OFFICIAL STATEMENT DATED OCTOBER 7, 2010

NEW ISSUE **Moody's Rating: Baa3**

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 be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code. (See "TAX EXEMPTION.")

AUGSBURG COLLEGE

$8,860,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Seven-G
(Augsburg College)
(DTC Book Entry Only)

Dated Date: Date of Delivery **Interest Due: April 1 and October 1, commencing April 1, 2011**

The Bonds will mature annually on October 1 as follows:

Year	Amount	Rate	Yield	CUSIP 60416H	Year	Amount	Rate	Yield	CUSIP 60416H
2011	$870,000	1.75%	1.75%	TP 9	2015	$945,000	3.00%	2.90%	TT 1
2012	$865,000	3.00%	2.00%	TQ 7	2016	$980,000	3.00%	3.20%	TU 8
2013	$895,000	3.00%	2.15%	TR 5	2017	$245,000	4.50%	3.40%	TV 6
2014	$925,000	3.00%	2.50%	TS 3					

$1,100,000 4.00% Term Bond due October 1, 2021 Yield 4.10% CUSIP 60416H TZ 7
$ 615,000 4.25% Term Bond due October 1, 2023 Yield 4.30% CUSIP 60416H UB 8
$1,420,000 5.00% Term Bond due October 1, 2027 Yield 4.75%* CUSIP 60416H UF 9

* *Priced to the first optional call date of October 1, 2018.*

The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-G (Augsburg College) (the "Bonds") are subject to optional redemption prior to maturity, as described herein. See "THE BONDS – Prior Redemption – Optional Redemption." The Bonds will also be 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 will be 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). Wells Fargo Bank, National Association, Minneapolis, 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 Moore, Costello & Hart, P.L.L.P., Saint Paul and Minneapolis, Minnesota; and for the Underwriter by Faegre & Benson LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriter at DTC on or about October 13, 2010.

Dougherty & Company LLC

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.

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. Neither the Authority, the Underwriter, nor the College takes any responsibility for the accuracy of such CUSIP numbers.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Mary F. Ives, Chair	Real Estate Business Owner, Resident of Grand Rapids, Minnesota
Raymond VinZant, Jr., Vice Chair	Plumbing Expert and Instructor at Anoka Technical College, Resident of Wyoming, Minnesota
Janet Withoff, Secretary	Consultant – Planning and Grant-Writing, Resident of Orono, Minnesota
Paul Cerkvenik (Ex Officio)	President, Minnesota Private College Council
Gary D. Benson	Project Director of ICS Consulting, Resident of New Brighton, Minnesota
Kathryn Balstad Brewer	Retired Banker and Educator, Resident of New Brighton, Minnesota
Tammy L. H. McGee	Vice President for Finance and Administration and Chief Financial Officer, Augsburg College, Resident of Maple Grove, Minnesota
Mark Misukanis (Ex Officio)	Director of Fiscal Policy and Research, Minnesota Office of Higher Education
Michael D. Ranum	Operations Manager, BWBR Architects, Inc., Resident of Circle Pines, Minnesota
David D. Rowland	Senior Vice President, The Travelers Companies, Inc., Resident of Eden Prairie, Minnesota

Marianne T. Remedios, Executive Director

Bond Counsel
McGrann Shea Carnival Straughn & Lamb, Chartered

Financial Advisor
Springsted Incorporated

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OFFICIAL STATEMENT

$8,860,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES SEVEN-G
(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 $8,860,000 Revenue Bonds, Series Seven-G (Augsburg College) (the "Bonds" or the "Issue").

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 October 1, 2010 between the Authority and Wells Fargo 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 October 1, 2010 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 along with other funds to (i) refund on a current refunding basis the October 1, 2011 through October 1, 2027 maturities (the "Refunded Bonds") of the Authority's Mortgage Revenue Bonds, Series Four-Y (Augsburg College) (the "Series Four-Y Bonds"); (ii) fund a debt service reserve; and (iii) 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 proceeds of the Bonds. 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.

Limited Obligation

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. 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 College's unrestricted net assets.

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 College revenues is significantly dependent on the amount of future tuition revenue received by the College. 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 2009, approximately 92% 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.

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 "Estimated 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.

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.

Variable Rate Demand Obligation

The College has one outstanding variable rate demand obligation ("VRDO") in the amount of $4,100,000, representing 11.4% 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 Harris N.A. (the "Bank"). The Letter of Credit expires December 31, 2010. 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 VDRO 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 bonds. The College is obligated to reimburse the Bank for all draws on the Letter of Credit.

The Bonds are not to be issued as a VRDO. However, the failure to remarket the College's VRDO following a mandatory or optional tender may adversely affect the ability of the College to pay debt service on the Bonds. In addition, interest rate volatility in the VRDO market has increased since 2008. Sustained increases in interest rates on the VRDO could increase interest expense for the College and adversely affect the ability of the College to make timely payments to the Trustee for the debt service on the Bonds. The College has not entered into any interest rate swaps or hedges with respect to its VRDO.

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.

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 (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 eleven events enumerated in the Rule to the Municipal Securities Rulemaking Board. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events is set forth in the Continuing Disclosure Agreement to be executed by the College 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, as well as the list of material events. The Continuing Disclosure Agreement 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 Agreement 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 Agreement if a court of competent jurisdiction or the College determines that such modification is required or permitted by the Rule.

The College has never failed to comply in any material respect with any previous undertakings under the Rule to provide annual reports or notices of material events. 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 their date of delivery and will mature annually each October 1, commencing October 1, 2011, as set forth on the 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 April 1 and October 1, commencing April 1, 2011.

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 such maturity, and will be deposited with DTC.

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

Prior Redemption

Mandatory Redemption

Term Bonds shall be called for redemption on October 1 in the years set forth below in the principal amounts thereof to be redeemed, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond and Interest Sinking Fund Account, in the respective amounts set forth below.

Term Bond Maturing
October 1, 2021

Year	Amount
2018	$255,000
2019	$270,000
2020	$280,000
2021*	$295,000

Term Bond Maturing
October 1, 2023

Year	Amount
2022	$300,000
2023*	$315,000

Term Bond Maturing
October 1, 2027

Year	Amount
2024	$325,000
2025	$345,000
2026	$365,000
2027*	$385,000

* *Final maturity.*

The Term Bonds or portions thereof to be so redeemed shall be selected by the Trustee by lot or in such other random manner as the Trustee shall determine.

The Term Bonds to be retired pursuant to the mandatory redemption obligations set forth above, may, at the option of the College, be reduced by the principal amount of any Bonds of such maturity which at least 45 days prior to such redemption:

(1) have been delivered to the Trustee for cancellation; or

(2) have been purchased or redeemed (other than through operation of the Bond and Interest Sinking Fund) and canceled by the Trustee and not theretofore applied as a credit against such mandatory redemption obligations.

Optional Redemption

The Bonds maturing on or after October 1, 2021 are subject to optional redemption at the College's direction on October 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 such order of maturity as the College directs and selected by random means within a maturity, in integral multiples of $5,000.

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 fewer than all of such Bonds then outstanding are 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.

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 twenty (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, along with available College funds, if necessary, and moneys held by the Series Four-Y Trustee and pledged to the payment of the Series Four-Y Bonds, be used to (i) refund on a current refunding basis the outstanding principal of and accrued interest on the Refunded Bonds; (ii) fund a debt service reserve; and (iii) pay certain issuance costs.

On the Closing Date, Bond proceeds, together with (a) balances in the Series Four-Y Reserve Account and other accounts and moneys held by the Series Four-Y Trustee and pledged to the payment of the Series Four-Y Bonds and (b) other available funds of the College, will be deposited in the Series Four-Y Redemption Account held by the Series Four-Y Trustee. The funds so deposited to the Series Four-Y Redemption Account will be used to redeem the Refunded Bonds on or about November 15, 2010. In accordance with the Series Four-Y Indenture, the Series Four-Y Bonds will no longer be considered outstanding under the Series Four-Y Indenture upon such deposit for prepayment and will be payable solely from the Series Four-Y Redemption Account.

The Refunded Bonds, to be prepaid and refunded, identified by CUSIP, are as follows:

Maturity Date October 1:	CUSIP: 604151
2011	13 L
2012	13 M
2013	13 N
2016*	13 P
2027*	13 Q

* *Term Bonds.*

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of the Bonds	$ 8,860,000
Funds held by Series Four-Y Trustee	1,165,103
Reoffering Premium	76,602
Total Sources	$10,101,705
Uses of Funds	
Deposit to Series Four-Y Redemption Account	$ 9,092,357
Deposit to Reserve Account	836,710
Costs of Issuance, including Underwriter Discount	172,638
Total Uses	$10,101,705

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, other 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; and to pay all other obligations of the College as they become due.

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 Bonds will not be secured by the General Bond Reserve of the Authority (see “GENERAL BOND RESERVE ACCOUNT”).

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 Maximum Annual Debt Service and further excepting that portion of Funded Debt for capital projects for which the College has 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 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 which 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, amortization and accretion expense, (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 total amount of principal of and interest required to be paid on Funded Debt during the period.

"Funded Debt" shall mean 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 incurrence thereof and 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 of 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 (A) which 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 an 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 Baker Tilly Virchow Krause LLP in the report of the College's financial statements for the Fiscal Year ended May 31, 2010.

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 Project Site or any Project Buildings.

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 Refunding Account, a Costs of Issuance 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 Costs of Issuance Account, the Refunding 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.

Refunding Account

On the Issue Date, there shall be deposited into the Refunding Account Bond proceeds in an amount sufficient, together with funds in the Series Four-Y Trustee's possession and available therefor and additional College funds, if necessary, to fully redeem the principal of and accrued interest on the Refunded Bonds at the earliest practicable date for redemption. Monies in the Refunding Account shall immediately be transferred to the Series Four-Y Redemption Account established under the Series Four-Y Indenture in amounts sufficient, together with such other funds, to fully redeem the Refunded Bonds on or about November 15, 2010.

Costs of Issuance Account

Initially there shall be deposited into the Costs of Issuance Account an amount of Bond proceeds specified in the Indenture, not to exceed two percent (2%) of the net Bond proceeds and funds contributed by the College to pay costs of issuance in excess of the 2% of net Bond proceeds. The College may present invoices to the Trustee representing costs incurred in connection with the issuance of the Bonds which the Trustee shall pay from the Costs of Issuance Account. Any moneys remaining in the Costs of Issuance Account after six months following the Bonds' delivery date shall be transferred to the Bond and Interest Sinking Fund Account.

Bond and Interest Sinking Fund Account

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 and amounts in the Series Four-Y Reserve Account the amount of the Reserve Requirement. 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 the first day of the calendar month next preceding each Interest Payment Date, commencing with the April 1, 2011 Interest Payment Date. 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 the amount of the Reserve Requirement or 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.

As of the Closing Date, annual debt service on the Bonds is scheduled to decrease following payment of the Bonds maturing on October 1, 2016. Accordingly, the Indenture directs the Trustee to recalculate the Reserve Requirement on October 1, 2016. If the Reserve Requirement is reduced by reason of such recalculation, the Trustee shall transfer funds from the Reserve Account to the Bond and Interest Sinking Fund Account to be applied to payment of principal of the Bonds on October 1, 2016. The amount of funds transferred to the Bond and Interest Sinking Fund from the Reserve Account shall not exceed the lesser of (a) the maximum amount which can be withdrawn from the Reserve Account such that the amount remaining is not less than the Reserve Requirement after giving effect to the payment of the Bonds maturing on October 1, 2016, and (b) the amount of principal payable on the Bonds on such date.

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 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.

GENERAL BOND RESERVE ACCOUNT

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. **The Bonds will not be secured by the General Bond Reserve Account, and Bondholders will have no right to require the Authority to apply moneys or investments in the General Bond Reserve Account to the payment of the Bonds or interest thereon.** The General Bond Reserve Account has not been used to secure Authority bonds since 1984.

FUTURE FINANCING

The College regularly improves, expands and changes its physical plant and incurs long-term financing as needed for these purposes. The College does not anticipate financing any such projects with debt within the next twelve 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. Ms. Tammy McGee, Vice President of Finance and Administration, Chief Financial Officer of the College, is a member of the Authority. She has not participated in, or voted on, any matters related to the issuance of the Bonds for the College.

Marianne T. Remedios has been the Executive Director of the Authority since 2000.

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 178 issues (including refunded and retired issues) totaling over $1.8 billion, of which approximately $956 million is outstanding as of September 1, 2010. 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 financial advisor and trustee, are paid by the participating institution.

FINANCIAL ADVISOR

The Authority has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota, as financial advisor (the “Financial Advisor”) in connection with the issuance of the Bonds. In preparing the Official Statement, the Financial Advisor has relied upon College officials and other sources who have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial Advisor 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. 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.

UNDERWRITING

The Bonds are being purchased by Dougherty & Company LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $8,867,937.05 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $68,665.00 and adjusted for net original issue premium of $76,602.05).

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.

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 Moore, Costello & Hart, P.L.L.P., of Saint Paul and Minneapolis, Minnesota; and for the Underwriter by Faegre & Benson 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 or refinanced 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 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.

Original Issue Premium

The Bonds maturing on October 1 in the years 2012, 2013, 2014, 2015 and 2017 and the Term Bond maturing on October 1, 2027 (the “Premium Bonds”) are being sold to the public at an amount in excess of their stated redemption price at maturity. Such excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes premium on such Premium Bond. A purchaser of a Premium Bond must amortize any premium over such Premium 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 Premium 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 Premium Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Purchasers of any Premium Bonds, 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 Premium Bonds.

Original Issue Discount

The dollar amount of the initial offering price to the public of the Bonds maturing on October 1, 2016 and the Term Bonds maturing on October 1 in the years 2021 and 2023 (the "Discount Bonds") is less than the principal amount of such maturities. 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.

QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will 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.

THE COLLEGE

The College is a nonprofit, co-educational, liberal arts college offering undergraduate and graduate degrees. Augsburg College 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 North Central Association of Colleges and Schools and the National Council for the Accreditation of Teacher Education (Secondary and Elementary). It is a member of the Associated Colleges of the Twin Cities (ACTC) and is registered with the Minnesota Office of Higher Education in accordance with Minnesota Statutes.

Governance

The College is governed by a Board of Regents, consisting of not less 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 76 members from four synods of the ELCA, ten members from the Board of Regents, five faculty members, three College administrators, and two students. The Bishops of the St. Paul Area Synod and Southeastern Minnesota Synod, and the Minneapolis Synod and Northwest Synod of Wisconsin serve as members of the Board of Regents *ex officio* for three-year alternating terms. The President of the College also serves as a member of the Board of Regents *ex officio*.

<u>Board of Regents</u>

Chairperson Michael R. Good	President and Chief Executive Officer, Sotheby's International Realty Parsippany, New Jersey
Vice Chairperson Jodi Harpstead	Vice President and Chief Advancement Officer Lutheran Social Service of Minnesota St. Paul, Minnesota
Secretary Paul S. Mueller, M.D.	Internal Medicine Consultant, Mayo Clinic Rochester, Minnesota
Treasurer Dan W. Anderson	President, Swenson Anderson Financial Group, Minneapolis, Minnesota

Additional Members

Andra Adolfson	Business Development Director, Adolfson & Peterson Construction, Inc., Minneapolis, Minnesota
Ann Ashton-Piper	President, The Bridgie Group Minneapolis, Minnesota

Jackie P. Cherryhomes	Government Relations Consultant, Cherryhomes-Tyler LLC, Minneapolis, Minnesota
Mark A. Eustis	President and CEO, Fairview Health Services, Minneapolis, Minnesota
Anthony Genia, M.D.	Emergency Department Physician, Fairview Lakes Medical Center Wyoming, Minnesota
Alexander J. Gonzalez	Senior Financial Analyst, Thrivent Financial for Lutherans, Bloomington, Minnesota
Norman R. Hagfors	Founder and President (retired) Norsen, Inc. Minneapolis, Minnesota
Richard C. Hartnack	Vice Chairman of Consumer Banking, U.S. Bancorp Minneapolis, Minnesota
Rev. Rolf Jacobson	Associate Professor of Old Testament, Luther Seminary St. Paul, Minnesota
Rev. Craig E. Johnson	Bishop, Minneapolis Area Synod Minneapolis, Minnesota
Dr. Ruth E Johnson	Internal Medicine and Assistant Professor of Medicine, Mayo Clinic and Mayo Medical School Rochester, Minnesota
Eric J. Jolly	President, Science Museum of Minnesota St. Paul, Minnesota
Dean Kennedy	President and Director, TFI Dallas, Texas
André Lewis	Vice President and Director, Community Affairs and Diversity (retired), RBC Dain Rauscher Minneapolis, Minnesota
Jennifer H. Martin	Senior Vice President of Corporate Administration, Thrivent Financial for Lutherans Minneapolis, Minnesota
Marie O. McNeff	Professor Emeritus and Dean (retired) Augsburg College Minneapolis, Minnesota
Lisa Novotny	Vice President of Human Resources-Technology, General Mills Minneapolis, Minnesota
Rev. Duane Pederson	Bishop, Northwest Synod of Wisconsin, ELCA Chetek, Wisconsin

<u>President</u>

Paul C. Pribbenow, Ph.D., has been serving as the 10th president of Augsburg College since July 1, 2006. In his tenure at the College, Dr. Pribbenow has strived to strengthen the College's institutional calling and reinforce the College's commitments to global perspective, living faith, active citizenship, and meaningful work.

Prior to his tenure at Augsburg College, Dr. Pribbenow served as president of Rockford College in Rockford, Illinois from 2002 to 2006. Prior to joining Rockford College, Dr. Pribbenow served as research fellow for the Center of Inquiry in the Liberal Arts at Wabash College in Indiana and dean for College Advancement and secretary to the Board of Trustees. Prior to that position, he served as vice president for Institutional Advancement for The Art Institute of Chicago. He has also served as associate dean of the Divinity School of The University of Chicago. Dr. Pribbenow received his Bachelor's Degree in sociology/political science from Luther College, and his Master's Degree and Doctorate in social ethics from the University of Chicago.

Dr. Pribbenow chairs the state board of the Minnesota Campus Compact and the Minnesota Private College Council. Previously, Dr. Pribbenow chaired the state board of the Illinois Campus Compact and served on the visiting committee to the Divinity School of the University of Chicago. Dr. Pribbenow was also named a McCormick Presidential Civic Leader Fellow for 2003-04 and 2005-06. Dr. Pribbenow has authored numerous articles on the professions, ethics and not-for-profit management, publishes a bi-monthly e-mail newsletter, and has edited two collections of essays.

<u>Vice President and Chief of Staff</u>

Ms. Christine Szaj is Vice President and Chief of Staff as has served in this position since joining the College in 2008. Ms. Szaj is responsible for translating the institution's and president's messages into action through strategic and organizational initiatives and collaborative relationship. She coordinates the activities of the president's office with the president's cabinet and serves as advisor to the president and his cabinet. Ms. Szaj serves as liaison to the Board of Regents and manages the College's legal activities. Prior to joining the College, Ms. Szaj served as Associate Dean for Administration at the Dedman School of Law at Southern Methodist University from 1998 to 2008, as Associate Dean for Students at Saint Louis University School of Law from 1987 to1998, and taught law courses at both institutions. Ms. Szaj received her Bachelor's Degree from the University of Wisconsin-Milwaukee; her Master's Degree in Social Work from Washington University in St. Louis; and her J.D. Degree from Saint Louis University.

Vice President of Academic Affairs and Dean of the College

Dr. Barbara Farley is Vice President of Academic Affairs and Dean of the College. Dr. Farley has held this position since 2006. In this role, Dr. Farley leads the academic planning efforts of the College, as well as institutional work to align goals, objectives and strategies. Dr. Farley administers the systems and policies, and oversees operations and the fiscal position of the Academic Affairs Division. Prior to her current position, Dr. Farley served as the Academic Dean and the Associate Dean for Faculty Affairs at Augsburg College since 2000. Dr. Farley received her Bachelor's Degree from the College of St. Benedict, and her Master's Degree and Ph.D. from the University of Minnesota's Carlson School of Management.

Vice President of Finance and Administration, Chief Financial Officer

Ms. Tammy McGee is Vice President of Finance and Administration, a position she has held since April 2010. In that position, Ms. McGee serves as Chief Financial Officer of the College and contributes to overall College strategy and operations as a key member of the executive team of the College. Ms. McGee served as the Chief Financial Officer, Vice President for Finance and Administration at St. Catherine's University, St. Paul Minnesota from 2004 to 2010. Before that, Ms. McGee held a similar position in the Minnesota State Colleges and Universities system at Minneapolis Community and Technical College. Ms. McGee holds Bachelor's Degrees in Finance and Economics from St. Cloud State University and her MBA from the University of St. Thomas.

Ms. McGee is a member of the Minnesota Higher Education Facilities Authority. She has not participated in, or voted on, any matters related to the issuance of the Bonds for the College.

Vice President of Enrollment Management

Ms. Julie Edstrom is Vice President for Enrollment Management and is responsible for enrollment planning, undergraduate and graduate recruitment, student financial services and retention coordination. Ms. Edstrom has worked at the College in various roles for 19 years, including Director of Weekend College and Director of the Enrollment Center. Ms. Edstrom received her Master of Arts in Leadership from Augsburg College in 2004.

Vice President of Institutional Advancement

Mr. Jeremy Wells is Vice President of Institutional Advancement. Mr. Wells has held this position since 2007. In this role, Mr. Wells leads all advancement related efforts of the College, including the offices of Development, Alumni and Constituent Relations, Marketing and Communications, Corporate, Foundation, and Government Relations, and Advancement Services. Mr. Wells also oversees all campaign-related activities of the College. Prior to his current position, Mr. Wells served as Vice President for Development and Alumni Relations at Saint Mary's University of Minnesota. Mr. Wells received his Bachelor's Degree from Jamestown College and his Master's Degree from Saint Mary's University of Minnesota. Mr. Wells also holds his Certified Fund Raising Executive (CFRE) certification.

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 campus offers both undergraduate and graduate programs. In conjunction with the Colleges' Center for Global Education, the College maintains branch campuses and adjunct facilities in Mexico, El Salvador, Guatemala, Nicaragua and Namibia.

On the Minneapolis campus all buildings except Si Melby Hall, Kennedy Center, the sports and physical education center, and the Ice Arena are connected by a system of tunnels, ramps and skyways for weather protection and handicapped access. Major College buildings on the Minneapolis campus, including a brief description, are listed below. The year of construction is in parenthesis.

Anderson Hall houses 192 students in multiple styles of living units. Anderson Hall also houses Psychology Labs as well as the Master of Science in Physician Assistant Studies; the Strommen Career and Internship Center; and the Office of Marketing and Communication. (1993)

Augsburg House and Events Center is located on West River Road and used for College events, and as the residence of the College's President.

Christensen Center is the center of non-academic activity, with admissions offices, student lounges and recreational areas, dining areas, two art galleries, a copy center, and offices for student government and student publications. (1966)

Foss, Lobeck, Miles Center for Worship, Drama and Communication contains the Hoversten Chapel, the main campus chapel. The Tjornhom-Nelson Theater is also housed in this complex, which contains space for the campus ministry program, drama and communication. Classrooms and the Center for Learning and Adaptive Student Services are located in the lower level of this facility. (1988)

Ice Arena houses two large skating areas for hockey, figure skating, intramural sports and recreational skating for the College and the metropolitan community. (1974)

The James G. Lindell Family Library is the Campus library and information technology center which houses all library functions, art archives, classrooms and computer technology resources. (1997)

The Kennedy Center is a three-story addition to Melby Hall and features a state-of-the-art wrestling training center, new fitness center, classrooms for health and physical education, and hospitality facilities. (2007)

Luther Hall is a three-story apartment complex for upperclassmen. This building houses 165 students on three levels and has underground parking for 54 cars in the lower level. (1999)

Mortensen Hall contains 104 one- and two-bedroom apartments to accommodate 312 students, offices for Public Safety, Residence Life, Disability Coordinator, and Custodial Management, plus spacious study lounge areas. (1973)

Murphy Place houses the Office of International Programs: Augsburg Abroad, Center for Global Education, International Partners and International Student Advising; and four ethnic student support programs: American Indian Student Services, Pan-Afrikan Center, Pan-Asian Student Services, and Hispanic/Latino Student Services. (1964)

Music Hall contains a 217-seat recital hall, classroom facilities, two rehearsal halls, music libraries, practice studios and offices for the music faculty. (1977)

Old Main is the oldest building on campus and home of the Department of Art and the Department of Languages and Cross-Cultural Studies, with classrooms used by other departments. Old Main was extensively remodeled in 1980, and made handicap accessible in 1990. It is included on the National Register of Historic Places. (1902)

Oren Gateway Center is the newest building on campus and is home for the StepUP program, Institutional Advancement offices, the Alumni and Parent and Family Relations Offices, Augsburg for Adults Office, the Barnes & Noble Augsburg Bookstore, Nabo Café, Gage Family Art Gallery, and the Johnson Conference Center. The Center also has three-stories of apartment style living, providing 106 beds with underground parking for 44 vehicles. (2007)

Science Hall houses classrooms, laboratories, a medium-sized auditorium, faculty and administration offices. (1949) The College has commenced a planning process to examine plans to replace Science Hall with a larger facility. No timeline has been established for the planning process. A new science facility is not expected to be debt financed.

Si Melby Hall provides facilities for the health and physical education program, intercollegiate and intramural athletics, the Hoyt Messerer Fitness Center, and general auditorium purposes. The Ernie Anderson Center Court was dedicated in 2001. (1961)

Sverdrup Hall contains the enrollment Center and Academic Advising, as well as staff and faculty offices and classrooms. (1955)

Sverdrup-Oftedal Memorial Hall contains the President's Office, Human Resources, and other administrative and faculty offices. (1938)

Urness Hall is an 11-story high-rise providing housing for 315 first-year students. Each floor is considered a house unit providing 35 students (two to a room plus one single), with its own lounge and study area. (1967)

Approximately 53.6% 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 Business Administration, 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 the semester calendar, with fall and spring semesters of approximately 14 weeks. Full-time students normally take four courses each semester. The calendar is coordinated with those of 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), so students have the ability to take courses on another campus during the regular term. In addition to classes offered on campus, Augsburg offers a variety of travel opportunities within the United States and abroad. Among the many Day and Weekend College options are independent or directed study opportunities and internships.

Adult Undergraduate Programs

Augsburg Weekend College provides an educational alternative for adult students who work or have other commitments during the week. Students enrolled in Weekend College may earn a college degree, complete a second major or pursue a personal interest or skill. Weekend College classes normally meet on alternate weekends and some class meetings on weekday evenings. There are three trimester terms during the early September through June academic year. Students may take from one to four classes each term.

The Rochester campus operates on a trimester calendar. Classes are held on weekday evenings and meet alternate weeks. Courses and majors offered through Weekend College and the Rochester campus are the same as the day program; however, the curriculum is limited to selected liberal arts courses and majors.

Graduate Program

Designed for working adults, the Augsburg graduate program operates on weekday evenings and on Saturdays. There are three trimesters during the early September through June academic year.

The College offers seven graduate degree programs: the Master of Arts in Leadership, Master of Social Work, Master of Arts in Nursing, Doctor of Nursing Practice, Master of Arts in Education (MAE), Master of Business Administration (MBA), and Master of Science in Physician Assistant Studies. The College implemented the MAE program in the fall of 2002 and the MBA program in the fall of 2004. Enrollment for the MAE program and the MBA program for fall 2009 were 272 students and 255 students, respectively.

Student Body

The enrollment by program is:

	Undergraduate				Augsburg for Adults and		
Fall Semester	Day Program FTE	Day Program Headcount	Adult Undergrad. FTE	Graduate Program FTE	Graduate Program Headcount	Total FTE	Total Headcount
2005	1,691	1,827	826	567	1,737	3,084	3,564
2006	1,754	1,879	862	701	1,906	3,317	3,785
2007	1,826	1,911	904	691	1,961	3,421	3,872
2008	1,916	2,006	858	716	1,942	3,490	3,948
2009	1,999	2,084	851	728	1,970	3,578	4,054

Of the full-time students enrolled for the fall 2009 semester, approximately 85.2% were Minnesota residents, 13.0% were from other states and 1.8% were from foreign countries.

For fall 2010, the total enrollment for all College programs is expected to be similar to prior years. The individual components will vary from prior years with an increase expected in enrollment in graduate programs and student transfers, and a slight decline in enrollment for first-year day program undergraduate students.

Fall to Fall Undergraduate Student Retention

The College reports the following undergraduate retention rates based on tracking incoming freshmen, day program and adult undergraduates.

	Fall 2005	Fall 2006	Fall 2007	Fall 2008	Fall 2009
1st to 2nd Yr Retention	78.8%	83.8%	81.3%	79.8%	80.5%
Day Program	79.9%	83.5%	81.4%	83.5%	83.1%
Adult Undergraduate Programs	69.5%	67.8%	73.5%	78.6%	74.7%

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 17% to 40%, and first-generation college students have been between 25% and 30% of total enrollment. 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
2005	996	758	320	76.1%	42.2%
2006	1,190	917	386	77.1%	42.1%
2007	1,565	958	411	61.2%	42.9%
2008	1,924	1,076	440	55.9%	40.9%
2009	2,346	1,217	449	51.9%	36.9%

For fall 2010 the College received 2,568 freshman applications and sent 1,203 acceptances. The fall 2010 goal for enrolled freshmen has been established at 400 students. At September 15, 2010, there were 415 freshmen enrolled in the day program for fall 2010, exceeding the goal.

Day Program Transfers:

Year	Applicants	Acceptances	Enrolled	Acceptance Ratio	Enrollment Ratio
2005	326	259	171	79.4%	66.0%
2006	346	275	162	79.5%	58.9%
2007	468	318	161	67.9%	50.6%
2008	479	318	162	66.4%	50.9%
2009	630	339	169	53.8%	49.9%

For fall 2010 the College received 752 applications from transfer students and sent 316 acceptances. At September 15, 2010, there were 184 transfer students enrolled in the day program for fall 2010.

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 2006/07 through 2010/11.

	2006/07	2007/08	2008/09	2009/10	2010/11
Tuition and Fees	$22,900	$24,046	$25,610	$27,020	$28,240
Room	3,396	3,534	3,658	3,768	3,909
Full Board	3,208	3,368	3,504	3,746	3,840
Other Student Charges*	493	493	608	608	624
Total	$29,997	$31,441	$33,380	$35,142	$36,613

* *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 $3,460 per credit for courses taken in 2010/11. The graduate program charges range from $1,874 to $2,750 per graduate course credit and the Weekend College program charges $1,725 per course credit for 2010/11.

COMPREHENSIVE CHARGES FOR 2010-2011
AT MINNESOTA'S PRIVATE COLLEGES

College/University	Tuition and Required Fees	Room and Board	Comprehensive Charges*
Carleton College	$41,304	$10,806	$52,110
Macalester College	$40,046	$ 9,087	$49,124
St. Olaf College	$36,800	$ 8,500	$45,300
Gustavus Adolphus College	$33,858	$ 8,400	$42,258
College of Saint Benedict	$32,246	$ 8,652	$40,898
Saint John's University	$31,576	$ 8,044	$39,620
Hamline University	$30,763	$ 8,396	$39,159
University of St. Thomas	$30,493	$ 8,320	$38,813
St. Catherine University	$30,168	$ 7,658	$37,826
Augsburg College	**$28,864**	**$ 7,760**	**$36,624**
Bethel University	$28,080	$ 8,220	$36,300
Minneapolis College of Art & Design	$29,700	$ 6,530	$36,230
College of St. Scholastica	$28,374	$ 7,498	$35,872
Concordia University (St. Paul)	$27,400	$ 7,500	$34,900
Concordia College (Moorhead)	$27,160	$ 6,510	$33,670
Saint Mary's University of Minnesota	$26,090	$ 6,940	$33,030
Bethany Lutheran College	$20,950	$ 6,500	$27,450
Average	$30,816	$ 7,960	$38,776

* *These are standard charges for first-time, full time, full academic year undergraduate students, including fees assessed on all undergraduates. Several colleges have differential tuition for upper-level students or other policies that result in some variation across class levels and students.*

NOTE: Comprehensive charges are reduced for many students through financial assistance. 94% of private college students apply for and receive financial assistance, with the amounts and types of aid determined in relation to family resources, calculated need, government formulas and financial aid funding and other factors. Typical assistance provided to students includes federal and state grants (if applicant qualifies), institutional grants, loans and work-study determined in relation to the student's needs and other factors.

Source: The Minnesota Private College Council, website at: http://www.mnprivatecolleges.org/paying/tuition.php as of September 15, 2010.

Faculty and Staff

The teaching student-faculty ratio for 2009/2010 was 12.7 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 200 full-time and 209 part-time teaching faculty, for a total of 409 members.

Total employment of faculty and staff is approximately 800. The total compensation for faculty and staff, including benefits, for Fiscal Year 2009/2010 was approximately $39.9 million.

Compensation of Full-Time Instructional Faculty

Academic Rank	Number of Faculty	Average Total Compensation
Professor	34	$95,395
Associate Professor	75	75,601
Assistant Professor	81	65,763
Instructor	10	62,670

Of the full-time faculty, 151 hold PhDs or terminal degrees in their fields and 34 hold Master's degrees. Approximately 46% 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 is paid currently and amounted to approximately $2,069,000 for the Fiscal Year ended May 31, 2010.

Unions

The International Union of Operating Engineers, Local 790, represents regular full-time and part-time maintenance, grounds, and custodial employees working at Augsburg College. The bargaining unit is made up of approximately 41 FTE employees. The current contract expires May 31, 2012. This is the only bargaining unit at the College.

Financial Aid

Approximately 92% 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.

	2005/06	2006/07	2007/08	2008/09	2009/10 (Unaudited)
Augsburg College	$12,483,152	$13,502,314	$14,968,707	$17,983,831	$21,053,878
Federal Government[(a)]	21,724,235	22,538,957	28,767,598	34,106,306	37,846,752
State of Minnesota	2,112,841	2,227,557	2,632,000	2,813,000	4,160,912
Other[(b)]	3,790,292	4,256,354	5,984,776	5,595,449	6,120,425
Total	$40,110,520	$42,525,182	$52,353,081	$60,498,586	$69,181,967
Percent of Enrollment Aided[(c)]	86%	88%	91%	92%	92%

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

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

(c) *For all years shown above, percent of enrollment aided excludes Weekend College students.*

Endowment

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

Year Ended May 31	Endowment Investments
2006	$27,838,146
2007	32,366,815
2008	31,528,262
2009	24,513,575
2010	28,231,904

College Investments

The College's investment policy, which is established by the Finance Committee of the Board of Regents, has a target mix of 60% equity securities and 40% fixed income securities for the College's invested funds. The normal annual spending rate of the College's endowment fund is at 4% 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
2006	$4,214,415	$6,621,742	$ 783,658
2007	4,156,185	2,205,062	3,150,216
2008	4,859,350	839,182	1,221,148
2009	4,295,259	3,272,288	551,273
2010	4,247,832	1,965,086	435,121

Statement of Financial Activity for Fiscal Years 2006 through 2010

The following table summarizes the College's statements of unrestricted activities for the Fiscal Years ended May 31, 2006 through 2010. For more complete information of the College for the Fiscal Years ended May 31, 2010 and 2009, 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,

	2006	2007	2008	2009	2010
REVENUES, GAINS AND OTHER SUPPORT					
Tuition and fees	$ 55,032,191	$ 60,353,480	$ 63,267,323	$ 69,469,135	$ 74,782,166
Less: Scholarships and grants	(12,859,570)	(14,489,078)	(16,485,282)	(19,504,323)	(22,517,637)
Net tuition and fees	42,172,621	45,864,402	46,782,041	49,964,812	52,264,529
Government grants	2,813,193	2,935,987	3,177,833	3,131,281	3,228,174
Private gifts and grants	1,401,222	1,220,198	1,681,517	1,163,978	1,019,658
Endowment income	324,911	120,533	140,188	92	0
Investment income	258,107	519,362	397,290	202,237	107,146
Gains (losses) on endowment investments	554,752	1,045,810	(1,968,521)	(2,450,163)	1,451,608
Sales and services of educational activities	48,569	427,480	327,821	345,850	499,743
Other sources	781,881	555,010	662,740	834,486	1,464,526
Sales and services of auxiliary enterprises	7,715,683	8,025,136	8,914,504	9,344,677	10,048,132
Adjustment of actuarial liability	(43)	(51,587)	(117,046)	(21,212)	22,254
	56,070,896	60,662,331	59,998,367	62,516,038	70,105,770
Net assets released from restrictions	4,458,925	10,504,842	5,475,336	2,492,347	4,506,147
Total Revenues, Gains and Other Support	60,529,821	71,167,173	65,473,703	65,008,385	74,611,917
EXPENSES AND LOSSES					
Program expenses					
Instruction	27,053,617	28,295,074	29,662,744	29,861,111	30,537,628
Academic support	4,518,347	5,109,122	5,168,724	5,333,566	5,454,766
Public service	456,871	500,733	620,695	1,199,122	2,290,945
Student services	9,862,331	10,232,814	11,635,050	12,887,048	13,302,523
Auxiliary enterprises	7,846,703	8,869,149	9,726,467	10,163,881	9,343,101
Support expenses					
Institutional support	8,557,283	9,875,524	9,662,424	9,588,374	9,888,021
Non-Allocable losses					
Disposal of plant assets, net	-	-	-	-	1,549,282
Allocable expenses					
Operation and maintenance of plant	5,078,796	5,732,001	5,793,536	5,869,144	5,940,573
Depreciation, amortization and acccretion	2,833,681	3,239,790	3,741,125	4,477,436	4,157,192
Interest	1,191,709	1,220,016	1,800,722	1,800,998	1,716,593
Less: Allocated expenses	(9,104,186)	(10,191,807)	(11,335,383)	(12,147,578)	(11,814,358)
Total Expenses and Losses	58,295,152	62,882,416	66,476,104	69,033,102	72,366,266
Change in Net Assets before Reclassifications	2,234,669	8,284,757	(1,002,401)	(4,024,717)	2,245,651
Cumulative effect of change in accounting principle	(411,410)	10,040,034	-	-	-
Net asset reclassification due to change in law	-	-	-	(8,485,069)	-
Change in Net Assets	1,823,259	18,324,791	(1,002,401)	(12,509,786)	2,245,651
NET ASSETS -- Beginning of Year, as Adjusted	21,040,367	21,599,653	39,924,444	38,922,043	26,412,257
NET ASSETS -- END OF YEAR	$ 22,863,626	$ 39,924,444	$ 38,922,043	$ 26,412,257	$ 28,657,908

Source: Audited Financial Statements of the College for Fiscal Years ending 2006 through 2010.

Long-Term Indebtedness

1. The College has bonds payable to the U.S. Government to finance the Urness Tower Dormitory and College Center. The bonds issued in 1966 have an interest rate of 3.0% and mature on April 1, 2016. This issue is secured by the general obligation of the College, a first mortgage on the Urness Tower and the College Center, a first lien on and pledge of the net revenues from the operations of the mortgaged facilities and the student union fees of not less than $30 per year. The outstanding balance is $560,000.

2. $2,200,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series A, dated December 1, 1972 ("Series A Bonds"). The 1972 Bonds are a general obligation of the College, secured by a first mortgage on Mortenson Hall and its gross revenues, a pledge of 4% of general tuition and fees, a debt service reserve fund, and the Authority's General Bond Reserve. The Series A Bonds are fixed rate with an interest rate of 5.60% on the final maturity due December 1, 2012. The outstanding balance on the Series A Bonds is $465,000. The College anticipates redeeming the outstanding maturities in full on or about January 1, 2011.

3. The College has a sale leaseback arrangement with Hennepin County on its Ice Arena Facilities in the amount of $2,550,000. The bonds are a general obligation of Hennepin County, with annual lease payments being made by the College to Hennepin County to pay principal and interest. This is a 20-year lease with a final maturity due December 1, 2018. The outstanding balance is $1,415,000.

4. $15,840,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Four-Y, dated January 1, 1999 ("1999 Bonds"). The outstanding balance on the 1999 Bonds of $9,035,000 will be repaid on or about November 15, 2010 with the proceeds of the Bonds.

5. $6,780,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-C, dated April 1, 2005 ("2005 Bonds"). The 2005 Bonds are a general obligation of the College and secured by a debt service reserve fund. The 2005 Bonds are fixed rate with an interest rate of 5.00% on the final maturity due May 1, 2023. The outstanding balance on the 2005 Bonds is $6,780,000.

6. $15,655,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-J1, dated July 1, 2006 ("2006-J1 Bonds"). The 2006-J1 Bonds are a general obligation of the College and secured by a pledge of the Loan Repayments. The 2006-J1 Bonds are fixed rate with an interest rate of 5.00% on the final maturity due May 1, 2036. The outstanding balance on the 2006-J1 Bonds is $14,925,000.

7. $5,000,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Six-J2, dated July 27, 2006 ("2006-J2 Bonds"). The 2006-J2 Bonds are secured by the full faith and credit of the College and a letter of credit provided by Harris N.A. Interest is calculated at variable rates and averaged 1.65% per annum during Fiscal Year 2009. The final maturity is May 1, 2021. The outstanding balance on the 2006-J2 Bonds is $4,100,000.

Short-Term Indebtedness

The College maintains a $6,000,000 unsecured line of credit with a local bank for cash-flow management purposes, which expires on February 28, 2011. As of August 15, 2010, the College had drawn approximately $2,000,000 under the line of credit, which was repaid in full in September 2010.

Estimated Maximum Annual Debt Service and Pro Forma Coverage Statement

The following table displays the pro forma debt service coverage for outstanding College funded debt, excluding the debt service on the Series A Bonds, which the College expects to redeem in full on or about January 1, 2011, excluding the Series Four-Y Bonds, and including the debt service on the Bonds. Coverage is calculated based on net income available for debt service for Fiscal Years 2009 and 2010 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 2009 and 2010 to MADS based on existing outstanding College debt, excluding the Series Four-Y Bonds and the Series A Bonds and assuming 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 on the following page.

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)
2010	$8,004,595	$3,705,784	2.16
2009	$4,434,060	$3,705,784	1.19

[(a)] *The Net Income Available for Debt Service, based on the College's audited financial statement for Fiscal Years 2009 and 2010 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. The financial covenants in the loan agreements for the College's other long-term debt exclude other items thereby reducing the net income available for debt service in such Fiscal Years.*

	Fiscal Year 2010	*Fiscal Year 2009*
Change in Net Assets before Reclassification	*$ 2,245,651*	*$(4,024,717)*
Plus: Depreciation, amortization and accretion	*4,157,192*	*4,477,436*
Plus: Interest expense	*1,716,592*	*1,800,998*
Plus: Loss on disposal of plant assets	*1,549,282*	*0*
Less: Net assets released for buildings and equipment	*212,514*	*269,820*
Unrealized (gains) or losses on endowment investments on unrestricted net assets	*(1,451,608)*	*2,450,163*
Net Income Available for Debt Service	*$ 8,004,595*	*$ 4,434,060*

[(b)] *Includes debt service for the College's existing outstanding debt adjusted to exclude debt service for the Series A Bonds which are expected to be redeemed on or about January 1, 2011, debt service on the Series Four-Y Bonds which will be repaid in full as of November 15, 2010 and includes debt service for the Bonds. Portions of the College's outstanding debt consist of variable rate debt. The estimated interest rate on the variable rate debt is 4.0%.*

PROPOSED FORM OF LEGAL OPINION

McGrann Shea Carnival Straughn & Lamb, Chartered

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$8,860,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Seven-G
(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 (initially book-entry) Revenue Bonds, Series Seven-G (Augsburg College), in the aggregate principal amount of $8,860,000 (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, as owner and operator of Augsburg College, an institution of higher education with its campus in Minneapolis, Minnesota (the "College"), in order to refinance existing educational facilities, all owned and operated by the College and located on the campus of the College in 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 Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"), each dated as of October 1, 2010, one or more opinions of Moore, Costello & Hart, P.L.L.P., 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 Moore, Costello & Hart, P.L.L.P., 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 College has 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.

5. The amount, if any, by which the issue price of any maturity of the Bonds is less than the amount to be paid at maturity with respect to such Bonds (excluding the amounts stated to be interest) constitutes original issue discount, the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes under Section 103 of the Code and is excluded from taxable net income of individuals, estates or trusts for Minnesota income tax purposes. The issue price of Bonds with the same terms and maturity is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

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, _____________, 2010.

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, 2010. The Annual Report will contain:

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

2. The following financial and operating data contained in Appendix I to the Final Official Statement:

a. 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
- Applications, Acceptance and Enrollments
- Tuition and Fees
- Faculty and Staff
- Pensions
- Financial Aid
- Endowment
- Gifts and Grants
- Estimated 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, if material, are as follows:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties (this is not applicable to the Bonds);
(v) Substitution of credit or liquidity providers, or their failure to perform (this is not applicable to the Bonds);
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
(vii) Modifications to rights of security holders;
(viii) The giving of notice to redeem any Bonds other than for a sinking fund redemption;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities and;
(xi) Rating changes.

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DEFINITION OF CERTAIN TERMS

"Account" or "Accounts" means one or more of the Accounts created under Article IV or V of the Indenture.

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

"Arbitrage Regulations" means 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" means the Minnesota Higher Education Facilities Authority.

"Authorized Authority Representative" means 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.

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

"Authorized Institution Representative" means the President, the Academic Dean, the Vice President for Finance and Administration 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 and in that case, the certificate shall set forth the specimen signatures of such alternate(s).

"Authorized Investments" means investments authorized for moneys in the Accounts created under Articles IV and V of the Indenture and described in Section 5.04 thereof.

"Board of Trustees" means 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" means the Bond and Interest Sinking Fund Account established under Section 5.01 of the Indenture.

"Bond Closing" means the original issuance, sale and delivery of the Bonds.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated September 29, 2010, among the Authority, the Underwriter and the Corporation, relating to the Bonds.

"Bond Resolution" means the Series Resolution of the Authority adopted on August 18, 2010, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

"Bond Year" means, with respect to the Bonds, (a) the period from the Issue Date to the close of business on October 1, 2011, and (b) each succeeding 12-month period ending at the close of business on October 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

"Bonds" means the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-G (Augsburg College), described in Section 2.01 of the Indenture.

"Building Equipment" means 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 or financed with funds other than the proceeds of the Bonds or the Series Four-Y Bonds.

"Business Day" means 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.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement between the Trustee and the Corporation, dated as of October 1, 2010.

"Corporation" means Augsburg College, a Minnesota nonprofit corporation, as owner and operator of the Institution, its successors and assigns.

"Costs of Issuance Account" means the Costs of Issuance Account established under the Indenture into which shall be deposited an amount of Bond proceeds specified in the Indenture to be applied to the payment of costs of issuance, not to exceed two percent (2%) of the net Bond proceeds.

"Date of Taxability" means that date as of which the interest on the Bonds shall be so determined to be includable in the gross income of the Owners thereof; provided, that no Bond shall bear additional interest for any period for which the statute of limitations shall be a bar to the assertion or collection of a deficiency of federal income taxes from the Owner of such Bond.

"Default" means 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.

"Depository" means 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.

"Determination of Taxability" shall have the meaning provided in the Loan Agreement.

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

"Event of Default" means an Event of Default described in Section 7.01 of the Loan Agreement which has not been cured.

"Financial Journal" means *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" means the Corporation's fiscal year, and shall initially mean the 12-month period commencing on June 1 in each year.

"General Bond Reserve Account" means the General Bond Reserve Account created pursuant to the General Bond Resolution.

"General Bond Resolution" means the General Bond Resolution adopted by the Authority on October 31, 1972, and any amendments thereto.

“Holder,” “Bondholder” or “Owner” means 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 of such series, the terms shall mean the Beneficial Owner.

“Indenture” means the Trust Indenture between the Authority and Wells Fargo Bank, National Association, as Trustee, dated as of October 1, 2010, 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 Trustees of the Corporation.

“Independent Counsel” means an Independent attorney duly admitted to practice law before the highest court of any state.

“Independent Management Consultant” means 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.

“Institution” means Augsburg College, a Minnesota institution of higher education with its campus located in the City of Minneapolis, Minnesota, owned and operated by the Corporation.

“Interest Payment Date” means April 1 and October 1 of each year, commencing April 1, 2011 and any other date on which the principal of and interest on the Bonds shall be due and payable.

“Interest Rate” shall mean, with respect to the Bonds, the interest rate per annum specified in the column entitled “Interest Rate” for the Bonds of the respective year of maturity in Section 2.01 of the Indenture.

“Internal Revenue Code” means the Internal Revenue Code of 1986 and amendments thereto.

“Issue Date” means the date on which the Bonds are delivered to the original purchaser thereof upon original issuance.

“Loan Agreement” means the Loan Agreement between the Authority and the Corporation, dated as of October 1, 2010, as from time to time amended or supplemented.

“Loan Repayments” means the payments described in clauses (a), (b) and (c) of Section 4.02 of the Loan Agreement.

“Net Proceeds” means, when used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Corporation as owner or lessee 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.

“Permitted Encumbrances” means, 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 allowed under Section 6.14(b) of the Loan Agreement.

"Predecessor Bonds" means Predecessor Bonds as defined in Section 2.01 of the Indenture.

"Project Buildings" means any buildings constructed or improved with the proceeds of the Series Four-Y Bonds or any bonds refunded by the Series Four-Y Bonds, including investment earnings.

"Project Equipment" means all fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Series Four-Y Bonds or any bonds refunded by the Series Four-Y Bonds, including investment earnings, generally described in the Series Four-Y Bond Documents and Exhibit B to the Loan Agreement and described in the Certificate of the Project Supervisor furnished pursuant to the Series Four-Y Bond Documents.

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

"Project Site" means those portions of land, or interests in land, described on Exhibit A to the Loan Agreement, which are owned by the Corporation, and on which any Project Buildings are located or otherwise improved as part of the Series Four-Y Project.

"Redemption Account" means the Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys and investments in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account; (ii) to create and maintain the required balance in the Reserve Account and; (iii) to redeem or prepay outstanding Bonds to the extent permitted or required by Section 3.01 of the Indenture and to purchase outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption. Moneys in the Redemption Account may be used in the Trustee's discretion to pay rebate due the United States under Section 148 of the Internal Revenue Code if the Corporation or the Authority fails to pay or provide for the payment of any rebate.

"Reference Rate" means the interest rate per annum announced from time to time by Wells Fargo Bank, National Association, as its prime or reference rate, regardless of whether that interest rate is actually charged to any customer of said bank.

"Refunded Series Four-Y Bonds" or "Refunded Bonds" means the Series Four-Y Bonds maturing on October 1 in the years 2011 through 2027, inclusive, and outstanding as of the date hereof in the aggregate principal amount of $9,035,000.

"Refunding Account" means the Refunding Account established under Section 5.07 of the Indenture.

"Reserve Account" means the Reserve Account established under the Indenture into which on the Issue Date will be placed Bond proceeds and amounts from the Series Four-Y Reserve Account in the amount of the Reserve Requirement. Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefore and may be used in the Trustee's discretion to pay rebate due to the United States if the Corporation or the Authority fails to provide for payment of any rebate.

“Reserve Requirement” means the least of (i) the maximum amount of principal of and interest on the Bonds that accrues and is payable in any remaining Bond Year or (ii) 10 percent of the original principal amount of the Bonds or (iii) 125 percent of the average annual debt service of the Bonds determined as of the Issue Date.

“Series Four-Y Bond Account” means the Bond and Interest Sinking Fund Account created under the Series Four-Y Indenture.

“Series Four-Y Bond Documents” means the Series Four-Y Loan Agreement and the Series Four-Y Indenture.

“Series Four-Y Bonds” means the Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Four-Y (Augsburg College), dated January 1, 1999, issued in the original principal amount of $15,840,000, the proceeds of which were loaned by the Authority to the Corporation to finance the Series Four-Y Project, and which are outstanding as of the date hereof in the aggregate principal amount of $9,035,000.

“Series Four-Y Indenture” means the Trust Indenture between the Authority and the Series Four-Y Trustee, dated as of January 1, 1999.

“Series Four-Y Loan Agreement” means the Loan Agreement between the Authority and the Corporation dated as of January 1, 1999.

“Series Four-Y Project” means the use of the proceeds of the Series Four-Y Bonds to provide funds loaned to the Corporation to (a) finance the acquisition, construction, furnishing and equipping of a student residence hall now known as Luther Hall, and related site improvements and (b) refund the Authority’s Mortgage Revenue Bonds, Series Three-G (Augsburg College) originally issued to (i) finance the construction of an apartment style student residence hall known as Oscar Anderson Hall and (ii) refinance indebtedness relating to the partial financing of Foss, Lobeck, Miles Center for a theater, audio-visual department, classrooms and common space.

“Series Four-Y Redemption Account” means the Redemption Account created under the Series Four-Y Indenture.

“Series Four-Y Reserve Account” means the Reserve Account created under the Series Four-Y Indenture.

“Series Four-Y Trustee” means Wells Fargo Bank, National Association, successor by consolidation to Norwest Bank Minnesota, National Association.

“Stated Maturity” means, 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” means 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” means the trustee at the time serving as such under the Indenture.

“Underwriter” means Dougherty & Company LLC, as original purchaser of the Bonds.

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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.

Financial Covenants

See "SOURCE OF PAYMENT FOR THE BONDS AND FINANCIAL COVENANTS - Source of Payment" herein.

Redemption of Series Four-Y Bonds

The Corporation represents that it will cause the Refunded Series Four-Y Bonds to be redeemed on or about November 15, 2010.

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 April 1 and October 1, commencing April 1, 2011, 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 October 1, commencing on October 1, 2011, a sum equal to the amount payable as principal (whether at maturity or mandatory sinking fund redemption) of the Bonds on such principal payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.01, 5.02, 5.03 or 5.04 of the Indenture (relating to purchase and cancellation of term bonds and the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

(b) on or prior to a date established for the optional redemption or mandatory redemption and prepayment of the Bonds, 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) the Corporation shall deposit forthwith into the Bond and Interest Sinking Fund Account or Redemption Account, as appropriate, the amount of any deficiency in the event that 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) the Corporation shall deposit into the Reserve Account forthwith any amounts required to be deposited therein by Section 5.02 of the Indenture; and

(e) the Corporation shall deposit 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 Section 6.09(f) of the Loan Agreement and Section 5.05 of the Indenture (relating to arbitrage rebate).

Each payment under this Section shall be made directly to the Trustee at its principal corporate 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 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

The Corporation agrees to use the Project Facilities 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 Facilities 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, 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 Project Facilities which in the Corporation's Board of Trustees' judgment are worn out, obsolete or require replacement.

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; 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 come due, any taxes, special assessments, license fees and governmental charges of any kind 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, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents, including 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 percent of the full insurable replacement value of the Project Facilities and contents, with a deductible amount of not more than $250,000.

(b) Comprehensive general public liability insurance, including blanket contractual liability and personal injury liability and automobile insurance, 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 property damage in the minimum amount for each occurrence of $250,000.

(c) Workers' compensation insurance in such amount as is customarily carried by organizations in like activities of comparable size and liability exposure to the Corporation,

Upon the written request of the Corporation, the Trustee (i) may 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 public liability, upon such terms and conditions as the Trustee may require, and (ii) shall permit modifications to such insurance requirements and deductible amounts, including permission for self-insurance, in accordance with the recommendation of an Independent insurance consultant employed by the Corporation and satisfactory to the Trustee.

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 thirty days before the cancellation or modification of the policy limits below the insurance requirements set forth above becomes effective. The Corporation shall, on or before September 1 of each year, provide the Trustee with a certificate of insurance compliance.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement 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 all or substantially all of the Project Facilities are damaged or destroyed and (i) they cannot be reasonably restored within six months, or (ii) normal use and operation of such Project Facilities are interrupted for a six month period, or (iii) the cost of restoration exceeds the available Net Proceeds by more than $500,000 (plus the amount of any deductible). 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 so damaged or destroyed are not needed in its operations, (iii) the Corporation has elected not to repair, rebuild, restore or replace such Project Facilities and (iv) the Corporation elects that the available Net Proceeds (and not more than the amount of such available Net Proceeds) are deposited in the Redemption Account and used to redeem or purchase Bonds.

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 or release 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 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 upon such showing by the Corporation as may be satisfactory to the Trustee; 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, removed or released equals or exceeds $25,000 the Corporation will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the substitution, removal or release 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, its members 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 in its behalf, provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority in excess of the Net Proceeds received by the Authority 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 during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and maintain the Institution as an 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 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; and (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.

$150,000,000 Limitation on Outstanding Non-Hospital Bonds

The Corporation has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt nonhospital bonds issued on behalf of or for the benefit of the Corporation and all organizations under common management or control with the Corporation (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000, excluding nonhospital bonds issued on or after August 5, 1997 to finance capital expenditures incurred after August 5, 1997. Under the Loan Agreement, in no event will the Corporation affiliate or consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets or the assets of the Institution as an entirety if the effect of any such transaction would be to adversely affect the tax exempt status of the Bonds, such as by exceeding limitations on the outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the Corporation or such other resulting entity, and all organizations under common management or control with the Corporation or such resulting entity, within the meaning of Section 145 of the Internal Revenue Code.

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 income taxes under Section 501(a) of such Code.

Institution to be Nonsectarian

The Corporation agrees that it 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.

Other Covenants

The Corporation further agrees to comply with all applicable laws and regulations against unlawful discrimination, including Minnesota Statutes, Section 363A.13, in the use or operation of the Project Facilities; 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.

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 the available moneys on deposit in the Bond and Interest Sinking Fund Account, Reserve Account, and Redemption Account are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (ii) such failure shall continue for 5 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 Section 6.09(f) 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 Section 5.02 of the Indenture, provided failure to comply with such requirement shall not become an Event of Default unless the Corporation fails to restore such deficiency within a period of thirty (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 thirty (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 ninety (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 its property, and such custody or control shall not be terminated within ninety 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 thirty days after notice and if the Corporation has taken all action reasonably possible to remedy such default within such thirty-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 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 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 and expenses, and then to payment of interest, principal and premium, if any, on the Bonds as provided in Section 7.04 of 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 "DEFINITION 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:

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

II a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture (but excluding all moneys and investments in the Refunding Account); and (ii) 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

III 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 in 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.

Moneys on deposit to the credit of the Accounts shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states rated at least in the rating category of "AA" or "Aa" or political subdivisions of states rated at least in the rating category of "AAA" or "Aaa," revenue bond obligations of states and their political subdivisions insured by municipal bond insurance and rated "AAA" or "Aaa"; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, states and their political subdivisions or in certain repurchase agreements; constant dollar value money market funds that invest solely in the types of obligations or repurchase agreements in which the foregoing mutual funds may invest and which are rated in the highest rating category by a national credit rating agency; time deposits of insured state or national banks fully insured by the Federal Deposit Insurance Corporation; certain guaranteed investment contracts issued by a bank or insurance company rated at least in the highest two rating categories of a nationally recognized rating agency; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.04 of the Indenture sets forth further restrictions as to type and maturity of investments.

Trustee's Right to Payment

The Trustee shall have a first lien, with right of payment prior to payment on account of interest on 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 default of the Trustee).

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; not to extend the maturity of any of the Bonds or the time of payment of any claims for interest; 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(f) 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 sixty 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 Bonds outstanding shall, by notice in writing delivered to the Authority, 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 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 for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care.

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 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 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 million 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 a majority in 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 shall:

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

(b) provide for the payment of principal of, premium, if any, and interest on the outstanding Bonds by depositing with the Trustee at or at any time before maturity an amount either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates, and maturing on such dates sufficient to pay the entire amount due or to become due for principal and premium, if any, and interest to maturity of all Bonds outstanding, or

(c) deliver to the Trustee (1) proof 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, or that arrangements 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 such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient 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 the rebate of all amounts due or to become due to the United States under Section 148 of the Internal Revenue Code, then 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 registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such 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, in the case of defeasance under paragraph (b) above, as to effect on tax exempt status), 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 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 to the Trustee additional property for the benefit and security of the Holders and owners 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 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 defective or inconsistent 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 pursuant to Section 11.04 of the Indenture.

In addition and subject to the provisions set forth below, the Holders of not less than 51 percent 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 any of the Bondholders, consent to and (if requested) execute any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement or Indenture, or (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement or (d) 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 amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than 51 percent 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 principal 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 of the same series, aggregate principal amount, maturity and basic 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 his address as shown on the registration books of the Trustee, subject to applicable procedures while in book entry form.

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC") 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 securities that its 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 securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as 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"). 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 and www.dtc.org.

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 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.

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 such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee 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).

Payment of principal, interest, and redemption premium, if any, 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 Issuer 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 (nor its nominee), the Bond Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar, Authority, or the Trustee. 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 securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book entry system has been obtained from DTC, which is solely responsible for such information. The Authority, the College and the Underwriter take no responsibility for the accuracy thereof.

FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED MAY 31, 2010 AND 2009

BAKER TILLY

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INDEPENDENT AUDITORS' REPORT

To the Board of Regents
Augsburg College
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Augsburg College ("the College") as of May 31, 2010 and 2009 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the College's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Augsburg College at May 31, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, in fiscal year 2009, the College adopted authoritative guidance on Fair Value Measurements and Endowment Funds Net Asset Classifications.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
October 2, 2010

AUGSBURG COLLEGE

STATEMENTS OF FINANCIAL POSITION
May 31, 2010 and 2009

ASSETS

	2010	2009
Cash and cash equivalents	$ 3,872,479	$ 1,162,629
Student accounts receivable, net of allowance for doubtful accounts of $870,000 and $700,000	1,340,742	1,470,299
Government grants receivable	513,770	245,568
Accrued interest receivable	8,247	1,793
Other receivables	339,690	415,719
Inventories	67,062	109,380
Prepaid expense and other assets	959,294	646,851
Contributions receivable	2,217,208	3,026,459
Student notes receivable, net of allowance for doubtful notes of $350,000 each year	6,058,803	6,744,836
Cash surrender value of life insurance	930,904	907,841
Endowment investments	28,231,904	24,513,575
Other investments	1,356,878	1,266,598
Deposits held by trustee	3,385,419	3,678,670
Deferred debt acquisition costs	344,050	376,650
Beneficial interest in funds held in trust	22,816	20,623
Construction in progress	1,912,607	2,629,850
Property, plant and equipment, net	68,966,084	71,190,244
TOTAL ASSETS	$ 120,527,957	$ 118,407,585

LIABILITIES AND NET ASSETS

	2010	2009
LIABILITIES		
Accounts payable	$ 1,392,036	$ 999,293
Accrued liabilities	6,000,647	5,264,827
Student deposits	1,724,240	2,142,339
Long-term debt		
Bonds payable to U. S. government	560,000	640,000
Notes and leases payable to Minnesota Higher Education Facilities Authority	36,330,000	37,740,000
Other notes payable	2,384	79,885
Loan payable	1,415,000	1,540,000
Capital lease obligations	657,345	
Annuities payable	925,443	1,210,127
Funds held in custody for others	128,172	167,483
U. S. government grants refundable	4,656,255	4,607,151
Total Liabilities	53,791,522	54,391,105
NET ASSETS		
Unrestricted	28,657,908	26,412,257
Temporarily restricted	12,372,280	12,559,379
Permanently restricted	25,706,247	25,044,844
Total Net Assets	66,736,435	64,016,480
TOTAL LIABILITIES AND NET ASSETS	$ 120,527,957	$ 118,407,585

See accompanying notes to financial statements.

AUGSBURG COLLEGE

STATEMENT OF ACTIVITIES
Year Ended May 31, 2010
With Comparative Totals for 2009

	2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2009 Total
REVENUES, GAINS AND OTHER SUPPORT					
Tuition and fees	$ 74,782,166			$ 74,782,166	$ 69,469,135
Less: Scholarships and grants	(22,517,637)			(22,517,637)	(19,504,323)
Net tuition and fees	52,264,529			52,264,529	49,964,812
Government grants	3,228,174	$ 327,720		3,555,894	4,997,426
Private gifts and grants	1,019,658	1,637,366	$ 435,121	3,092,145	3,121,394
Endowment income		518,540		518,540	636,979
Investment income	107,146			107,146	202,237
Gain (loss) on endowment investments	1,451,608	1,784,141		3,235,749	(7,548,436)
Sales and services of educational activities	499,743			499,743	345,850
Other sources	1,464,526	1,588		1,466,114	1,221,715
Sales and services of auxiliary enterprises	10,048,132			10,048,132	9,344,677
Adjustment of actuarial liability	22,254	49,693	226,282	298,229	(376,039)
	70,105,770	4,319,048	661,403	75,086,221	61,910,615
Net assets released from restrictions	4,506,147	(4,506,147)			
Total Revenues, Gains and Other Support	74,611,917	(187,099)	661,403	75,086,221	61,910,615
EXPENSES AND LOSSES					
Program expenses					
Instruction	30,537,628			30,537,628	29,861,111
Academic support	5,454,766			5,454,766	5,333,566
Public service	2,290,945			2,290,945	1,199,122
Student services	13,302,523			13,302,523	12,887,048
Auxiliary enterprises	9,343,101			9,343,101	10,163,881
Support expenses					
Institutional support	9,888,021			9,888,021	9,588,374
Loss on disposal of plant assets	1,549,282			1,549,282	
Allocable expenses					
Operation and maintenance of plant	5,940,573			5,940,573	5,869,144
Depreciation, amortization and accretion	4,157,192			4,157,192	4,477,436
Interest	1,716,593			1,716,593	1,800,998
Less: Allocated expenses	(11,814,358)			(11,814,358)	(12,147,578)
Total Expenses and Losses	72,366,266			72,366,266	69,033,102
Change in Net Assets	2,245,651	(187,099)	661,403	2,719,955	(7,122,487)
Net Assets - Beginning of Year	26,412,257	12,559,379	25,044,844	64,016,480	71,138,967
NET ASSETS - END OF YEAR	$ 28,657,908	$ 12,372,280	$ 25,706,247	$ 66,736,435	$ 64,016,480

See accompanying notes to financial statements.

AUGSBURG COLLEGE

STATEMENT OF ACTIVITIES
Year Ended May 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 69,469,135			$ 69,469,135
Less: Scholarships and grants	(19,504,323)			(19,504,323)
Net tuition and fees	49,964,812			49,964,812
Government grants	3,131,281	$ 1,866,145		4,997,426
Private gifts and grants	1,163,978	1,406,143	$ 551,273	3,121,394
Endowment income	92	636,887		636,979
Investment income	202,237			202,237
Loss on endowment investments	(2,450,163)	(5,098,273)		(7,548,436)
Sales and services of educational activities	345,850			345,850
Other sources	834,486	387,229		1,221,715
Sales and services of auxiliary enterprises	9,344,677			9,344,677
Adjustment of actuarial liability	(21,212)	(51,704)	(303,123)	(376,039)
	62,516,038	(853,573)	248,150	61,910,615
Net assets released from restrictions	2,492,347	(2,492,347)		
Total Revenues, Gains and Other Support	65,008,385	(3,345,920)	248,150	61,910,615
EXPENSES				
Program expenses				
Instruction	29,861,111			29,861,111
Academic support	5,333,566			5,333,566
Public service	1,199,122			1,199,122
Student services	12,887,048			12,887,048
Auxiliary enterprises	10,163,881			10,163,881
Support expenses				
Institutional support	9,588,374			9,588,374
Allocable expenses				
Operation and maintenance of plant	5,869,144			5,869,144
Depreciation, amortization and accretion	4,477,436			4,477,436
Interest	1,800,998			1,800,998
Less: Allocated expenses	(12,147,578)			(12,147,578)
Total Expenses	69,033,102			69,033,102
Change in Net Assets before Reclassification	(4,024,717)	(3,345,920)	248,150	(7,122,487)
Net asset reclassification due to a change in law	(8,485,069)	8,485,069		
Change in Net Assets	(12,509,786)	5,139,149	248,150	(7,122,487)
Net Assets - Beginning of Year	38,922,043	7,420,230	24,796,694	71,138,967
NET ASSETS - END OF YEAR	$ 26,412,257	$ 12,559,379	$ 25,044,844	$ 64,016,480

See accompanying notes to financial statements.

AUGSBURG COLLEGE

STATEMENTS OF CASH FLOWS
Years Ended May 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,719,955	$ (7,122,487)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation, amortization and accretion	4,157,192	4,477,436
Loss on disposal of plant assets	1,549,282	
(Gain) loss on endowment investments	(3,235,749)	7,548,436
(Gain) loss on other investments	(84,519)	282,828
Actuarial adjustment of annuities payable	(211,144)	135,680
Loan cancellations and assignments	46,583	119,144
Increase (decrease) in allowance for student accounts receivable	170,000	(150,000)
Decrease (increase) in allowance for contributions receivable	(182,292)	288,616
Changes in assets and liabilities		
Student accounts receivable	(40,443)	511,722
Government grants receivable	(395,399)	616,391
Accrued interest receivable	(6,454)	8,130
Other receivables	76,029	(216,359)
Inventories	42,318	15,716
Prepaid expense and other assets	(312,443)	(243,295)
Contributions receivable available for operations	106,087	(134,510)
Accounts payable	392,743	(824,206)
Accrued liabilities	788,995	342,598
Student deposits	(418,099)	(160,055)
Funds held in custody for others	(39,311)	(131,583)
(Increase) decrease in beneficial interest in funds held in trust	(2,193)	7,690
Contributions restricted for plant and long-term investment	(712,965)	(3,166,821)
Net Cash Flows From Operating Activities	4,408,173	2,205,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of endowment investments, net	(496,104)	(555,952)
Sales of other investments, net	43,116	21,116
Purchases of property, plant and equipment	(1,953,551)	(2,602,817)
Withdrawals of (additions to) deposits held by trustee	293,251	(295,321)
Disbursements of loans to students	(82,050)	(1,066,962)
Repayments of loans from students	721,500	428,095
Increase in cash surrender value of life insurance	(9,539)	(252)
Net Cash Flows From Investing Activities	(1,483,377)	(4,072,093)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of principal on indebtedness	(1,793,506)	(1,302,003)
Contributions received restricted for plant and long-term investment	1,598,421	3,001,685
Increase (decrease) in refundable U.S. government grants	102,556	(78,312)
Receipt of annuities	8,671	
Payments to annuitants	(131,088)	(147,349)
Net Cash Flows From Financing Activities	(214,946)	1,474,021
Net Change in Cash and Cash Equivalents	2,709,850	(393,001)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,162,629	1,555,630
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,872,479	$ 1,162,629
Supplemental disclosures of cash flow information		
Interest paid	$ 1,785,507	$ 1,983,122
Noncash investing and financing activities		
Property, plant and equipment acquired through capital lease obligation	758,350	

See accompanying notes to financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Augsburg College is a four-year liberal arts college affiliated with the Evangelical Lutheran Church in America. The accounting policies of the College reflect practices common to colleges and universities and conform to accounting principles generally accepted in the United States of America ("GAAP"). The more significant accounting policies are summarized below:

General - The College maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Wholly-Owned Subsidiary - In June 2009, the College acquired a building and land in Windhoek, Namibia through a newly formed, wholly-owned subsidiary registered to conduct business in Namibia. The land and building will be used in connection with the College's Center for Global Education Study Abroad Program and is included in the College's statements of financial position.

Net Asset Classifications - For the purposes of financial reporting, the College classifies resources into three net asset categories pursuant to any donor-imposed restrictions and applicable law. Accordingly, the net assets of the College are classified in the accompanying financial statements in the categories that follow:

Permanently Restricted Net Assets - 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.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by action of the College and/or the passage of time.

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Revenues from sources other than contributions are generally reported as increases in unrestricted net assets. Expenses are reported as decreases in unrestricted net assets. Income earned on donor restricted funds is initially classified as temporarily restricted net assets and is reclassified as unrestricted net assets when expenses are incurred for their intended purpose.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Contributions of exhaustible long-lived assets, or of cash and other assets to be used to acquire them, without donor stipulations concerning the use of such long-lived assets are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time such long-lived assets are placed in service.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before the loss occurs. Any remaining loss reduces unrestricted net assets. If losses reduce the assets of a donor-restricted endowment fund below the level required by the donor stipulations or law, gains that restore the fair value of the assets of the endowment fund to the required level are classified as increases in unrestricted net assets.

Losses on investments of endowment funds created by a board designation of unrestricted funds are classified as reductions in unrestricted net assets.

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.

Cash Equivalents - The College considers all highly liquid investments, except for those held for long-term investment, with a maturity of three months or less when purchased to be cash equivalents.

Receivables - Student accounts receivable are carried at the unpaid balance of the original amount billed to students and student notes receivable are carried at the amount of unpaid principal. Both receivables are less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Student accounts and loans receivable are written off when deemed uncollectible. Recoveries of student accounts and loans receivable previously written off are recorded when received. Receivables are generally unsecured.

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.

Inventories - Inventories of supplies are valued at the lower of cost or market, determined on a first-in, first-out basis.

Deposits Held by Trustee - Deposits held by trustee include amounts restricted for debt service and renewal and replacement as required by the trust indentures. Also included in the 2009 balance were funds held for the purchase of land and buildings in Windhoek, Namibia.

Deferred Debt Acquisition Costs - Costs of bond issuance are deferred and amortized over the life of the bonds.

Physical Plant and Equipment - Physical plant assets are stated at cost at the date of acquisition less accumulated depreciation. The College depreciates its assets on the straight-line basis over estimated useful lives as follows: buildings - 30 to 50 years; building improvements - 5 to 20 years; equipment - 5 years; and library books - 15 years. Normal repair and maintenance expenses are charged to operations as incurred. The College capitalizes physical plant and equipment expenditures in excess of $5,000.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. An impairment loss of approximately $1,400,000 was recognized for the year ended May 31, 2010 based on two separate events. The decision of the College to forgo 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 resulted in an impairment loss of approximately $908,000. The College also reduced the net book value of land and buildings for structures that were demolished or were not in use by the College and will be demolished, which resulted in an impairment loss of approximately $492,000. The impairment loss is included in loss on disposal of plant assets on the statement of activities.

Student Deposits - Student deposits includes certain revenue related to courses and programs that 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.

Asset Retirement Obligations - Asset retirement obligations are estimated costs and obligations associated with the retirement of long-lived assets and are included in accrued liabilities on the statements of financial position. These liabilities were initially recorded at fair value and the related asset retirement costs were recorded as decreases in unrestricted net assets. Asset retirement costs are subsequently accreted over the useful lives of the related assets. Asset retirement obligations totaled $493,700 and $473,100 at May 31, 2010 and 2009, respectively, and are included in accrued liabilities on the statements of financial position.

The estimate of the losses that are probable from environmental remediation liabilities for asbestos removal was calculated using the expected cash flow approach and based on an inventory of the College's long-lived assets combined with an estimate of the current market prices to remove the asbestos. The College utilized a credit-adjusted risk-free rate to discount the asset retirement obligation. It is reasonably possible that changes in this estimate could occur and that actual results could differ from this estimate and could have a significant effect on the financial statements.

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 reloaned after collections. These funds are ultimately refundable to the government and are included as liabilities in the statements of financial position. 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.

Retirement Plans - The College has two contributory defined contribution retirement plans for academic and nonacademic personnel. Contributions are based on a percentage of compensation. The cost of the retirement plans amounted to approximately $2,069,000 and $1,943,000 for the years ended May 31, 2010 and 2009, respectively.

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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund-Raising and Advertising Expenses - Fund-raising expenses approximated $1,541,000 and $1,530,000 for the years ended May 31, 2010 and 2009, respectively. Advertising expenses approximated $638,000 and $655,000 for the years ended May 31, 2010 and 2009, respectively. Advertising costs are expensed when incurred.

Income Tax Status - The Internal Revenue Service has determined that the College is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The College is also exempt from state income taxes. However, any unrelated business income may be subject to taxation.

In accordance with the accounting standard on *Accounting for Uncertainty in Income Taxes*, the College addresses the determination of whether tax benefits claimed on a tax return should be recorded in the financial statements. Under this guidance, the College may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merit of the position. Examples of tax positions include the tax-exempt status of the College and various positions related to the potential sources of unrelated business taxable income. There were no significant unrecognized tax benefits identified or recorded as liabilities during fiscal year 2010. Open tax years subject to examination by the U.S. and state taxing authorities are for the years 2007 to 2009, which statutes expire in 2010 to 2012, respectively.

At May 31, 2010, 2009 and 2008, the College has net operating loss carryforwards for federal income tax purposes. A valuation allowance has been recorded for the full amount of the deferred tax asset related to the net operating loss carryforwards due to the uncertainty regarding their use.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 those estimates.

Fair Value of Financial Instruments - The carrying amounts of cash and cash equivalents, accounts receivable, government grants receivable, other receivables, accounts payable and student deposits and funds held in custody for others approximate fair value because of the short term maturity of these financial instruments. The carrying amounts of contributions receivable are recorded using the applicable discount rates in effect at the date of the gifts.

A reasonable estimate of the fair value of the receivables from students under government loan programs and grants refundable to the government for student loans could not be made because the notes receivable are not saleable and can only be assigned to the U.S. government or its designee. The fair value of receivables under institutional loan programs approximates 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.

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 2.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

Reclassifications - Certain amounts appearing in the notes to the 2009 financial statements have been reclassified to conform to the 2010 presentation. The reclassifications have no effect on reported amounts of total net assets or change in total net assets.

Recent Accounting Pronouncements - The College adopted the provisions of Financial Accounting Standards Board (FASB) ASC Topics 958-205-45, 958-205-50 and 958-205-55 (formerly FASB Staff Position FSP 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures)* for the year ended May 31, 2009. The Topics provide guidance on classifying net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Topics also require enhanced disclosures for all not-for-profit organizations, not just those subject to UPMIFA. The State of Minnesota adopted UPMIFA effective August 1, 2008. As a result of adopting the provisions of the Topics, the College reclassified $8,485,069 of unrestricted net assets into temporarily restricted net assets. This represented the amount of accumulated net gains in existence at June 1, 2008 that had not yet been appropriated for spending by the College's governing board.

The College adopted the provisions of FASB ASC Topic 820 (formerly FAS No. 157, *Fair Value Measurements and Disclosures)* effective June 1, 2008. The Topic defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measures that are required under other accounting pronouncements, but did not change existing guidance as to whether or not a financial instrument is carried at fair value.

The College's adoption of ASC Topic 820 in fiscal year 2009, with respect to financial assets and liabilities measured at fair value on a recurring basis, resulted in increased disclosures in the financial statements about fair value measurements. The College's adoption in fiscal year 2010 of the provisions of this Topic with respect to nonrecurring fair value measurements of nonfinancial assets and liabilities, did not have a material impact on the College's financial statements.

Additionally, from time to time, the College may be required to measure certain assets and liabilities at fair value on a nonrecurring basis in accordance with U.S. generally accepted accounting principles. These adjustments to fair value would usually result from the application of the lower-of-cost-or-market accounting or write-down of individual assets. The College did not measure any assets or liabilities at fair value on a nonrecurring basis during the years ended May 31, 2010 or 2009.

The College also adopted the provisions of FASB ASC Topic 825 (formerly FAS No. 159, *The Fair Value Option for Financial Assets and Liabilities, including an amendment of FASB Statement No. 115)* effective June 1, 2008. ASC Topic 825 provides, among other things, an option to elect fair value as an alternative measurement for selected financial assets and liabilities not previously recorded at fair value. The College did not elect fair value accounting for any assets or liabilities that were not currently required to be measured at fair value.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued) - In September 2009, the FASB issued ASU No. 2009-12, *Investment in Certain Entities That Calculate Net Asset Value per Share* (ASU 2009-12). ASU 2009-12 (formerly FAS No. 157-g) amends former FASB Statement No. 157, *Fair Value Measurements,* adds disclosures, and provides guidance for estimating fair value of investments in investment companies that calculate net asset value per share, allowing the Net Asset Value per Share (NAV) to be used as a practical expedient for fair value where investment companies follow the American Institute of Certified Public Accountants (AICPA) Guide in arriving at their reported NAV. The College adopted ASU 2009-12 effective June 1, 2009. See Note 2 for these additional disclosures.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements.* This amends ASC 820 (formerly FAS 157-4) to require additional disclosures. The guidance requires entities to disclose transfers of assets in and out of Levels 1 and 2 of the fair value hierarchy, and the reasons for those transfers. ASU 2010-06 is effective for fiscal year 2011. In addition, the guidance requires separate presentation of purchases and sales in the Level 3 asset reconciliation; which is effective for fiscal year 2012. The adoption of this guidance is not expected to have a material impact on the College's financial statements.

NOTE 2 - - FAIR VALUE OF FINANCIAL INSTRUMENTS

The College follows accounting guidance on fair value measurements. Fair value is defined in the guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table summarizes financial instruments measured at fair value on a recurring basis by classification within the fair value hierarchy as of May 31, 2010:

	Total	Level 1	Level 2	Level 3
ASSETS				
Short term investments	$ 2,571,771		$ 2,571,771	
Certificates of deposit	345,420		345,420	
Government obligations	967,518		967,518	
Equity mutual funds	192,425	$ 192,425		
Fixed income mutual funds	223,003	223,003		
Domestic equity funds	9,713,762		9,713,762	
International equity funds	5,278,924		5,278,924	
Fixed income funds	5,188,367		5,188,367	
Commodities funds	1,139,058	39,340	1,099,718	
Real estate funds	56,996	56,996		
Alternative Investments				
Hedge funds	3,497,852		3,497,852	
Real asset funds	224,554			$ 224,554
Distressed credit funds	442,194			442,194
Commingled funds	2,940,631		180,122	2,760,509
Beneficial interest in funds held in trust	22,816			22,816
Total	$ 32,805,291	$ 511,764	$ 28,843,454	$ 3,450,073

The following table summarizes financial instruments measured at fair value on a recurring basis by classification within the fair value hierarchy as of May 31, 2009:

	Total	Level 1	Level 2	Level 3
ASSETS				
Short term investments	$ 3,693,215		$ 3,693,215	
Certificates of deposit	336,099		336,099	
Equity mutual funds	230,647	$ 230,647		
Fixed income mutual funds	204,416	204,416		
Domestic equity funds	12,602,108		12,602,108	
International equity funds	2,569,869		2,569,869	
Fixed income funds	6,736,507		6,736,507	
Commodities funds	584,377	30,110	554,267	
Real estate funds	34,351	34,351		
Alternative investments				
Hedge funds	1,547,870		1,547,870	
Real asset funds	15,567			$ 15,567
Distressed credit funds	247,031			247,031
Commingled funds	451,535			451,535
Beneficial interest in funds held in Trust	20,623			20,623
Total	$ 29,274,215	$ 499,524	$ 28,039,935	$ 734,756

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

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

Short-term investments - 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 deposit - The fair value of certificates of deposits is classified as Level 2 as these funds are not traded on a regular basis.

Government obligations - Investments in government bonds 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.

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 Level 1 as they trade with sufficient frequency and volume to enable the College to obtain pricing information on an ongoing basis.

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.

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 as the fair value is based on the net asset value as reported by the fund and is fully redeemable 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.

Alternative investments - Real asset funds - Investments in real asset 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.

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Alternative investments - Distressed credit funds - Investments in distressed credit 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.

Alternative investments - Commingled funds - Investments in commingled funds are classified as either Level 2 or Level 3 depending upon the redemption period. Those funds classified as Level 2 are based on the net asset value per share as reported by the fund monthly and are fully redeemable within 95 days. The commingled funds classified as Level 3 are based on the net asset value per share as reported by the fund monthly and are not fully redeemable 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.

The following table presents a reconciliation of the statement of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended May 31, 2010:

	Balances May 31, 2009	Net realized and unrealized gains (losses) included in change in net assets	Purchases, sales, issuances and settlement, net	Net transfers in (out) of Level 3	Balances May 31, 2010
ASSETS					
Real asset funds	$ 15,567	$ (18,010)	$ 226,997		$ 224,554
Distressed credit funds	247,031	119,563	75,600		442,194
Commingled funds	451,535	56,552	2,252,422		2,760,509
Beneficial interest in funds held in trust	20,623	2,193			22,816
Total	$ 734,756	$ 160,298	$ 2,555,019	$ -	$ 3,450,073

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, 2010.	$ 173,402

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents a reconciliation of the statement of financial position amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended May 31, 2009:

	Balances May 31, 2008	Net realized and unrealized gains (losses) included in change in net assets	Purchases, sales, issuances and settlement, net	Net transfers in (out) of Level 3	Balances May 31, 2009
ASSETS					
Real asset funds		$ (3,183)	$ 18,750		$ 15,567
Distressed credit funds	$ 103,000	(44,769)	188,800		247,031
Commingled funds	1,518,894	(208,506)	(858,853)		451,535
Beneficial interest in funds held in trust	28,313	(7,690)			20,623
Total	$ 1,650,207	$ (264,148)	$ (651,303)	$ -	$ 734,756

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, 2009.	$ (256,220)

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.

NOTE 2 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table lists the investments in alternative investments by major category:

	Hedge Funds	Real Assets Funds	Distressed Credit Funds	Commingled Funds
Fair value, May 31, 2010	$3,497,852	$224,554	$442,194	$2,940,631
Significant Investment Strategy	Long-short, active stock selection	Real estate and natural resources, primarily in the U.S.	Distressed asset funds and credit strategies, globally	Global diversified funds, equity, and event driven
Remaining Life	N.A.	10 years	N.A	N.A.
Dollar amount of unfunded commitments	None	$2,054,250	$632,600	$800,000
Timing to Draw Down Commitments	N.A.	1-9 years	N.A	N.A.
Redemption Terms	Quarterly redemption with 90-95 days notice	Annual redemption during specified period	Annual redemption with 120 days' notice	Ranges from quarterly redemption with 65 days notice to annual redemption with 95 days notice
Redemption Restrictions	N.A	2 funds have lock up provisions of up to 10 years	None	1 fund has a lock-up provision of 1 year
Redemption Restrictions in Place at Year End	N.A	2 funds have lock up provisions in place	None	1 fund has a lock-up provision in place

NOTE 3 - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Unrestricted net assets consist of the following at May 31, 2010 and 2009:

	2010	2009
Operations (deficit)	$ (338,990)	$ (4,123,597)
Other purchase and replacement of plant facilities (deficit)	(3,077,892)	(3,077,892)
Board-designated endowment funds		628,510
Donor-restricted endowment funds (deficit)	(989,997)	(2,450,163)
Loans to students	580,811	581,496
Gift annuities (deficit)	(14,672)	(36,926)
Scholarships, instruction and other departmental support	2,062,509	929,242
Net investment in plant	27,050,720	30,583,760
Debt service reserves	3,385,419	3,377,827
	$ 28,657,908	$ 26,412,257

Temporarily restricted net assets consist of the following at May 31, 2010 and 2009:

	2010	2009
Gifts and other unexpended revenues and gains available for:		
Scholarships, instruction and other departmental support	$ 1,276,008	$ 2,591,963
Acquisition of buildings and equipment	5,425,779	4,821,529
	6,701,787	7,413,492
Contributions receivable	1,506,231	1,980,012
Annuity, life income and similar funds	115,999	279,873
Donor-restricted endowment funds	4,048,263	2,886,002
	$ 12,372,280	$ 12,559,379

Permanently restricted net assets consist of the following at May 31, 2010 and 2009:

	2010	2009
Donor-restricted endowment funds	$ 24,871,811	$ 24,110,341
Annuity, life income and similar funds (deficit)	123,459	(111,944)
Contributions receivable	710,977	1,046,447
	$ 25,706,247	$ 25,044,844

NOTE 4 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from temporary donor restrictions during the years ended May 31, 2010 and 2009 by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows:

	2010	2009
Scholarships, instruction and other departmental support	$ 4,293,633	$ 2,222,527
Acquisition of buildings and equipment	212,514	269,820
	$ 4,506,147	$ 2,492,347

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable include the following unconditional promises to give at May 31, 2010 and 2009:

	2010	2009
Temporarily restricted - operations	$ 452,421	$ 635,290
Temporarily restricted - plant projects	1,963,343	2,259,268
Permanently restricted - endowment	1,091,190	1,418,761
Gross unconditional promises to give	3,506,954	4,313,319
Less: Unamortized discount	(421,621)	(236,443)
Estimated uncollectible	(868,125)	(1,050,417)
Net contributions receivable	$ 2,217,208	$ 3,026,459
Amounts due in:		
Less than one year	$ 726,650	
One to five years	2,780,304	
	$ 3,506,954	

Promises due in one to five years were discounted at interest rates ranging from 3% to 6% for each of the years ended May 31, 2010 and 2009. Promises due in less than one year were not discounted. Related party contributions receivable were approximately $379,000 and $575,000 at May 31, 2010 and 2009, respectively. Of the total gross contributions receivable outstanding at May 31, 2010, $1,688,000 is due from two donors.

NOTE 6 - ENDOWMENT INVESTMENTS

The following summarizes the College's endowment investments at May 31, 2010 and 2009:

	2010	2009
Cash and short-term investments	$ 136,625	$ 47,329
Equity funds	14,741,075	14,917,591
Fixed income funds	5,098,944	6,575,604
Commodity funds	1,080,764	544,728
Alternative investments	6,982,770	2,223,072
Cash surrender value of life insurance	191,726	205,251
	$ 28,231,904	$ 24,513,575

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.

NOTE 7 - OTHER INVESTMENTS

The following summarizes the College's investments held for deferred gift and other purposes at May 31, 2010 and 2009:

	2010	2009
Cash and short-term investments	$ 17,245	$ 12,972
Equity funds	444,036	485,035
Fixed income funds	657,846	655,662
Commodity funds	18,954	9,539
Real estate funds	56,996	34,351
Alternative investments	122,461	38,929
Alternative investments - other	39,340	30,110
	$ 1,356,878	$ 1,266,598

NOTE 8 - DEPOSITS HELD BY TRUSTEE

The following summarizes debt service reserve and other deposits held by trustee related to outstanding debt as well as funds held for the purchase of land and buildings in Windhoek, Namibia at May 31, 2010 and 2009:

	2010	2009
Cash and short-term investments	$ 2,418,261	$ 3,678,670
Fixed income funds	967,158	
	$ 3,385,419	$ 3,678,670

NOTE 9 - CONSTRUCTION IN PROGRESS

At May 31, 2010, the College had incurred costs related to the following building and renovation projects:

	Construction in Progress	Total Estimated Costs
Center for Science, Business and Religion	$ 1,896,051	$ 45,000,000
Miscellaneous projects	16,556	88,000
	$ 1,912,607	$ 45,088,000

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

NOTE 10 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at May 31, 2010 and 2009:

	2010	2009
Land	$ 3,530,439	$ 3,753,222
Buildings	68,749,254	68,699,794
Building improvements	29,776,391	31,460,956
Equipment and library books	9,830,856	8,875,976
	111,886,940	112,789,948
Less: Accumulated depreciation	(42,920,856)	(41,599,704)
	$ 68,966,084	$ 71,190,244

NOTE 11 - BONDS PAYABLE TO U.S. GOVERNMENT

The bonds payable to U.S. Government were issued by the College on April 1, 1966 to finance Urness Tower Dormitory and the College Center. The bonds bear interest at the rate of 3% and mature in amounts from $90,000 to $100,000 annually on April 1, 2011 to 2016. The outstanding balance at May 31, 2010 and 2009 was $560,000 and $640,000, respectively.

The bonds are secured by the general obligation of the College and additionally by (1) a first mortgage on Urness Tower and the College Center; (2) a first lien on and pledge of the net revenues derived from the operations or ownership of the mortgaged facilities; and (3) the student union fees of not less than $30 per year to be charged and collected from each full-time student.

NOTE 12 - NOTES AND LEASES 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, 2010	Balance as of May 31, 2009
Series A Bonds of 1972	$ 2,200,000	$ 465,000	$ 600,000
Series Four-Y Bonds of 1999	15,840,000	9,760,000	10,455,000
Series Six-C Bonds of 2005	6,780,000	6,780,000	6,780,000
Series Six-J1 Bonds of 2006	15,655,000	14,925,000	15,205,000
Series Six-J2 Bonds of 2006	5,000,000	4,400,000	4,700,000
		$ 36,330,000	$ 37,740,000

Series A Bonds of 1972 - Under a trust indenture dated December 1, 1972, the Minnesota Higher Education Facilities Authority sold First Mortgage Revenue Bonds totaling $2,200,000 and leased the project (Mortensen Hall) to the College. The bonds bear interest at 5.6% and mature in amounts from $145,000 to $165,000 annually on December 1, 2010 to 2012.

Series Four-Y Bonds of 1999 - On January 1, 1999 the Minnesota Higher Education Facilities Authority issued $15,840,000 of Mortgage Revenue Bonds and entered into a note agreement with the College. The bonds mature annually on October 1, 2010 through October 1, 2013 in amounts ranging from $725,000 to $840,000. Term bonds in the amount of $2,790,000 and $3,845,000 mature on October 1, 2016 and October 1, 2027, respectively. The term bonds are subject to annual mandatory sinking fund redemptions in installments ranging from $265,000 to $980,000, at the option of the Minnesota Higher Education Facilities Authority. The interest rate varies from 4.75% to 5.30% with interest payable each October 1 and April 1. The loan repayments are a general obligation of the College and are secured by a mortgage on and a security interest in the project facilities and revenues.

The bond proceeds were used by the College to construct a new 145-bed student resident facility on the West End of the College campus and to refinance Series Three-G Bonds of 1992.

Subsequent to May 31, 2010, the Series Four-Y Bonds were refinanced with the Series Seven-G Bonds. See Note 23.

Series Six-C Bonds of 2005 - On April 1, 2005, the Minnesota Higher Education Facilities Authority issued $6,780,000 of Revenue Bonds and entered into a note agreement with the College. The revenue bonds mature in annual installments of $145,000 to $375,000 on May 1, 2014 through 2016 with payments of $1,175,000, $1,750,000 and $2,960,000 due May 1, 2018, 2020 and 2023, respectively. The term bonds maturing in the years 2018, 2020 and 2023 are subject to annual sinking fund payments on May 1 in the years 2017 through 2023 in amounts varying from $365,000 to $1,035,000. The interest rates vary from 4.15% to 5.00% with interest payable each November and May. The loan repayments are a general obligation of the College.

The bond proceeds were used to pay part of the outstanding principal on the Series Four F-1 Bonds and the Series Four-W Notes.

NOTE 12 - NOTES AND LEASES PAYABLE TO MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY (CONT.)

Series Six-J1 Bonds of 2006 - In July 2006, the Minnesota Higher Education Facilities Authority issued $15,655,000 of Revenue Bonds and entered into a note agreement with the College. The revenue bonds mature in annual installments of $320,000 to $390,000 on May 1, 2013 through 2017 with payments of $595,000, $1,295,000, $4,540,000 and $6,715,000 due May 1, 2012, 2020, 2028 and 2036, respectively. The term bonds maturing in the years 2012, 2020, 2028 and 2036 are subject to annual sinking fund payments on May 1 in the years 2011 through 2012 and years 2018 through 2036 in amounts varying from $290,000 to $990,000. The bonds bear an interest rate of 5.00% and interest is payable each November and May. The loan repayments are a general obligation of the College.

The bond proceeds were used to construct, equip and furnish the Oren Gateway Center.

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 at May 31, 2010 and 2009 were 0.3% and 0.5%, respectively. Security on the bonds is provided through an unsecured letter of credit with Harris Bank (the Bank) which expires December 31, 2010. 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 annually, prior to their maturity pursuant to the trust indenture, by July 1 beginning in 2008 in amounts that range from $300,000 to $400,000. 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.

The bonds issued under the Authority also include certain financial covenants which include meeting a Revenue/Expenditure Test, as defined, for at least two of each preceding three fiscal year period and which limit the College's ability to incur additional long-term debt. In addition, the agreement with the letter of credit provider for the Series Six-J2 bond issue provides for various financial covenants.

NOTE 13 - OTHER NOTES PAYABLE

The following summarizes other notes payable at May 31, 2010 and 2009:

	2010	2009
Loan certificates	$ 2,384	$ 2,384
Barnes & Noble		77,501
	$ 2,384	$ 79,885

The College is indebted to various individuals on loan certificates payable. The majority of the certificates are due on demand and bear interest at 6% per annum.

The College has engaged Barnes & Noble College Booksellers, Inc. ("Barnes & Noble") to operate and provide services for the bookstore of Augsburg College. During fiscal year 2007, Barnes & Noble advanced the College $200,000 towards the construction of the bookstore. The advance was interest-free and paid in full in May 2010.

NOTE 14 - 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. Terms of the lease are over a 20-year period ending December 1, 2018 with the annual payments ranging between $195,460 and $199,545. 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, 2010 and 2009 was $1,415,000 and $1,540,000, respectively.

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

The College has a $6,000,000 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 February 28, 2011. There were no outstanding borrowings under this arrangement at May 31, 2010 and 2009.

NOTE 15 - FUTURE MATURITIES OF LONG-TERM DEBT

Annual maturities of all long-term debt (before the refinancing described in Note23) for each of the five years subsequent to May 31, 2010 and thereafter are: 2011 - $1,680,000; 2012 - $1,750,000; 2013 - $1,810,000; 2014 - $1,865,000; 2015 - $2,270,000 and thereafter - $28,930,000.

NOTE 16 - CAPITAL LEASE OBLIGATIONS

The College entered into multiple capital leases for equipment in the amount of $758,350 during the year ended May 31, 2010. The leases require the College to make regularly scheduled payments ranging between $2,568 to $10,916 including principal and interest in accordance with the lease agreements. The interest rates charged on the leases range from 0% to 5.3%. The lease terms expire from August 2013 to January 2014. Interest expense on the capital leases was $11,325 for the year ending May 31, 2010. Amortization on the leased equipment was $110,608 for the year ended May 31, 2010 and is included in depreciation expense.

Future minimum lease payments under the capital leases and the present value of the net minimum lease payments as of June 30, 2010 is as follows:

	Payments
Year Ending June 30	
2011	$ 200,199
2012	202,767
2013	202,767
2014	93,005
Total minimum lease payments	698,738
Less: Amount representing interest	(41,393)
Present value of minimum lease payments	$ 657,345

NOTE 17 - DEFERRED GIFT AGREEMENTS

The College has arrangements with donors classified as charitable remainder trusts, charitable annuity trusts and charitable gift annuities. In general, under these arrangements the College receives a gift from a donor in which it has a remainder interest and agrees to pay the donor stipulated amounts over the life of the donor. The arrangement may cover one or more lives. The College invests and administers the related assets and makes distributions to the beneficiaries as required. When the agreement reaches the end of its term, remaining assets are retained by the College as unrestricted, temporarily restricted or permanently restricted net assets, or in some instances, distributed to third-party beneficiaries.

When a gift is received under one of these arrangements, it is split into the amount representing the actuarial present value of future distributions back to the donor and the remaining gift value to be retained for the benefit of the College or third-party beneficiaries. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered and age of the donor. The College used interest rates ranging from 2.6% to 10.98% in making the calculations for the years ended May 31, 2010 and 2009.

Assets held by the College under deferred gift agreements totaled approximately $1,034,000 and $1,341,000 at May 31, 2010 and 2009, respectively.

NOTE 18 - ENDOWMENT

The College's endowment consists of approximately 340 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the governing board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The College's governing board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted in the State of Minnesota as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the College in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the College considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
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 College
7. The investment policies of the College

NOTE 18 - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund consists of the following as of May 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (989,997)	$ 4,048,263	$ 25,582,788	$ 28,641,054
Total endowment net assets	$ (989,997)	$ 4,048,263	$ 25,582,788	$ 28,641,054

Endowment net asset composition by type of fund consists of the following as of May 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (2,450,163)	$ 2,886,002	$ 25,156,788	$ 25,592,627
Board-designated endowment funds	628,510			628,510
Total endowment net assets	$ (1,821,653)	$ 2,886,002	$ 25,156,788	$ 26,221,137

Changes in endowment net assets for the year ended May 31, 2010 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, May 31, 2009	$ (1,821,653)	$ 2,886,002	$ 25,156,788	$ 26,221,137
Investment return:				
Investment income		518,540		518,540
Net appreciation - realized and unrealized	1,451,608	1,784,141		3,235,749
Total investment return	1,451,608	2,302,681		3,754,289
Contributions			426,000	426,000
Board authorized reclassification	(619,952)			(619,952)
Appropriation of endowment assets for expenditure - designated		(1,029,258)		(1,029,258)
Appropriation of endowment assets for expenditure - general		(111,162)		(111,162)
Endowment net assets, May 31, 2010	$ (989,997)	$ 4,048,263	$ 25,582,788	$ 28,641,054

NOTE 18 - ENDOWMENT (CONTINUED)

Changes in endowment net assets for the year ended May 31, 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, May 31, 2008	$ 9,113,579	$ -	$ 24,578,883	$ 33,692,462
Net asset reclassification based on change in law	(8,485,069)	8,485,069		
Endowment net assets after reclassification	628,510	8,485,069	24,578,883	33,692,462
Investment return:				
Investment income		636,887		636,887
Net depreciation - realized and unrealized	(2,450,163)	(5,098,273)		(7,548,436)
Total investment return	(2,450,163)	(4,461,386)		(6,911,549)
Contributions			577,905	577,905
Appropriation of endowment assets for expenditure - designated		(998,887)		(998,887)
Appropriation of endowment assets for expenditure - general		(138,794)		(138,794)
Endowment net assets, May 31, 2009	$ (1,821,653)	$ 2,886,002	$ 25,156,788	$ 26,221,137

Funds with Deficiencies - 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 that are reported in unrestricted net assets were $989,997 and $2,450,163 as of May 31, 2010 and 2009, respectively. 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.

Return Objectives and Risk Parameters - 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.

Strategies Employed for Achieving Objectives - 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.

NOTE 18 - ENDOWMENT (CONTINUED)

Spending Policy and How the Investment Objectives Relate to Spending Policy - The College has a policy of appropriating for distribution each year 4% of its endowment fund's average fair value over the prior 12 quarters through the fiscal year end. 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.

Endowment income is presented net of investment fees of approximately $66,000 and $64,000 for the years ending May 31, 2010 and 2009, respectively.

NOTE 19 - OPERATING LEASE

The College has operating leases for laptop computers, software, copiers, classroom space and other equipment. Rent expense approximated $850,000 and $729,000 during the years ended May 31, 2010 and 2009, respectively. Future minimum lease payments for the three years subsequent to May 31, 2010 are: 2011 - $318,000; 2012 - $125,000; 2013 - $24,000.

NOTE 20 - 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 $18,350 and a variable demand charge based on steam consumption. This agreement is for a 25-year period ending December 31, 2021.

NOTE 21 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents, investments, accounts receivable, other receivables and notes receivable. Cash and cash equivalents in excess of federally insured limits are subject to the usual risks of balances in excess of those limits. The majority of the College's cash and cash equivalents are held by two banks. Investments are generally placed in a variety of managed funds administered by the Commonfund and are diversified in order to limit credit risk. Concentrations of credit risk with respect to the notes and mortgages are limited due to the College holding a secured position in these agreements. Notes and other receivables are due from a variety of sources concentrated primarily in the Midwestern United States. In addition, the College's students receive a substantial amount of support from state and federal student financial assistance programs which are subject to audit by governmental agencies. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the College's programs and activities.

NOTE 22 - CONTINGENCIES

Various lawsuits, claims and other contingent liabilities arise in the ordinary course of the College's activities. Based on information currently available, management believes that liabilities, if any, resulting from any claim would not materially affect the financial condition or operations of the College.

NOTE 23 - SUBSEQUENT EVENTS

In September 2010, the College refinanced the outstanding principal balance on the Minnesota Higher Education Facilities Authority Series Four-Y Bond through the issuance of Minnesota Higher Education Facilities Authority Series Seven-G Revenue Bonds. The refinancing was done to reduce the interest obligation of the College by obtaining a more favorable interest rate. The Series Seven-G Bonds mature annually on October 1, 2011 through October 1, 2027 in amounts ranging from $385,000 to $880,000. Interest is payable each October 1 and April 1.

The College has evaluated subsequent events through October 2, 2010 which is the date that the financial statements were issued.

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