: (i) direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; (ii) general obligations of states or local governments with taxing powers rated "A" or better by a national bond rating service, or revenue obligations of any state or local government rated "AA" or better by a national bond rating service; (iii) certain commercial paper maturing in 270 days or less; (iv) time deposits fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States banks; (v) certain types of repurchase agreements; (vi) units of certain short-term investment funds and shares of certain money market funds and certain other investment companies; and (vii) certain guaranteed investment contracts issued by a bank or insurance company rated at least in one of the two highest rating categories of a nationally recognized rating agency.

Trustee's Right to Payment

The Trustee shall have a first lien, with right of payment prior to payment on account of interest or principal of the Bonds for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and exercise and performance of the powers and duties of the Trustee under the Indenture, and the cost and expenses incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful misconduct of the Trustee).

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; to take such action or cause and permit the Trustee to take such action as may be necessary or advisable to enforce the covenants, terms and conditions of the Loan Agreement, if such action shall, in the discretion of the Trustee, be deemed to be in the best interests of the Authority or the Bondholders; to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; to keep proper books, accounts and records; and not to issue or permit to be issued any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture and not to suffer or permit any default to occur under the Indenture. Under the Act, and it is expressly agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds for performing any of the conditions, covenants or requirements of the Indenture or from any funds other than Loan Repayments or money in the Accounts.

Events of Default

The following are Events of Default under the Indenture:

(a) If payment of the principal of any of the Bonds, when the same shall become due and payable (whether at maturity or by proceedings for redemption or by declaration of acceleration or otherwise), shall not be made; or

(b) If payment of any interest on the Bonds when the same shall become due and payable (in which case interest shall be payable to the extent permitted by law on any overdue installments of interest, in each case at the interest rate borne by the Bonds in respect of which such interest is overdue) shall not be made; or

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of 60 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the Corporation (giving the Corporation the privilege of curing such default in the name of the Authority, if permitted by law) by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the Holders of not less than a majority in principal amount of the Bonds then outstanding; or

(d) If any "event of default" on the part of the Corporation, as that term is defined in the Loan Agreement, shall occur and be continuing.

Remedies

If an Event of Default shall exist, the Trustee may, and upon written request of the Holders of a majority in aggregate principal amount of the Bonds outstanding shall, by notice in writing delivered to the Authority and the Corporation, declare the principal of all Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable subject, however, to the right of the Holders of a majority in aggregate principal amount of the Bonds then outstanding, by written notice to the Authority and to the Trustee, to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured by the Indenture (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last interest payment date) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

In the case of the breach of any of the covenants or conditions of the Loan Agreement or the Indenture, the Trustee, anything therein contained to the contrary notwithstanding and without any request from any Bondholder (subject, however to its rights to indemnity and notice provided in the Indenture), shall be obligated to take such action or actions as are necessary for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement.

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of the outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to payment of the Bonds the funds, revenues and income appropriated thereto by the Indenture and by the Bonds, to enforce the Loan Agreement and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to the Reference Rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment on account of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an 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. The Trustee is not required to institute suit or take other steps to enforce its rights and powers under the Indenture unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the Corporation to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum combined capital, surplus and undivided profits of $10,000,000 in event of merger, resignation or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court. Provision is also made for removal of the Trustee by Bondholders or the Authority, at the request of the Corporation, provided that the Authority may, but is not required to remove the Trustee with or without the request of the Corporation if an Event of Default has occurred and is continuing or a default which with the passage of time or the giving of notice will become an Event of Default has occurred and is continuing. The Authority may not remove a successor Trustee properly appointed by the Bondholders.

Concerning the Bondholders

No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such default shall have become an Event of Default and the Holders of a majority in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more Bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all Bonds outstanding.

The Trustee, upon the written request of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, shall waive any default under the Indenture and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that a default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Authority, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights respectively. No waiver of any default or Event of Default, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Provision is made for meetings of Bondholders, proof of ownership of Bonds and execution of consents and other instruments by Bondholders.

Defeasance

If the Authority and the Corporation and their respective successors or assigns shall:

(a) pay or cause to be paid the principal of and premium, if any, and interest on the outstanding Bonds at the time and in the manner stipulated therein and in the Indenture, or

(b) provide for the payment of principal and premium, if any, of the outstanding Bonds and interest thereon by depositing with the Trustee at or at any time before maturity an amount of (i) government obligations described in the Indenture in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient in the opinion of a verification agent, upon which the Trustee may conclusively rely, and/or (ii) cash, to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived as provided in the Indenture, or that arrangements satisfactory to the Trustee have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the Corporation for the Authority and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all of such outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in the Indenture, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, of (i) government obligations described in the Indenture in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient in the opinion of a verification agent, upon which the Trustee may conclusively rely, and/or (ii) cash, to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any Interest Payment Dates, or

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided,

and shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee (and its counsel) and the rebate of all amounts due or to become due to the United States under Section 148(f) of the Internal Revenue Code and the Arbitrage Regulations, then and in that case, at the request of the Authority or the Corporation all the Trust Estate shall revert to the Authority and the Corporation as their interests appear, and the entire estate, right, title and interest of the Trustee, and of the Owners of the Bonds in respect thereof, shall thereupon cease, determine and become void; unless otherwise expressly stated herein, rights granted by provisions relating to optional redemption of Bonds shall thereupon terminate; and the Trustee in such case, upon the cancellation of all Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an Opinion of Counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Authority or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds), which shall then be held thereunder.

When the Authority or the Corporation shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided, or left with it if previously so deposited, cash or direct obligations of the United States of America, sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due date of such interest or to the date fixed for redemption, for the use and benefit of the Holders thereof, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be outstanding thereunder; and it shall be the duty of the Trustee to hold the funds so deposited for the benefit of the Holders of such Bonds, as the case may be, and from and after such redemption date or maturity, interest on such Bonds so called for redemption shall cease to accrue.

Supplemental Indentures

The Authority and the Trustee may enter into such supplemental indentures as shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

(a) To correct the description of any property conveyed or pledged by the Indenture or intended so to be, or to assign, convey, pledge or transfer and set over unto the Trustee, additional property for the benefit and security of the Holders of all Bonds under the Indenture;

(b) To add to the covenants and agreements of the Authority or to surrender any right or power reserved to or conferred upon the Authority or to or upon any successor;

(c) To evidence the succession of any other department, agency, body or corporation to the Authority;

(d) To cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental indentures, or to make such other provisions in regard to matters or questions arising under the Indenture or any supplemental indenture as the Authority may deem necessary or desirable and which could have been contained in the Indenture or any supplemental indenture and which shall not impair the security of the same; and

(e) To modify the Indenture as authorized by the Bondholders.

In addition and subject to the provisions set forth below, the Holders of not less than a majority in aggregate principal amount of the Bonds under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all Bonds outstanding (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture or to amendments to the Loan Agreement.

Amendments to the Loan Agreement

The Authority and the Trustee shall without the consent of or notice to the Bondholders consent to and (if requested) execute any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions of the Loan Agreement, or the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement, or (iv) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee shall consent to or execute any other amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

The Bonds shall be fully registered as to principal and interest at the designated corporate trust office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. If the Bonds are no longer in book entry form, Bonds may be exchanged for a new Bond or Bonds, aggregate principal amount, maturity and interest rate of any authorized denominations. Payment of principal will be at the principal corporate trust office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at the address as shown on the registration books of the Trustee, subject to applicable procedures while in book entry form.

THE DEPOSITORY TRUST COMPANY

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If fewer than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Authority or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED MAY 31, 2016 AND 2015

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INDEPENDENT AUDITORS' REPORT

Board of Regents
Augsburg College
Minneapolis, Minnesota

We have audited the accompanying financial statements of Augsburg College (the College), which comprise the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Augsburg College as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 29, 2016

AUGSBURG COLLEGE
STATEMENT OF FINANCIAL POSITION
MAY 31, 2016
(WITH SUMMARIZED COMPARATIVE TOTALS FOR MAY 31, 2015)

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	$ 14,389,833	$ 18,189,744	$ -	$ 32,579,577	$ 21,086,260
Student Accounts Receivable, Net	3,459,447	-	-	3,459,447	5,192,802
Government Grants Receivable	745,288	-	-	745,288	575,915
Other Receivables	4,519,449	104,840	-	4,624,289	1,017,506
Inventories	39,378	-	-	39,378	48,491
Prepaid Expense and Other Assets	568,258	39,099	-	607,357	466,586
Contributions Receivable, Current, Net	-	637,073	38,025	675,098	577,415
Student Loans Receivable, Current, Net	859,227	-	-	859,227	866,480
Total Current Assets	24,580,880	18,970,756	38,025	43,589,661	29,831,455
LONG-TERM ASSETS					
Contributions Receivable, Noncurrent, Net	-	1,151,475	96,317	1,247,792	1,100,867
Student Loans Receivable, Noncurrent, Net	4,765,715	-	-	4,765,715	4,674,551
Cash Surrender Value of Life Insurance	438,789	-	-	438,789	439,181
Endowment Investments	310,598	7,168,217	31,933,854	39,412,669	40,463,556
Other Investments	77,874	2,532,341	652,012	3,262,227	3,355,891
Deposits Held by Trustee	1,355,666	-	-	1,355,666	1,366,179
Deferred Debt Acquisition Costs	303,795	-	-	303,795	334,641
Beneficial Interest in Funds Held in Trust	21,054	-	-	21,054	22,747
Construction in Progress	5,611,061	-	-	5,611,061	2,413,395
Property, Plant, and Equipment, Net	57,258,273	-	-	57,258,273	59,169,838
Total Long-Term Assets	70,142,825	10,852,033	32,682,183	113,677,041	113,340,846
Total Assets	$ 94,723,705	$ 29,822,789	$ 32,720,208	$ 157,266,702	$ 143,172,301
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable	$ 2,517,463	$ -	$ -	$ 2,517,463	$ 844,673
Accrued Expenses	6,074,733	-	-	6,074,733	5,669,258
Deferred Revenue and Deposits	4,077,996	84,200	-	4,162,196	3,645,362
Current Portion of Long-Term Debt	2,422,756	-	-	2,422,756	2,379,452
Funds Held in Custody for Others	-	89,698	-	89,698	1,843,775
Total Current Liabilities	15,092,948	173,898	-	15,266,846	14,382,520
LONG-TERM LIABILITIES					
Long-Term Debt:					
Notes and Leases Payable to Minnesota Higher Education Facilities Authority	22,445,000	-	-	22,445,000	24,630,000
Loan Payable	370,000	-	-	370,000	540,000
Capital Lease Obligations	11,638	-	-	11,638	79,394
Long-Term Deferred Revenue	179,027	-	-	179,027	347,092
Annuities Payable	123,737	71,468	572,484	767,689	792,974
U.S. Government Grants Refundable	4,973,436	-	-	4,973,436	4,996,124
Total Long-Term Liabilities	28,102,838	71,468	572,484	28,746,790	31,385,584
Total Liabilities	43,195,786	245,366	572,484	44,013,636	45,768,104
NET ASSETS					
Unrestricted	51,527,919	-	-	51,527,919	39,558,701
Temporarily Restricted	-	29,577,423	-	29,577,423	26,997,304
Permanently Restricted	-	-	32,147,724	32,147,724	30,848,192
Total Net Assets	51,527,919	29,577,423	32,147,724	113,253,066	97,404,197
Total Liabilities and Net Assets	$ 94,723,705	$ 29,822,789	$ 32,720,208	$ 157,266,702	$ 143,172,301

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE
STATEMENT OF FINANCIAL POSITION
MAY 31, 2015

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	$ 8,180,136	$ 12,906,124	$ -	$ 21,086,260
Student Accounts Receivable, Net	5,192,802	-	-	5,192,802
Government Grants Receivable	575,915	-	-	575,915
Other Receivables	786,006	231,500	-	1,017,506
Inventories	48,491	-	-	48,491
Prepaid Expense and Other Assets	462,695	3,891	-	466,586
Contributions Receivable, Current, Net	-	562,190	15,225	577,415
Student Loans Receivable, Net	866,480	-	-	866,480
Total Current Assets	16,112,525	13,703,705	15,225	29,831,455
LONG-TERM ASSETS				
Contributions Receivable, Noncurrent, Net	-	1,062,071	38,796	1,100,867
Student Loans Receivable, Noncurrent, Net	4,674,551	-	-	4,674,551
Cash Surrender Value of Life Insurance	439,181	-	-	439,181
Endowment Investments	-	9,766,620	30,696,936	40,463,556
Other Investments	191,903	2,454,073	709,915	3,355,891
Deposits Held by Trustee	1,366,179	-	-	1,366,179
Deferred Debt Acquisition Costs	334,641	-	-	334,641
Beneficial Interest in Funds Held in Trust	22,747	-	-	22,747
Construction in Progress	460,922	1,952,473	-	2,413,395
Property, Plant, and Equipment, Net	59,169,838	-	-	59,169,838
Total Long-Term Assets	66,659,962	15,235,237	31,445,647	113,340,846
Total Assets	$ 82,772,487	$ 28,938,942	$ 31,460,872	$ 143,172,301
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 844,673	$ -	$ -	$ 844,673
Accrued Expenses	5,669,258	-	-	5,669,258
Deferred Revenue and Deposits	3,629,542	15,820	-	3,645,362
Current Portion of Long-Term Debt	2,379,452	-	-	2,379,452
Funds Held in Custody for Others	-	1,843,775	-	1,843,775
Total Current Liabilities	12,522,925	1,859,595	-	14,382,520
LONG-TERM LIABILITIES				
Long-Term Debt:				
Notes and Leases Payable to Minnesota Higher Education Facilities Authority	24,630,000	-	-	24,630,000
Loan Payable	540,000	-	-	540,000
Capital Lease Obligations	79,394	-	-	79,394
Long-Term Deferred Revenue	347,092	-	-	347,092
Annuities Payable	98,251	82,043	612,680	792,974
U.S. Government Grants Refundable	4,996,124	-	-	4,996,124
Total Long-Term Liabilities	30,690,861	82,043	612,680	31,385,584
Total Liabilities	43,213,786	1,941,638	612,680	45,768,104
NET ASSETS				
Unrestricted	39,558,701	-	-	39,558,701
Temporarily Restricted	-	26,997,304	-	26,997,304
Permanently Restricted	-	-	30,848,192	30,848,192
Total Net Assets	39,558,701	26,997,304	30,848,192	97,404,197
Total Liabilities and Net Assets	$ 82,772,487	$ 28,938,942	$ 31,460,872	$ 143,172,301

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2016
(WITH COMPARATIVE TOTALS FOR YEAR ENDED MAY 31, 2015)

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
OPERATING REVENUES					
Tuition and Fees	$ 86,466,782	$ -	$ -	$ 86,466,782	$ 81,988,062
Less: Scholarships and Grants	(34,693,493)	-	-	(34,693,493)	(29,100,662)
Net Tuition and Fees	51,773,289	-	-	51,773,289	52,887,400
Government Grants	3,515,831	-	-	3,515,831	3,391,465
Private Gifts and Grants	2,624,847	2,752,638	-	5,377,485	4,190,265
Change in Allowance for Uncollectible Pledges	-	21,649	-	21,649	(2,491)
Investment Income	171,721	1,526,496	-	1,698,217	1,397,198
Sales and Services of Educational Activities	341,191	-	-	341,191	404,543
Other Sources	670,405	643,163	-	1,313,568	1,766,569
Sales and Services of Auxiliary Enterprises	10,570,664	-	-	10,570,664	10,225,770
Total	69,667,948	4,943,946	-	74,611,894	74,260,719
Net Assets Released from Restrictions	4,611,865	(4,611,865)	-	-	-
Total Revenue	74,279,813	332,081	-	74,611,894	74,260,719
OPERATING EXPENSES					
Program Expenses:					
Instruction	30,985,246	-	-	30,985,246	29,613,417
Academic Support	5,500,404	-	-	5,500,404	5,308,464
Public Service	1,663,746	-	-	1,663,746	1,764,658
Student Services	16,145,454	-	-	16,145,454	15,973,515
Auxiliary Enterprises	8,939,420	-	-	8,939,420	9,510,410
Support Expenses:					
Institutional Support	10,701,882	-	-	10,701,882	10,994,622
Total Expenses	73,936,152	-	-	73,936,152	73,165,086
CHANGE IN OPERATING NET ASSETS	343,661	332,081	-	675,742	1,095,633
NON-OPERATING REVENUES (EXPENSES)					
Private Gifts and Grants	5,402,500	12,896,354	1,326,227	19,625,081	4,233,105
Change in Allowance for Uncollectible Pledges	-	(123,399)	(28,296)	(151,695)	(84,622)
Capital Funds Released from Restriction	7,800,441	(7,800,441)	-	-	-
Transfers	(91,009)	91,009	-	-	-
Loss on Disposal of Assets	(1,437,286)	-	-	(1,437,286)	(39,786)
Endowment Investment Gain (Loss), Net of Amount Appropriated for Expenditures	-	(2,808,585)	-	(2,808,585)	1,048,298
Net Gain (Loss) on Other Investments	(9,067)	(17,477)	(68,518)	(95,062)	(52,395)
Adjustment of Actuarial Liability	(40,022)	10,577	70,119	40,674	22,954
CHANGE IN NON-OPERATING NET ASSETS	11,625,557	2,248,038	1,299,532	15,173,127	5,127,554
CHANGE IN NET ASSETS	11,969,218	2,580,119	1,299,532	15,848,869	6,223,187
Net Assets - Beginning of Year	39,558,701	26,997,304	30,848,192	97,404,197	91,181,010
NET ASSETS - END OF YEAR	$ 51,527,919	$ 29,577,423	$ 32,147,724	$ 113,253,066	$ 97,404,197

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE
STATEMENT OF ACTIVITIES
YEAR ENDED MAY 31, 2015

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING REVENUES				
Tuition and Fees	$ 81,988,062	$ -	$ -	$ 81,988,062
Less: Scholarships and Grants	(29,100,662)	-	-	(29,100,662)
Net Tuition and Fees	52,887,400	-	-	52,887,400
Government Grants	3,391,465	-	-	3,391,465
Private Gifts and Grants	1,134,539	3,055,726	-	4,190,265
Change in Allowance for Uncollectible Pledges	-	(2,491)	-	(2,491)
Investment Income	221,961	1,175,237	-	1,397,198
Sales and Services of Eduational Activities	404,543	-	-	404,543
Other Sources	963,895	802,674	-	1,766,569
Sales and Services of Auxiliary Enterprises	10,225,770	-	-	10,225,770
Total	69,229,573	5,031,146	-	74,260,719
Net Assets Released from Restrictions	4,887,312	(4,887,312)	-	-
Total Revenue	74,116,885	143,834	-	74,260,719
OPERATING EXPENSES				
Program Expenses:				
Instruction	29,613,417	-	-	29,613,417
Academic Support	5,308,464	-	-	5,308,464
Public Service	1,764,658	-	-	1,764,658
Student Services	15,973,515	-	-	15,973,515
Auxiliary Enterprises	9,510,410	-	-	9,510,410
Support Expenses:				
Institutional Support	10,994,622	-	-	10,994,622
Total Expenses	73,165,086	-	-	73,165,086
CHANGE IN OPERATING NET ASSETS	951,799	143,834	-	1,095,633
NON-OPERATING REVENUES (EXPENSES)				
Private Gifts and Grants	-	3,310,918	922,187	4,233,105
Change in Allowance for Uncollectible Pledges	-	(107,488)	22,866	(84,622)
Capital Funds Released from Restriction	721,548	(721,548)	-	-
Transfers	34,508	(60,303)	25,795	-
Loss on Disposal of Assets	(39,786)	-	-	(39,786)
Endowment Investment Gain, Net of Amount Appropriated for Expenditures	-	1,048,298	-	1,048,298
Net Gain (Loss) on Other Investments	(9,716)	(15,135)	(27,544)	(52,395)
Adjustment of Actuarial Liability	(3,020)	3,255	22,719	22,954
CHANGE IN NON-OPERATING NET ASSETS	703,534	3,457,997	966,023	5,127,554
CHANGE IN NET ASSETS	1,655,333	3,601,831	966,023	6,223,187
Net Assets - Beginning of Year	37,903,368	23,395,473	29,882,169	91,181,010
NET ASSETS - END OF YEAR	$ 39,558,701	$ 26,997,304	$ 30,848,192	$ 97,404,197

See accompanying Notes to Financial Statements.

AUGSBURG COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED MAY 31, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 15,848,869	$ 6,223,187
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities:		
Depreciation, Amortization and Accretion	4,234,533	4,078,276
Loss on Disposal of Plant Assets	1,437,286	64,580
Unrealized (Gains) Loss	1,730,997	(1,945,534)
Realized Gains	(364,072)	(23,397)
(Increase) Decrease in Cash Surrender Value of Life Insurance	9,650	(14,043)
Loan Cancellations and Assignments	26,126	34,131
Allowance for Doubtful Student Accounts	(160,000)	75,000
Allowance for Contributions Receivable	111,235	(35,877)
Change in Fair Value of Beneficial Interest in Perpetual Trusts	1,693	1,200
Adjustment of Actuarial Liability for Split-Interest Agreements	21,901	68,531
Proceeds from Private Gifts for Long-Term Investment in Endowment	(1,326,227)	(922,187)
Proceeds from Private Gifts for Capital Campaign	(12,896,354)	(3,310,918)
Change in Assets and Liabilities:		
Student Accounts Receivables	1,893,355	(1,738,805)
Government Grants Receivable	(169,373)	2,728,725
Other Receivables	(3,606,783)	(277,458)
Inventories	9,113	(15,697)
Prepaids Expenses and Other Assets	(140,771)	212,171
Contributions Receivable	(355,843)	261,834
Accounts Payable and Accrued Expenses	2,078,265	(1,518,481)
Deferred Revenue and Deposits	348,769	(1,535,836)
Funds Held in Custody for Others	(1,754,077)	904,778
Net Cash Provided by Operating Activities	6,978,292	3,314,180
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,048,316)	(381,473)
Proceeds from Investments	1,816,684	4,693,382
Change in Deposits with Bond Trustee	10,513	395,993
Purchase of Property, Plant, and Equipment	(6,927,074)	(2,071,840)
Disbursements of Loans to Students	(956,288)	(860,761)
Repayment of Loans from Students	846,251	1,063,238
Net Cash Provided (Used) by Investing Activities	(7,258,230)	2,838,539
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Private Gifts for Long-Term Investment in Endowment	1,326,227	922,187
Proceeds from Private Gifts for Capital Campaign	12,896,354	3,310,918
Payments on Long-Term Debt	(2,379,452)	(2,326,308)
Payments on Split-Interest Agreements	(77,236)	(96,953)
Change in Annuity and Unitrust Liability	30,050	19,294
U.S. Government Grants Repayable	(22,688)	18,424
Net Cash Provided by Financing Activities	11,773,255	1,847,562
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,493,317	8,000,281
Cash and Cash Equivalents - Beginning of Year	21,086,260	13,085,979
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 32,579,577	$ 21,086,260
SUPPLEMENTAL CASH FLOWS INFORMATION		
Cash Paid During the Year for Interest	$ 665,177	$ 1,268,225

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

As one of the Evangelical Lutheran Church in America's (ELCA) most diverse urban institutions, Augsburg College (the College) offers undergraduate degrees in more than 50 major areas of study in a traditional day program and on evenings and weekends for working adults. The College also grants eight graduate degrees in business administration, creative writing, education, leadership, music therapy, nursing, physician assistant studies, social work, and a doctorate of nursing practice. Augsburg College educates students to be informed citizens, thoughtful stewards, critical thinkers, and responsible leaders. An Augsburg education is defined by excellence in the liberal arts and professional studies, guided by the faith and values of the Lutheran Church, and shaped by its urban and global settings.

The Augsburg community is committed to intentional diversity in its life and work; as such, the College’s nearly 3,500 students represent diversity of age, ability, religion, ethnicity, and culture. Augsburg's on-campus diversity is enhanced by its location in one of the Twin Cities' most diverse neighborhoods, a location that provides access for students to participate in community service, and internship experiences that enhance their classroom learning and prepare them for work in a global society. Augsburg’s commitment to academic quality, community service and experiential education have resulted in the College earning recognition as a top-producer of Fulbright Scholars, being named four times to the President’s Higher Education Community Service Honor Roll and, in 2012, receiving the William Burke Presidential Award for Excellence in Experiential Education.

Basis of Presentation

The financial statements of the College have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

The College maintains its accounts in accordance with the principles of fund accounting. Resources for various purposes are classified into funds that are in accordance with activities or objectives specified by donors. Separate accounts are maintained for each fund.

For financial reporting purposes, resources are classified into net asset categories according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College and changes therein are classified and reported as follows:

Unrestricted – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Regents.

Temporarily Restricted – Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all, or part, of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Temporarily restricted net assets for which donor-imposed restrictions are met in subsequent reporting periods, contributions and return on endowment investments for which donors have stipulated restrictions but which are met within the same reporting period, are reclassified to unrestricted net assets and reported as net assets released from restrictions. Net assets that have no donor-stipulated restrictions are reported as unrestricted support.

Contributions, including unconditional promises to give, are recognized as revenues in the period pledged. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents designated for long-term investment purposes are included as investments. At times, cash may be in excess of the FDIC insurance limit.

Student Accounts Receivable

Receivables are stated at net realizable value and are unsecured. The College does not charge interest on its accounts receivable. The College provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted and no payments have been received, accounts are individually assessed for collectability and are written off against the related allowance. Recoveries of student accounts and loans receivable previously written off are recorded when received. At May 31, 2016 and 2015, the College provided an allowance of $805,000 and $965,000 respectively, against uncollectible accounts receivable and student loans receivable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Grants and Contracts

Government grants and contract funds are recorded as revenue when earned as an exchange transaction. Revenue is recorded when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as government grants repayable. Expenditures under government grants and contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the College will record such disallowance at the time the determination is made.

Inventories

Inventories of supplies are valued at the lower of cost (first-in, first-out) or market.

Contributions Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional promises are not included as revenue until such times as the conditions are substantially met.

Student Loans Receivable

Student loans receivable consist of loans made to students under U.S. government loan programs. After a student is no longer enrolled in an institution of higher education and after a grace period, interest is charged on Perkins student loans receivable and is recognized as it is charged. Perkins student loans receivable are considered to be past due if a payment is not made within 30 days of the payment due date, at which time, late fees are charged and recognized. The Perkins Loan Program receivables may be assigned to the U.S. Department of Education. Students may be granted a deferment, forbearance, or cancellation of their student loan receivable based on eligibility requirements defined by the U.S. Department of Education. At May 31, 2016 and 2015, no allowance was provided against uncollectible student loans.

Investments

Investments are carried at fair value, based upon quoted market prices. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur due to market fluctuation and that such changes could materially affect the amounts reported in the statements of net assets. Changes in quoted market value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are determined using the average cost method and are recorded on a trade-date basis.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Split-Interest Agreements

The College's split-interest agreements include charitable remainder trusts and charitable gift annuities. The College recognizes the contribution from charitable trusts when the irrevocable trust is established and recognizes the contribution from the charitable annuity gifts when the agreement is executed. The contribution amount when the College is the trustee is the difference between the fair value of assets received and the present value of the future cash flows expected to be paid to the designated beneficiaries. The contribution amount when the College is not the trustee is the present value of expected future cash flows from the trust. The College used interest rates ranging from 1.2% to 10.0% in making the calculations for the years ended May 31, 2016 and 2015.

Assets held by the College under deferred gift agreements totaled approximately $842,000 and $921,000 at May 31, 2016 and 2015, respectively.

Deposits Held by Trustee

The deposits held by trustee include amounts restricted for debt service and renewal and replacement as required by the trust indentures and other deposits.

Deferred Debt Acquisition Costs

Costs of bond issuance are deferred and amortized over the life of the bonds.

Beneficial Interest in Funds Held in Trust

The College is the beneficiary of perpetual trusts held by third parties. Under the terms of the trusts, the College has the irrevocable right to receive the income generated by the trust in perpetuity, but never receive the corpus of the trust. The beneficial interest in the perpetual trusts is recorded at the College's proportional share of the fair value of the underlying trust assets.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost at the date of acquisition or fair value at the date of donation less accumulated depreciation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted. In the absence of such stipulation, contributions of property and equipment are recorded as unrestricted. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Buildings are estimated to have 30 to 50-year lives. All other assets are depreciated over lives ranging up to 20 years. When applicable, interest is capitalized in connection with the construction of facilities and amortized over the asset's useful life. The College capitalizes property, plant, and equipment expenditures in excess of $2,000.

Funds Held in Custody for Others

Funds held in custody for others are assets mainly held for payables for third parties.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U.S. Government Grants Refundable

Funds provided by the United States government under the Federal Perkins Loan Program are loaned to qualified students and may be re-loaned after collections. These funds are ultimately refundable to the United States government and are included as liability in the financial statements. Revenues from other government grants are recognized as they are earned in accordance with the agreement. Any funding received before it is earned is recorded as a refundable advance. Expenses incurred before cash is received are recorded as receivables.

Fair Value of Financial Instruments

The College follows an accounting standard that defines fair value, establishes a fair value hierarchy based on the quality of the inputs used to measure fair value, and requires expanded disclosures about fair value measurements. The College accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement. Certain financial assets and liabilities are accounted for at fair value in accordance with applicable standards.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments where it is practicable to estimate that value:

The carrying amounts of cash and cash equivalents, deposits with bond trustee, receivables, accounts payable, accrued expenses, and deferred revenue and deposits approximate fair value because of the short maturity of these financial instruments.

Contributions receivable and liability under split-interest agreements approximate fair value using appropriate discount rates. The discount rates used in the calculations are the rates applied when the receivable or liability was originally recorded. These rates are deemed to approximate fair value due to the relative current maturities and the narrow range of discount rates used which approximates the current discount rate. Investments are carried at fair value. The College’s beneficial interest in perpetual trusts is recorded at fair value.

Student loans receivable consist primarily of loans to students under U.S. government loan programs. The loans are stated at net realizable value in the accompanying statements. It is not practical to estimate the fair value of these receivables since they contain federally-mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition. The fair value of loans receivable from students and related U.S. Government Grants Refundable under the College’s loan programs approximate carrying value.

The carrying amounts of annuities payable are based on life expectancies, quoted market prices, and the applicable discount rates in effect at the time the agreements were received by the College. The carrying amount of long-term debt approximates fair value because these financial instruments bear interest at rates which approximate current market rates for notes with similar maturities and credit quality.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Estimates of fair value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual results.

The fair values for investments and other financial instruments recorded at fair value on a recurring basis are included in Note 7.

Fair Value Hierarchy

In accordance with accounting standards, the College has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for the identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and liabilities recorded on the statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the College has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Tuition and Fees and Auxiliary Revenues

Tuition revenue is recognized in the period the classes are provided. Revenue from auxiliary enterprises is recognized when goods or services are provided. Financial assistance in the form of scholarships and grants that cover a portion of tuition, living, and other costs is reflected as a reduction of tuition and fees revenues.

Deferred Revenue

Certain revenue related to courses and programs is deferred and recognized as revenue in the same period expenses are recognized. Students are generally billed for courses and programs prior to the start of the course or program. The College also has deferred revenue related to a long-term contract for food services, which will be recognized over the term of the contract.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants to Specified Students

Amounts received from state and federal agencies designated for the benefit of specified students are considered agency transactions and, therefore, are not reflected as revenues and expenses of the College.

Fundraising and Advertising Expenses

Fundraising expenses approximated $3,306,000 and $3,131,000 for the years ended May 31, 2016 and 2015, respectively. Advertising expenses approximated $349,000 and $570,000 for the years ended May 31, 2016 and 2015, respectively. Advertising costs are expensed when incurred.

Impairment of Long-Lived Assets

The College reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss of approximately $1,279,000 was recognized for the year ended May 31, 2016 based on the decision of the College to forego the original architectural design plans for a campus instructional building yet to be constructed and pursue an architectural design plan that had no relationship to the original design plan. No impairment of long-lived assets occurred for the year ended May 31, 2015.

Income Taxes

The College has received a determination letter from the Internal Revenue Service indicating it is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is subject to federal and state income tax only on net unrelated business income. The College engages in activities that are considered unrelated to its exempt purpose. These activities are subject to federal and state income taxes. Such activities generated an income position in fiscal 2016 and 2015. Further, the College has a net operating loss carry-forward available to offset any taxable income from these unrelated activities. Accordingly, no federal or state tax provision is required. The net operating losses begin to expire in 2034.

The College adopted accounting standards for contingencies in evaluating uncertain tax positions and files as a tax-exempt organization. No adjustments to the financial statements were required as a result of the implementation of this standard. The College has no current obligation for unrelated business income tax.

The College tax returns are subject to review and examination by federal authorities. Should that status be challenged in the future, the tax returns for the years 2013 through 2015 are subject to review by federal authorities.

Interest Expense

Interest charged to expense for the years ended May 31, 2016 and 2015 was approximately $656,000 and $1,190,000, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. There was no effect on the net assets or changes in net assets.

Subsequent Events

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through September 29, 2016, the date the financial statements were available to be issued.

NOTE 2 STUDENT LOAN RECEIVABLE

The College issues uncollateralized loans to students based on financial need. Student loans are funded through Federal government programs or institutional resources. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. At May 31, 2016 and 2015, student loans represented 3.6% and 3.9% of total assets, respectively. There was no allowance for doubtful accounts at May 31, 2016 and 2015. No accounts were written off as uncollectible during the year ended May 31, 2016 and 2015.

Funds advanced by the Federal government of $4,973,436 and $4,996,124 at May 31, 2016 and 2015, respectively, are ultimately refundable to the government and are classified as liabilities in the statement of financial position.

At May 31, 2016 and 2015, the following amounts were past due under student loan programs:

May 31,	1-60 Days Past Due	60-90 Days Past Due	90+ Days Past Due	Total Past Due
2016	$ 3,859	$ -	$ 54,317	$ 58,176
2015	5,132	123	126,758	132,013

NOTE 3 INVESTMENTS

Endowments

The College endowment consists of approximately 350 individual endowments established for a variety of operating and scholarship purposes. The College records the original value of the gifts, subsequent gifts, and any accumulated earnings as directed by donor agreement which are donor-restricted to the permanently restricted endowment.

Accumulated earnings which are not appropriated for expenditure are recorded as temporarily restricted. The College considers the following factors in making a determination to appropriate or accumulate donor restricted endowments funds:

1) The duration and preservation of the funds.
2) The purposes of the College and the donor-restricted endowment fund.
3) General economic conditions.
4) The possible effect of inflation and deflation.
5) The expected total return from income and the appreciation of investments.
6) Other resources of the organization.
7) The investment policies of the College.

Endowment funds are managed primarily by an outside fund manager selected by the College.

The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the governing board, the endowment assets are invested in a manner that is intended to produce results that exceed the costs of inflation and the spend rate while assuming a moderate level of investment risk. The College expects its endowment funds, over time, to provide an average annual rate of approximately 7% annually. Actual returns in any year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The College has a policy of appropriating for distribution for the year ending May 31, 2016, 4.5% of its endowment fund's average fair value over the prior 12 quarters through the prior fiscal year-end (4% for the year ending May 31, 2015). In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE 3 INVESTMENTS (CONTINUED)

Endowments (Continued)

Based on this formula and spending rate, the total distributable income for the years ended May 31, 2016 and 2015 amounted to approximately $1,501,000 and $1,248,000, respectively. Endowment income is presented net of investment fees of approximately $89,000 and $75,000 for the years ended May 31, 2016 and 2015, respectively.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were approximately $217,000 of deficiencies as of May 31, 2016 and were no deficiencies as of May 31, 2015. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the governing board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Endowment Net Asset Composition by Type of Fund as of May 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ 185,598	$ 7,168,217	$ 31,933,854	$ 39,287,669
Board-Designated Endowment Funds	125,000	-	-	125,000
Total Funds	$ 310,598	$ 7,168,217	$ 31,933,854	$ 39,412,669

Endowment Related Activities for the year ended May 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, June 1, 2015	$ -	$ 9,766,620	$ 30,696,936	$ 40,463,556
Investment Return:				
Investment Income	-	222,079	-	222,079
Net Realized and Unrealized Gains	-	(1,529,410)	-	(1,529,410)
Total Investment Return	-	(1,307,331)	-	(1,307,331)
Contributions	402,500	-	1,236,918	1,639,418
Appropriations of Endowment Assets for Expenditure - Designated	-	(1,364,011)	-	(1,364,011)
Appropriations of Endowment Assets for Expenditure - General	-	(137,241)	-	(137,241)
Transfers (Fair Value Adjustment for Permanently Restricted)	(216,902)	216,902		-
Other Changes	125,000	(6,722)	-	118,278
Endowment Net Assets, May 31, 2016	$ 310,598	$ 7,168,217	$ 31,933,854	$ 39,412,669

NOTE 3 INVESTMENTS (CONTINUED)

Endowments (Continued)

Endowment Net Asset Composition by Type of Fund as of May 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Funds	$ -	$ 9,766,620	$ 30,696,936	$ 40,463,556
Board-Designated Endowment Funds	-	-	-	-
Total Funds	$ -	$ 9,766,620	$ 30,696,936	$ 40,463,556

Endowment Related Activities for the year ended May 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, June 1, 2014	$ (43,502)	$ 8,759,903	$ 29,614,059	$ 38,330,460
Investment Return:				
Investment Income	-	360,750	-	360,750
Net Realized and Unrealized Losses	-	1,935,704	-	1,935,704
Total Investment Return	-	2,296,454	-	2,296,454
Contributions	-	-	1,057,082	1,057,082
Appropriations of Endowment Assets for Expenditure - Designated	-	(1,129,614)	-	(1,129,614)
Appropriations of Endowment Assets for Expenditure - General	-	(118,542)	-	(118,542)
Transfers (Fair Value Adjustment for Permanently Restricted)	43,502	(41,581)	(1,921)	-
Other Changes	-	-	27,716	27,716
Endowment Net Assets, May 31, 2015	$ -	$ 9,766,620	$ 30,696,936	$ 40,463,556

The following summarizes the College's endowment investments at May 31:

	2016	2015
Cash and Short-Term Investments	$ 1,689,757	$ 179,316
Equity Funds	21,418,184	24,008,223
Fixed Income Funds	2,535,184	2,924,261
Commodity Funds	-	400,941
Alternative Investments	13,690,127	12,862,140
Cash Surrender Value of Life Insurance	79,417	88,675
Total	$ 39,412,669	$ 40,463,556

As of May 31, 2016, the College has commitments to make additional capital contributions in various alternative investments of approximately $5,145,000.

NOTE 3 INVESTMENTS (CONTINUED)

Endowments (Continued)

The College's unrealized losses on hedge funds were approximately $125,000 for the year ended May 31, 2016 and unrealized gains on hedge funds were approximately $34,000 for the year ended May 31, 2015.

Investments, in general, are subject to various risks, including credit, interest, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and, that such changes could materially affect the amounts reported in the financial statements.

Through the College's alternative investments, the College is indirectly involved in investment activities such as securities lending, trading in futures, forward contracts, and other derivative products. Derivatives are used to adjust portfolio risk exposure. While these instruments may contain varying degrees of risk, the College's risk with respect to such transactions is limited to its respective share in each investment pool.

Other Investments

The following summarizes the College's investments held for deferred gift and other purposes at May 31:

	2016	2015
Cash and Short-Term Investments	$ 659,856	$ 10,277
Certificates of Deposit	2,342,595	2,243,441
Equity Funds	106,972	635,470
Fixed Income Funds	64,364	129,382
Commodity Funds	65,563	33,578
Real Estate Funds	22,877	22,375
Alternative Investments	-	281,368
Total	$ 3,262,227	$ 3,355,891

Deposits Held by Trustee

The following summarizes debt service reserves at May 31:

	2016	2015
Cash and Short-Term Investments	$ 32,705	$ 49,852
Fixed Income Funds	1,322,961	1,316,327
Total	$ 1,355,666	$ 1,366,179

NOTE 4 CONSTRUCTION IN PROGRESS

At May 31, 2016, the College had incurred costs related to the following building and renovation projects:

	Construction in Progress
Center for Science, Business and Religion	$ 5,456,078
Miscellaneous Projects	154,983
Total	$ 5,611,061

These construction projects will be financed through a combination of private gifts, grants, debt, and operations.

NOTE 5 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at May 31:

	2016	2015
Land	$ 3,530,439	$ 3,530,439
Buildings	66,460,392	66,460,392
Building Improvements	28,979,970	27,887,069
Equipment and Library Books	10,044,111	9,039,842
Total	109,014,912	106,917,742
Accumulated Depreciation	(51,756,639)	(47,747,904)
Total Property, Plant, and Equipment	$ 57,258,273	$ 59,169,838

Depreciation expense totaled $4,203,687 and $4,055,557 for the years ended May 31, 2016 and 2015, respectively.

NOTE 6 CONTRIBUTIONS RECEIVABLE

Contributions receivable include the following unconditional promises to give at May 31:

	2016	2015
Temporarily Restricted - Operations	$ 266,542	$ 420,545
Temporarily Restricted - Plant Projects	2,158,842	1,757,611
Permanently Restricted - Endowment	183,916	75,300
Gross Unconditional Promises to Give	2,609,300	2,253,456
Unamortized Discount	(70,292)	(63,307)
Estimated Uncollectible	(616,118)	(511,867)
Net Contributions Receivable	$ 1,922,890	$ 1,678,282

Amounts Due in:	
Less than One Year	$ 878,962
One to Five Years	1,713,672
Beyond Five Years	16,666
Total	$ 2,609,300

Promises due in more than one year were discounted at interest rates ranging from .67% to 6% for each of the years ended May 31, 2016 and 2015. Promises due in less than one year were not discounted. Related party contributions receivable were approximately $497,000 and $671,000 at May 31, 2016 and 2015, respectively.

NOTE 7 FAIR VALUE MEASUREMENTS

The College uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the College measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the College's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of May 31, 2016:

	Level 1	Level 2	Level 3	Total
Cash and Short-Term Investments	$ 1,408,758	$ 960,708	$ -	$ 2,369,466
Certificates of Deposit	-	2,342,596	-	2,342,596
Equity Mutual Funds	106,972	-	-	106,972
Fixed Income Mutual Funds	64,364	1,322,961	-	1,387,325
Domestic Equity Funds	-	8,695,783	-	8,695,783
International Equity Funds	-	12,722,398	-	12,722,398
Fixed Income Funds	-	2,535,184	-	2,535,184
Commodities Funds	65,563	-	-	65,563
Real Estate Funds	22,877	-	-	22,877
Alternative Investments:				
Hedge Funds	-	3,619,113	2,641,688	6,260,801
Real Asset Funds	-	895,267	3,929,358	4,824,625
Distressed Credit Funds	-	-	335,469	335,469
Private Equity Funds	-	-	2,269,233	2,269,233
Beneficial Interest in Funds Held in Trust	-	-	21,054	21,054
Total	$ 1,668,534	$ 33,094,010	$ 9,196,802	$ 43,959,346

The following table presents the College's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of May 31, 2015:

	Level 1	Level 2	Level 3	Total
Cash and Short-Term Investments	$ 50,000	$ 189,444	$ -	$ 239,444
Certificates of Deposit	-	2,243,441	-	2,243,441
Equity Mutual Funds	110,274	-	-	110,274
Fixed Income Mutual Funds	65,412	1,316,328	-	1,381,740
Domestic Equity Funds	-	13,591,514	-	13,591,514
International Equity Funds	-	10,941,905	-	10,941,905
Fixed Income Funds	-	2,988,231	-	2,988,231
Commodities Funds	24,807	409,712	-	434,519
Real Estate Funds	22,375	-	-	22,375
Alternative Investments:				
Hedge Funds	-	3,795,073	2,767,091	6,562,164
Real Asset Funds	-	1,435,304	3,213,332	4,648,636
Distressed Credit Funds	-	-	409,341	409,341
Private Equity Funds	-	-	1,523,365	1,523,365
Beneficial Interest in Funds Held in Trust	-	-	22,747	22,747
Total	$ 272,868	$ 36,910,952	$ 7,935,876	$ 45,119,696

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value:

Cash and Short-Term Investments – Cash is classified as Level 1 because it is a readily exchangeable currency. The fair value of short-term investments, consisting primarily of money market funds, is classified as Level 2 as these funds are not traded on a regular basis.

Certificates of Deposits – The fair value of certificates of deposit is classified as Level 2 as these funds are not traded on a regular basis.

Equity Mutual Funds – Investments in equity mutual funds are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Fixed Income Mutual Funds – Investments in fixed income mutual funds are classified as either Level 1 or Level 2 depending upon the source of information. Fixed income mutual funds classified as Level 1 are based on them trading with sufficient frequency and volume to enable the College to obtain pricing information on an ongoing basis. Fixed income mutual funds classified as Level 2 are based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Domestic Equity Funds – Investments in domestic equity funds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

International Equity Funds – Investments in international equity funds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Fixed Income Funds – Investments in fixed income funds are classified as Level 2 based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Commodities Funds – Investments in commodities funds are classified as either Level 1 or Level 2 depending upon the source of information. Commodities funds classified as Level 1 are based on them trading in an active market for which closing prices are readily available. Commodities funds classified as Level 2 are based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

Real Estate Funds – Real estate funds are classified as Level 1 as they are traded in an active market for which closing prices are readily available.

Alternative Investments – Hedge Funds – Investments in hedge funds are classified as Level 2 or 3 depending upon the redemption period. Those funds classified as Level 2 are based on the NAV as reported by the fund monthly and are fully redeemable within 95 days. The hedge funds classified as Level 3 are based on the NAV as reported by the fund monthly and are not redeemable within 95 days.

Alternative Investments – Real Asset Funds – Investments in real asset funds are classified as Level 3 as the valuation is based on significant unobservable inputs. In cases where the investee has provided its investors with a net asset value per share that has been calculated in accordance with the AICPA Audit and Accounting Guide, Investment Companies, the College has estimated its fair value by using the net asset value provided by the investee as of March 31, adjusted for cash receipts and cash disbursements through May 31.

Alternative Investments – Distressed Credit Funds – Investments in distressed credit funds are classified as Level 3 as the valuation is based on significant unobservable inputs. In cases where the investee has provided its investors with a net asset value per share that has been calculated in accordance with the AICPA Audit and Accounting Guide, Investment Companies, the College has estimated its fair value by using the net asset value provided by the investee as of March 31, adjusted for cash receipts and cash disbursements through May 31.

Alternative Investments – Private Equity Funds – Investments in private equity funds are classified as Level 3 as the valuation is based on the net asset value as reported by the fund and the College does not have the ability to redeem its investment at net asset value within 95 days. The College has estimated its fair value by using the net asset value provided by the investee as of March 31, adjusted for cash receipts and cash disbursements through May 31.

Beneficial Interest in Funds Held in Trust – The College's beneficial interest in irrevocable split interest agreements held or controlled by a third party are classified as Level 3 as the fair values are based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). The fair values are measured at the present value of the future distributions the College expects to receive over the term of the agreements.

While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The following table presents the College's activity for assets measured at fair value and a recurring basis using significant unobservable inputs (Level 3) as defined in Note 1 – Summary of Significant Accounting Policies for the year ended May 31, 2016:

	May 31, 2015	Net Realized and Unrealized Gains (Losses) included in Change in Net Assets	Purchases	Sales	May 31, 2016
Real Estate Funds	$ 3,213,332	$ 323,234	548,334	$ (155,542)	$ 3,929,358
Distressed Credit Funds	409,341	17,428	-	(91,300)	335,469
Hedge Funds	2,767,091	(125,403)	-	-	2,641,688
Private Equity Funds	1,523,365	310,624	453,012	(17,768)	2,269,233
Beneficial Interest in Funds Held in Trust	22,747	(1,693)	-	-	21,054
Total	$ 7,935,876	$ 524,190	$ 1,001,346	$ (264,610)	$ 9,196,802

The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 financial instruments still held at May 31, 2016	$ 525,882

The following table presents the College's activity for assets measured at fair value and a recurring basis using significant unobservable inputs (Level 3) as defined in Note 1 – Summary of Significant Accounting Policies for the year ended May 31, 2015:

	May 31, 2014	Net Realized and Unrealized Gains (Losses) included in Change in Net Assets	Purchases	Sales	May 31, 2015
Real Estate Funds	$ 1,860,287	$ 157,113	1,197,236	$ (1,304)	$ 3,213,332
Distressed Credit Funds	520,661	67,706	-	(179,026)	409,341
Hedge Funds	2,957,613	34,478	-	(225,000)	2,767,091
Private Equity Funds	746,987	266,515	530,976	(21,113)	1,523,365
Beneficial Interest in Funds Held in Trust	23,947	(1,200)	-	-	22,747
Total	$ 6,109,495	$ 524,612	$ 1,728,212	$ (426,443)	$ 7,935,876

The amount of total gains or losses for the period included in change in net assets attributable to the change in unrealized gains or losses relating to Level 3 financial instruments still held at May 31, 2015	$ 525,728

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The fair value of certain funds has been estimated using the Net Asset Value (NAV) as reported by the management of the fund. FASB guidance allows for the use of the NAV as a "practical expedient" estimating the fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the College's interest in the fund. Investments are categorized as Level 2 instruments when the College has the ability to redeem its investment in the entity at the NAV per share in the near term. If the College does not know when it will have the ability to redeem its investment or it does not have the ability to redeem its investment at NAV per share in the near term, the investments are categorized as Level 3 instruments The College generally considers a redemption period of 95 days or less to be considered near term.

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of May 31, 2016:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic Equity Funds	$ 8,695,783	$ -	Monthly	5 Days
International Equity Funds	12,722,398	-	Monthly	5 Days
Fixed Income Funds	1,970,654	-	Weekly	5 Days
Fixed Income Funds	564,530	-	Monthly	5 Days
Commodities Funds	-	-	Monthly	5 Days
Hedge Funds	3,619,113	-	Quarterly	95 Days
Hedge Funds	2,641,688	-	Annually	95 Days
Real Asset Funds	895,267	-	Daily	2 Days
Real Asset Funds	3,929,358	1,495,332	N/A	N/A
Distressed Credit Funds	335,469	212,950	N/A	N/A
Private Equity Funds	2,269,233	3,436,350	N/A	N/A

Fair Value Measurements of Investments in Certain Entities That Calculate Net Asset Value per Share (or its Equivalent) as of May 31, 2015:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Domestic Equity Funds	$ 13,591,514	$ -	Monthly	5 Days
International Equity Funds	10,941,905	-	Monthly	5 Days
Fixed Income Funds	2,635,968	-	Weekly	5 Days
Fixed Income Funds	352,263	-	Monthly	5 Days
Commodities Funds	409,712	-	Monthly	5 Days
Hedge Funds	3,795,073	-	Quarterly	95 Days
Hedge Funds	2,767,091	-	Annually	95 Days
Real Asset Funds	1,435,304	-	Daily	2 Days
Real Asset Funds	3,213,332	2,547,472	N/A	N/A
Distressed Credit Funds	409,341	212,950	N/A	N/A
Private Equity Funds	1,523,365	1,471,100	N/A	N/A

NOTE 8 NOTES PAYABLE TO MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

The following is a summary of the notes and leases payable to the Minnesota Higher Education Facilities Authority (the Authority) for the following bonds issued by the Authority:

	Original Balance	Balance as of May 31, 2016	Balance as of May 31, 2015
Series Six-J2 Bonds of 2006	$ 5,000,000	$ 2,400,000	$ 2,800,000
Series Seven-G Bonds of 2010	8,860,000	4,360,000	5,305,000
Series Eight-C Bonds of 2014	6,705,000	5,845,000	6,275,000
Series Eight-E Bonds of 2015	12,400,000	12,025,000	12,400,000
Total		$ 24,630,000	$ 26,780,000

Series Six-J2 Bonds of 2006 – In July 2006, the Minnesota Higher Education Facilities Authority issued $5,000,000 of Variable Rate Demand Revenue Bonds and entered into a note agreement with the College. Because the bonds are variable rate, the trust indenture does not require periodic principal payments, but rather creates a term bond that is due in full on the maturity date of May 1, 2021. The interest rates were 0.2% and 0.1% at May 31, 2016 and 2015, respectively. Security on the bonds is provided through an unsecured letter of credit with BMO Harris Bank (the Bank) which expires October 1, 2019. With the Bank's consent, the College may optionally redeem the bonds in authorized denominations at any time. The reimbursement agreement with the Bank also requires that the bonds be reduced $400,000 annually prior to their maturity pursuant to the trust indenture. The interest is set by the remarketing agent and paid monthly. The loan repayments are a general obligation of the College.

The bond proceeds were used to support construction of the Kennedy addition to the Si-Melby Athletic building, the Oren Gateway Center building, and remodeling of the Augsburg House.

Series Seven-G Bonds of 2010 – In October 2010, the Minnesota Higher Education Facilities Authority issued $8,860,000 of revenue bonds and entered into a note agreement with the College. The revenue bonds mature in annual installments of $245,000 to $980,000 on each October 1 through 2027. The interest rates vary from 1.75% to 5.00% with interest payable each October and April. The loan repayments are a general obligation of the College.

The bond proceeds were used to pay the outstanding principal on the Series Four-Y Bonds of 1972.

Series Eight-C Bonds of 2014 – In July 2014, the Minnesota Higher Education Facilities Authority issued $6,705,000 of revenue bonds and entered into a note agreement with the College. The revenue bonds mature in annual installments of $415,000 to $970,000 on May 1, 2017 through 2023. The interest rates vary from 1.00% to 3.50% with interest payable each November and May. The loan repayments are a general obligation of the College.

The bond proceeds were used to pay the outstanding principal on the Series Six-C Bonds of 2005.

NOTE 8 NOTES PAYABLE TO MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY (CONTINUED)

Series Eight-E Bonds of 2015 – In April 2015, the Minnesota Higher Education Facilities Authority issued $12,400,000 of revenue bonds and entered into a note agreement with the College. The revenue bonds mature in annual installments of $375,000 to $455,000 on May 1, 2016 through 2020. The remaining principal balance of $10,340,000 is due on the tender date of May 1, 2020. The tender date may be extended through an amendment to the note agreement until the final maturity date of May 1, 2036. The interest rate is 2.04% through May 1, 2020 and becomes variable thereafter with interest payable monthly. The loan repayments are a general obligation of the College.

The bond proceeds were used to pay the outstanding principal on the Series Six J-1 Bonds of 2006.

The loan agreements and the reimbursement agreement associated with the bonds and the irrevocable letter of credit include usual and customary financial and nonfinancial covenants with which the College is required to comply. The covenants include filing of certain reports and certifications by the College within prescribed timeframes, maintenance of certain financial ratios and asset balances, and certain restrictions of the incurrence of additional long-term debt as specified in the agreements.

Due to the remarketing feature of the bonds, there is a legal obligation where the entire amount of the Series Six-J2 bonds could become due immediately if remarketing is unsuccessful and therefore the bonds would be considered current for financial statement purposes. If remarketing continues to be successful, the bonds would continue to be paid according to the terms of the bond agreements.

Below are the legal and practical scheduled maturities of bonds payable for each of the next five years and thereafter. The sinking fund requirement is not applicable to the Series Six-J2 Bonds of 2006 or the Series Eight-E Bonds of 2015.

Year Ending May 31,	Contractual Maturities	Scheduled Maturities	Sinking Fund Requirements
2017	$ 2,470,714	$ 2,185,000	$ 415,000
2018	2,185,714	1,900,000	845,000
2019	2,240,714	1,955,000	1,125,000
2020	1,957,858	2,015,000	1,160,000
2021	1,745,000	2,145,000	1,195,000
Thereafter	14,030,000	14,430,000	4,240,000
Total	$ 24,630,000	$ 24,630,000	$ 8,980,000

NOTE 9 LOAN PAYABLE

The College has a sale leaseback arrangement with Hennepin County on its Ice Arena Facilities in the amount of $2,550,000. The lease requires the College to make lease payments in amounts and at times sufficient to pay the principal and interest on certain bonds which are a general obligation of Hennepin County. The lease is a 20-year term ending December 1, 2018 with the annual payments ranging between $195,460 and $199,545. The interest rate varies from 4.7% to 4.9% with interest payable each June and December. At the end of the lease term, ownership of the Ice Arena Facilities will revert back to the College. The outstanding balance at May 31, 2016 and 2015 was $540,000 and $705,000, respectively.

Proceeds from this transaction were used for various deferred maintenance and renovation projects within the College's athletic facilities and Sverdrup Hall.

Annual maturities of the loan payable for each of the next five years and thereafter are as follows:

Year Ending May 31,	Contractual Maturities	Sinking Fund Requirements
2017	$ -	$ 170,000
2018	-	180,000
2019	540,000	190,000
Total	$ 540,000	$ 540,000

The College has a $3,000,000 line of credit agreement with Wells Fargo Bank, National Association (the Bank). Interest on the line of credit varies with the Bank's reference rate. The line of credit expires on March 1, 2017. There were no outstanding borrowings under this arrangement at May 31, 2016 and 2015.

NOTE 10 ENVIRONMENTAL REMEDIATION

The College owns several buildings on campus that contain environment contaminants in various forms. At this time, the College has no plans to renovate or demolish the buildings over their estimated remaining useful lives of up to 10 years. However, in accordance with applicable standards, management has estimated the cost of any potential obligation to remove contaminants and periodically undertakes abatement measures. The College used a future value rate assumption of 3.5% and brought that estimate back to present value using a risk-free rate of return of 5% in making this determination. The potential environmental remediation liability is $558,113 and $536,608 at May 31, 2016 and 2015, respectively, and is recorded as an accrued liability on the statement of financial position.

NOTE 11 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at May 31:

	2016	2015
Gifts and Other Unexpended Revenues Available for:		
Scholarships, Instruction and Other Support	$ 2,598,216	$ 2,288,596
Acquisition of Buildings and Equipment	18,014,721	13,296,367
Total Gifts and Other Unexpended Revenues Available	20,612,937	15,584,963
Contributions Receivable	1,788,546	1,624,260
Annuity, Life Income and Similar Funds	7,723	21,461
Donor-Restricted Endowment Funds	7,168,217	9,766,620
Total	$ 29,577,423	$ 26,997,304

Net assets released for time and purpose restrictions were $12,412,306 and $5,608,860 for the years ended May 31, 2016 and 2015, respectively.

Permanently restricted net assets consist of the following at May 31:

	2016	2015
Contributions Receivable	$ 134,342	$ 54,021
Annuity, Life Income and Similar Funds	79,528	97,235
Donor-Restricted Endowment Funds	31,933,854	30,696,936
Total	$ 32,147,724	$ 30,848,192

NOTE 12 FUNCTIONAL EXPENSES

Expenses with the exception of interest, depreciation, and plant expenses are specifically allocated to the various programs and supporting services. Interest, depreciation, and plant expenses are allocated based on the ratio of functional category expenses to total expenses.

Expenses reported in the financial statements are classified among program services and supporting activities as follows:

	2016	2015
Operation and Maintenance of Plant	$ 6,696,166	$ 6,269,330
Depreciation, Amortization and Accretion	4,266,217	4,280,219
Interest	655,962	1,190,046
Total Allocated Expenses	$ 11,618,345	$ 11,739,595

NOTE 13 EMPLOYEE BENEFITS

Defined Contribution Retirement Plans

The College has two contributory defined contribution retirement plans for academic and nonacademic personnel. The College contributes 5% of eligible compensation when participants make at least a 5% salary deferral and have less than four years of plan participation. The College contributes 8% of eligible compensation once participants have been in the plan for more than four years. The cost of the retirement plans amounted to approximately $1,762,000 and $1,840,000 for the years ended May 31, 2016 and 2015, respectively.

Deferred Compensation Plan

Effective October 2014, the College established an executive retirement plan that is designed in accordance with Section 457(b) of the Internal Revenue Code. Participants are designated by the Board of Regents and are responsible for making investment selections within their designated accounts. However, the funds remain assets of the College until such time as the participants withdraw the funds in accordance with plan provisions. Assets held for this plan were $77,874 and $18,591 at May 31, 2016 and 2015, respectively. Plan assets are reported in Other Investments. A corresponding liability to plan participants is reported in Deferred Revenue and Deposits.

NOTE 14 LEASE COMMITMENTS

The College is a party to various cancelable and non-cancelable lease agreements involving equipment and building space. Interest rates implicit to the lease agreements are 3.25%.

The College's equipment held under capital leases are recorded on the balance sheet and consists of the following:

	2016	2015
Assets Held Under Lease Agreements	$ 255,015	$ 255,015
Accumulated Depreciation for Leased Assets	(175,323)	(111,596)
Total	$ 79,692	$ 143,419

There is $63,727 and $63,781 of capital lease amortization included in depreciation pertaining to capital lease equipment for the years ended May 31, 2016 and 2015, respectively.

NOTE 14 LEASE COMMITMENTS (CONTINUED)

Minimum future lease obligations in effect at May 31, 2016 are as follows:

Year Ending May 31,	Capital	Operating
2017	$ 70,192	$ 388,952
2018	11,699	274,275
2019	-	155,538
2020	-	149,500
2021	-	25,000
Total Minimum Lease Payments	81,891	$ 993,265
Less: Amount Representing Interest	(2,497)	
Present Value of Minimum Lease Payments	$ 79,394	

Rental expense on operating leases consisting of equipment and classroom space was approximately $450,000 and $418,000 for the years ended May 31, 2016 and 2015, respectively.

NOTE 15 COMMITMENTS

The College has an agreement with NRG Energy Center, Inc. under which NRG furnishes all of the College's steam requirements. The agreement calls for a fixed monthly steam demand charge of $20,881 and a variable demand charge based on steam consumption. This agreement is for a 25-year period ending December 31, 2021.

During the year, the College entered into various contracts for construction of new academic buildings and other infrastructure improvements. As of May 31, 2016, the guaranteed maximum price of these contracts totaled approximately $72,637,000.

NOTE 16 CONTINGENCIES

The College is subject to certain claims arising out of the ordinary course of business. Although it is not possible to predict the outcome of these claims, management believes they will not have a material effect on the financial condition of the College.

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