OFFICIAL STATEMENT DATED MAY 4, 2017

NEW AND REFUNDING ISSUE **Moody's Rating: Aa2**

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

$124,900,000
Minnesota Higher Education Facilities Authority
Revenue and Refunding Bonds, Series 2017
(Carleton College)

(DTC Book Entry Only)

Dated Date: Date of Delivery **Interest Due: March 1 and September 1, commencing September 1, 2017**

The Minnesota Higher Education Facilities Authority Revenue and Refunding Bonds, Series 2017 (Carleton College) (the "Bonds") mature annually on March 1 according to the schedule inside the front cover of this Official Statement.

The Bonds are subject to redemption at the College's option in whole or in part prior to maturity, as described herein. See "THE BONDS – Prior Redemption – Optional Redemption." 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 – Determination of Taxability." Term Bonds are subject to mandatory redemption in installments as described herein. See "THE BONDS – Prior Redemption – Mandatory Redemption."

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 The 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 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 Carleton College, a Minnesota nonprofit corporation (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 OF MINNESOTA, 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 Kutak Rock LLP, Minneapolis, Minnesota and for the Underwriter by Faegre Baker Daniels LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriter at DTC on or about May 24, 2017.

WELLS FARGO SECURITIES

Minnesota Higher Education Facilities Authority
$124,900,000 Revenue and Refunding Bonds, Series 2017 (Carleton College)

The Bonds mature March 1 as follows:

Year	Amount	Interest Rate	Yield	CUSIP 60416H:
2018	$2,785,000	3.00%	0.86%	2U7
2019	2,240,000	4.00%	1.01%	2V5
2020	3,505,000	4.00%	1.16%	2W3
2021	3,645,000	5.00%	1.31%	2X1
2022	3,830,000	5.00%	1.47%	2Y9
2023	5,440,000	5.00%	1.64%	2Z6
2024	5,705,000	5.00%	1.82%	3A0
2025	5,985,000	5.00%	2.04%	3B8
2026	6,285,000	5.00%	2.21%	3C6
2027	6,600,000	5.00%	2.31%	3D4
2028	6,920,000	5.00%	2.42%*	3E2
2029	4,825,000	5.00%	2.52%*	3F9
2030	5,065,000	3.00%	2.98%*	3G7
2031	3,160,000	5.00%	2.71%*	3H5
2032	3,315,000	4.00%	3.09%*	3J1
2033	3,445,000	4.00%	3.16%*	3K8
2034	3,585,000	5.00%	2.93%*	3L6
2035	3,765,000	4.00%	3.31%*	3M4
2036	3,910,000	4.00%	3.36%*	3N2
2037	4,070,000	4.00%	3.40%*	3P7
2038	4,220,000	3.75%	3.75%	3Q5
2039	4,395,000	4.00%	3.49%*	3R3
2040	4,565,000	4.00%	3.54%*	3S1
2041	2,960,000	4.00%	3.55%*	3T9
2042	3,080,000	4.00%	3.56%*	3U6

$6,580,000 5.00% Term Bonds due March 1, 2044 Yield 3.18%*, CUSIP 60416H 3V4
$11,020,000 4.00% Term Bonds due March 1, 2047 Yield 3.61%*, CUSIP 60416H 3W2

* *Priced to the first optional call date of March 1, 2027.*

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 other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the College or the Underwriter. The information contained herein, except as it relates to the Authority, DTC, and the Trustee and the tax-exemption of the interest on the Bonds and document summaries has been obtained from the College and is not guaranteed as to accuracy or completeness. Information relating to 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. Information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the College since the date hereof.

References in this Official Statement to laws, rules, regulations, agreements, and any 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 of such documents have not been included as appendices hereto, 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.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this official statement for purposes of, and as that term is defined in, SEC rule l 5c2-12.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof, this Preliminary Official Statement constitutes an official statement of the Authority that has been deemed final by the Authority as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

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

Barry W. Fick, Executive Director

Bond Counsel
McGrann Shea Carnival Straughn & Lamb, Chartered

Municipal Advisor to the Authority
Springsted Incorporated

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OFFICIAL STATEMENT

$124,900,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE AND REFUNDING BONDS, SERIES 2017
(CARLETON COLLEGE)

(DTC Book Entry Only)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Carleton College, a Minnesota nonprofit corporation (the "College"), owner and operator of an institution of higher education located in Northfield, Minnesota, in connection with the issuance of the Authority's $124,900,000 Revenue and Refunding Bonds, Series 2017 (Carleton College) (the "Bonds").

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

The Bonds are also issued pursuant to the Trust Indenture (the "Indenture") dated as of May 1, 2017 between the Authority and Wells Fargo Bank, National Association, Minneapolis, Minnesota as trustee (the "Trustee"). The Trustee will also serve as the Registrar and Paying Agent for the Bonds.

Pursuant to a Loan Agreement (the "Loan Agreement") dated as of May 1, 2017 between the College and the Authority relating to the Bonds, the College will covenant as a general obligation of the College to make Loan Repayments in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due.

The Authority will loan Bond proceeds to the College that will, along with available College funds, be used to:

1. Acquire, design, construct, renovate, improve and equip various facilities on the College's Northfield campus, including the Weitz Center for Creativity, science buildings including Olin Hall, Hulings Hall and Mudd Hall, and various utility infrastructure improvements;
2. Refund three series of outstanding Authority bonds issued for the College's benefit; and
3. Pay certain costs of issuance.

See "USE OF PROCEEDS – The Project" and "USE OF PROCEEDS – The Refunding" herein.

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.

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.

EXCEPT AS EXPRESSLY PROVIDED HEREIN, THIS OFFICIAL STATEMENT PROVIDES INFORMATION RELEVANT TO THE BONDS ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT.

CARLETON COLLEGE

Founded in 1866, the College is an independent, co-educational, residential liberal arts college. The College is a national college enrolling approximately 2,045 students drawn from 50 states and over 35 different countries.

The College is a four-year college that offers the bachelor of arts degree. Its students can choose from more than 1,000 courses in 32 major fields of study, as well as numerous interdisciplinary programs, off-campus study programs, area studies or concentrations.

The College occupies 1,040 scenic acres of campus, arboretum, and athletic fields, located in Northfield, Minnesota, roughly 40 miles south of Minneapolis and Saint Paul. Further information about the College and its financial condition can be found in Appendices I and VII herein.

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 Owner's receipt of payments of the principal of or interest on the Bonds.

Risk of Insufficient Collateral

The Bonds are secured solely by (a) a pledge by the Authority to the Trustee of amounts payable by the College under the Loan Agreement, and (b) amounts in accounts and funds which will be held by the Trustee and applied to the payment of principal of, premium, if any, and interest on the Bonds. The Bonds are not secured by a debt service reserve fund or a mortgage on or security interest in any real property or personal property.

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 of 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 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 receive sufficient unrestricted revenues in excess of expenditures, to invest and maintain sufficient monies in its investments and to obtain sufficient investment earnings therefrom. Such revenues and expenditures are subject to many conditions and factors, some of which may be beyond the control of the College and may change in the future to an extent that cannot be presently determined.

Competition

There is intense competition among institutions of higher education for students both nationally and within the upper Midwest region. 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 and Fees

The adequacy of the College's revenues will be largely dependent on the amount of future tuition revenue the College receives. Such revenue in turn will depend primarily on the College's ability 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 and changing general economic conditions will influence the number of applicants to the College.

Financial Aid

Approximately 55% of the College's students currently receive from the College and other sources financial aid that covers some portion of tuition and fees and living expenses. See Appendix I, "THE COLLEGE – Financial Aid" herein. No assurance can be given that federal, state, or College financial aid 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 could cause a decline in enrollment, which could in turn have an adverse effect on the College's revenues.

Damage or Destruction

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

Bankruptcy

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

Construction Risks

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

Lack of Mortgage

The Bonds are secured solely by a pledge by the Authority to the Trustee of amounts payable by the College under the Loan Agreement. The Bonds are not secured by any mortgage on or security interest in any of the College's property or by any other collateral.

Endowment Portfolio Risk

Market conditions that negatively affect the College's investments may adversely affect debt service coverage and endowment spending. The College's Board of Trustees has approved an investment policy which gives specific guidance about portfolio investments. The College's investment policy defines a diversified investment portfolio with assistance from outside consultants. The operating budget of the College includes an annual contribution from endowment funds currently equal to 70% of the prior year's spending increased by 2%, plus 30% of 4.95% of the 12-quarter average market value of the endowment as of the prior June 30, banded by not more than 5.75% or less than 3.75% of the market value of the endowment for the period ending June 30 prior to the start of the fiscal year. See also Appendix I, "THE COLLEGE – Endowment and Annuity and Life Income Funds."

Variable Rate Demand Obligation; Mandatory Tender Obligation

The College has two outstanding variable rate demand obligations ("VRDOs") issued by the Authority for the College's benefit, namely the $23,000,000 Variable Rate Demand Revenue Bonds, Series Five-G (Carleton College), currently outstanding in the amount of $23,000,000, and the $31,460,000 Revenue Bonds, Series Six-D (Carleton College), currently outstanding in the amount of $12,165,000. The VRDOs are secured by the full faith and credit of the College. In addition, the VRDOs are secured by liquidity facilities in the form of Standby Bond Purchase Agreements ("SBPAs") provided by JP Morgan Chase Bank, National Association, each with a current expiration date of April 30, 2020.

Holders of the College's VRDOs have the right to tender their bonds to the College for purchase on any business day upon one day's notice. If the remarketing agent for the VRDO cannot place any or all of the tendered bonds with other purchasers, the College is obligated to purchase any unplaced VRDOs. If the College fails to purchase unplaced VRDOs, the bank is obligated to purchase such VRDOs pursuant to the respective SBPA.

The Bonds will not be issued as a VRDO. The College intends to defease and refund the outstanding balance of the Series Five-G Bonds with Bond proceeds. The failure in the future to remarket the College's remaining Series Six-D Bonds following a mandatory or optional tender may adversely affect the ability of the College to pay debt service on the Bonds. In addition, upward changes in VRDO rates could increase interest expense for the College and adversely affect the ability of the College to pay debt service on the Bonds.

Derivative Products

The College has previously entered into interest rate swap agreements and is currently a counterparty to a swap agreement. See Note 4 to the College's financial statements, Appendix VII hereto. The College may enter into other interest rate swaps or similar arrangements in the future. Under certain market conditions, termination of an interest rate swap agreement prior to its expiration may require the College to pay a termination fee to the counterparty to the agreement and such payment could be material to the College.

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 having an adverse effect on the future operating or financial performance of the College.

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

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

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

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

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934 (the "Rule"), the College will enter into an undertaking (the "Undertaking") for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the College annually, and to provide notices of the occurrence of any of the events enumerated in the Rule to the Municipal Securities Rulemaking Board (the "MSRB"). 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 Certificate 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, "ANNUAL REPORT INFORMATION," contains a summary of the financial information and operating data to be provided annually.

The Continuing Disclosure Certificate may be amended under certain circumstances as permitted by the Rule. Furthermore, the College has reserved its right to modify the terms of the Continuing Disclosure Certificate if a court of competent jurisdiction or the College determines that such modification is required by the Rule.

In the past five years the College has timely filed annual reports as required by its continuing disclosure obligations, except that the College failed to timely file its audited financial statements for the fiscal year ended June 30, 2015, required to be filed by March 26, 2016, but not filed until February 17, 2017. A failure-to-file notice relating to the foregoing omission was filed on April 10, 2017. A failure by the College to comply with the Undertaking will not constitute an event of default on the Bonds (although holders may have other remedies in the event of noncompliance). 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.

Any filing under the Continuing Disclosure Undertaking may be made solely to the Municipal Securities Rulemaking Board (the "MSRB") as provided at http://www.emma.msrb.org.

THE BONDS

General

The Bonds will be dated as of the date of delivery and will mature annually each March 1, commencing March 1, 2018, as set forth on the inside cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each March 1 and September 1, commencing September 1, 2017.

Book Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of 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 March 1 in the years as described immediately below at the principal amount 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 Bonds Maturing March 1, 2044		Term Bonds Maturing March 1, 2047	
Year	Amount	Year	Amount
2043	$3,210,000	2045	$3,530,000
2044*	3,370,000	2046	3,670,000
		2047*	3,820,000

* *Stated maturity.*

The Bonds or portions thereof to be so redeemed shall be selected by the Trustee by such random means as the Trustee shall determine.

The Bonds to be retired pursuant to the mandatory redemption provisions 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 forty-five (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 Account) and canceled by the Trustee and not theretofore applied as a credit against such mandatory redemption obligations.

Optional Redemption

Bonds maturing on or after March 1, 2028 are subject to optional redemption at the College's direction on March 1, 2027 and on any date thereafter at par plus accrued interest. Redemption may be in whole or in part, and if in part, it shall be in such order of maturity as the College directs and selected by random means within a maturity (and, in the case of Term Bonds, the College may treat the mandatory redemption amount of the Term Bonds as maturities for this purpose). In certain circumstances described in the Indenture the College may request that the notice of redemption be conditional and subject to rescission or cancellation by the College up to five Business Days prior to the redemption date.

Optional Redemption Upon Determination of Taxability

The Bonds will be subject to optional redemption at any time at par and accrued interest upon a Determination of Taxability until the date or dates as of which interest on the Bonds is subsequently determined (if at all) to be non-taxable, as provided in the Loan Agreement. Redemption shall be subject to notice requirements in the Indenture and Loan Agreement. See "THE BONDS – Determination of Taxability" herein.

Partial Redemption

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

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

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

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 sixty (60) days, then again not less than twenty (20) nor more than sixty (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 secured 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 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 respective dates on which the principal of the Bonds is paid or the date or dates as of which the interest on the Bonds is subsequently determined (if at all) to be non-taxable. **If a Determination of Taxability should occur, any monetary damages or loss resulting from or incident thereto shall be limited to the increased interest rate on the Bonds.** See "TAX EXEMPTION" herein and Appendix IV, "DEFINITIONS 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, until the date or dates as of which interest on the Bonds is subsequently determined (if at all) to be non-taxable, at a price of par and accrued interest (including additional interest from the Date of Taxability and without a premium).

USE OF PROCEEDS

The Plan of Finance

The Bond proceeds will be loaned to the College by the Authority and, along with available College funds, will be used to:

1. Acquire, design, construct, renovate, improve and equip various facilities and utility infrastructure improvements on the College's Northfield campus (the "Project");
2. Refund three series of outstanding Authority bonds issued for the College's benefit; and
3. Pay certain costs of issuance.

The Project

The College is in the process of acquiring, designing, constructing, renovating, improving and equipping various facilities, including:

(i) Addition of approximately 58,000 square feet to the Weitz Center for Creativity, including fixtures, furnishings and equipment, and miscellaneous work to the existing building for connections and two room changes;

(ii) Addition to the science complex of approximately 102,000 square feet to add space and replace Mudd Hall, significant renovation to Olin Hall, and targeted upgrades to Hulings Hall, including replacement of mechanical equipment and changes to stairs;

(iii) Temporary renovations to accommodate the science departments relocated out of Mudd Hall during construction; and

(iv) Utility infrastructure improvements and additions to the College campus, including a new hot and chilled water plant tied to a campus geothermal system and onsite electrical generation to service the existing campus facilities and the planned additions or expansions.

The College's Board of Trustees approved the work related to the Weitz Center at its February 2016 meeting. Site work, excavation, footings and foundations, and exterior construction began in May 2016. Interior construction started in September 2016 and is anticipated to continue through July 2017 with substantial completion by August 2017.

For the portion of the Project related to the science buildings, EYP Architecture & Engineering, Boston, Massachusetts, was selected in September 2014 as the project's architect and McGough Construction, Roseville, Minnesota, was selected in January 2015 as the construction contractor. Documents related to construction for bidding were completed on April 14, 2017. The Carleton Board of Trustees approved proceeding with this portion of the project at its February 2017 meeting. Construction is expected to begin in June 2017 and to be substantially completed in December 2020.

MEP Associates, Rochester, Minnesota, was selected in July 2014 as the utility infrastructure project engineer and Collaborative Design Group, Minneapolis, Minnesota, is the project architect. McGough Construction, Roseville, Minnesota was selected February 2016 as the construction contractor for the utility plant, geothermal system, and distribution work and Terra General Contractors, Rogers, Minnesota, was hired April 2017, for building HVAC retrofit work. Work on utility infrastructure improvements will begin in June 2017 and is expected to be substantially completed by December 2021.

The estimated budget and anticipated sources of funding for the Project are as follows:

Project	Project Budget	Internal Reserves	Gifts Pledged or Received	Expected Gifts	Long-term Debt
Science Complex	$97,500,000	$ 2,500,000	$41,500,000	$18,500,000	$35,000,000
Weitz Center Addition	35,600,000	600,000	25,000,000		10,000,000
Utilities*	37,500,000	12,500,000			25,000,000
Total Debt					**$70,000,000**

* *Preliminary budget, subject to change*

The Refunding

The College plans to refund certain series of Authority bonds issued on the College's behalf, including:

(i) The outstanding Series Five-G Variable Rate Demand Revenue Bonds, dated June 8, 2000, issued in the original principal amount of $23,000,000 (the "Series Five-G Bonds");

(ii) The outstanding Series Six-T Revenue Bonds, dated December 4, 2008, issued in the original principal amount of $19,665,000 (the "Series Six-T Bonds"); and

(iii) The outstanding Series Seven-D Revenue Bonds, dated June 29, 2010, issued in the original amount of $30,455,000 (the "Series Seven-D Bonds").

The Series Five-G Bonds are outstanding and eligible for current refunding in the amount of $23,000,000. The Series Five-G Bonds to be refunded, identified by CUSIP, are as follows:

Maturity Date	Principal	CUSIP
November 1, 2029	$23,000,000	604151 5J 5

The Authority at the College's direction may optionally redeem the Series Five-G Bonds in whole or in part on any Business Day at par plus interest accrued to the redemption date. Notice shall be given to the Series Five-G bondholders not less than 30 days prior to the redemption date. The College anticipates redeeming the Series Five-G Bonds on or about June 26, 2017.

On the Issue Date, a portion of the Bond proceeds will be deposited in the Refunding Account created under the Indenture and immediately transferred to Wells Fargo Bank, National Association as the Trustee for the Series Five-G Bonds for deposit into the Series Five-G Redemption Account. The amounts so deposited shall not be invested, but will be in an amount sufficient, together with certain other available College funds to be deposited into the Series Five-G Redemption Account, to pay the principal of and interest on the Series Five-G Bonds to and including their redemption date.

The Series Six-T Bonds are outstanding and eligible for advance refunding in the amount of $16,495,000. The Series Six-T Bonds to be refunded, identified by CUSIP, are as follows:

Maturity Date January 1	Principal	CUSIP 60416H
2018	$ 475,000	NF 7
2023†	4,170,000	NG 5
2028†*	11,850,000	NH 3

† Term Bonds
* Final Maturity

The Authority at the College's direction may optionally redeem the Series Six-T Bonds maturing on or after January 1, 2019 on January 1, 2018 and on any date thereafter in whole or in part, at par plus interest accrued to the redemption date. The outstanding Series Six-T Bonds will be fully defeased from Bond proceeds and any funds available therefor on deposit under the Series Six-T Indenture. The Series Six-T Bonds will be paid, prepaid, and redeemed on January 1, 2018 (the "Series Six-T Redemption Date") at a price of par plus interest accrued to that date.

On the Issue Date, a portion of the Bond proceeds will be deposited in the Refunding Account created under the Indenture and immediately transferred to Wells Fargo Bank, National Association as the escrow agent (the "Escrow Agent") under that certain Escrow Agreement dated May 1, 2017 (the "Escrow Agreement") for deposit into the Series Six-T Subaccount created thereunder (the "Series Six-T Escrow Subaccount"). The amount on deposit in the Series Six-T Escrow Subaccount will be invested in U.S. government securities and that amount, plus earnings thereon, will be sufficient to pay interest due on the Series Six-T Bonds to and including the Series Six-T Redemption Date and to pay, prepay, and redeem the outstanding Series Six-T Bonds on the Series Six-T Redemption Date.

The Series Seven-D Bonds are outstanding and eligible for advance refunding in the amount of $26,735,000. The Series Seven-D bonds to be refunded, identified by CUSIP, are as follows:

Maturity Date March 1	Principal	CUSIP 60416H
2018	$ 675,000	RV 8
2019	700,000	RW 6
2020	725,000	RX 4
2021	750,000	SA 3
2030†	8,620,000	RY 2
2040†*	15,265,000	RZ 9

† Term Bonds
* Final Maturity

The Authority at the College's direction may optionally redeem the Series Seven-D Bonds maturing on or after March 1, 2020 on March 1, 2019 and on any date thereafter in whole or in part, at par plus interest accrued to the redemption date. The outstanding Series Seven-D Bonds will be fully defeased from Bond proceeds and any funds available therefor on deposit under the Series Seven-D Indenture. The Series Seven-D Bonds will be paid on March 1, 2018 and paid, prepaid, and redeemed on March 1, 2019 (the "Series Seven-D Redemption Date") at a price of par plus interest accrued to that date.

On the Issue Date, a portion of the Bond proceeds will be deposited in the Refunding Account created under the Indenture and immediately transferred to the Escrow Agent under the Escrow Agreement for deposit into the Series Seven-D Subaccount created thereunder (the "Series Seven-D Escrow Subaccount"). The amount on deposit in the Series Seven-D Escrow Subaccount will be invested in U.S. government securities and that amount, plus earnings thereon, will be sufficient to pay interest due on the Series Seven-D Bonds to and including the Series Seven-D Redemption Date and to pay, prepay, and redeem the outstanding Series Seven-D Bonds on March 1, 2018 and on the Series Seven-D Redemption Date.

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of Bonds	$124,900,000
Original Issue Premium	14,770,300
Available College Funds*	105,863
Total Sources	$139,776,163
Uses of Funds	
Project Fund Deposit	$ 70,000,000
Escrow Deposit	45,913,688
Refund Series Five-G Bonds	23,105,863
Costs of Issuance (including Underwriter's Discount)	756,612
Total Uses	$139,776,163

* *To be applied to interest on the Series Five-G Bonds from the Issue Date to redemption on or about June 26, 2017.*

In the event Bond issuance costs including Underwriter's discount exceed 2% of the Bond proceeds, defined as par adjusted for original issue discount or premium, such excess shall be paid by the College from other than Bond proceeds.

OUTSTANDING AND PRO FORMA DEBT AND DEBT SERVICE

The following table displays the College's outstanding debt before and after the issuance of the Bonds:

			Par Amount Outstanding	
Series	**Maturities**	**Interest Rate Mode**	**Pre-2017 Bonds [(1)]**	**Post-2017 Bonds**
Series Five-G (2000)	2029	Variable	$23,000,000	--
Series Six-D (2005)	2018-2022	Synthetic Fixed	9,130,000	$ 9,130,000
Series Six-D (2005)	2035	Variable	3,035,000	3,035,000
Series Six-T (2008)	2018-2028	Fixed	16,495,000	--
Series Seven-D (2010)	2018-2040	Fixed	26,735,000	--
Series 2017	2018-2047	Fixed	--	124,900,000
Total Par Outstanding			**$78,395,000**	**$137,065,000**

(1) As of May 1, 2017

The following table displays the College's estimated pro forma fiscal year annual debt service requirements after issuance of the Bonds and application of the proceeds to refunding the Series Five-G Bonds, the Series Six-T Bonds and the Series Seven-D Bonds:

Annual Net Debt Service Requirement

		Series 2017 Bonds			
Fiscal Year Ending 6/30[1]	Series Six-D Debt Service[2]	Principal	Interest	Debt Service	Total Debt Service
2018	$ 3,360,543	$ 2,785,000	$ 4,256,990	$ 7,041,990	$ 10,402,533
2019	3,329,941	2,240,000	5,449,000	7,689,000	11,018,941
2020	1,269,251	3,505,000	5,359,400	8,864,400	10,133,651
2021	1,225,320	3,645,000	5,219,200	8,864,200	10,089,520
2022	1,182,324	3,830,000	5,036,950	8,866,950	10,049,274
2023	91,050	5,440,000	4,845,450	10,285,450	10,376,500
2024	91,197	5,705,000	4,573,450	10,278,450	10,369,647
2025	90,903	5,985,000	4,288,200	10,273,200	10,364,103
2026	91,050	6,285,000	3,988,950	10,273,950	10,365,000
2027	91,050	6,600,000	3,674,700	10,274,700	10,365,750
2028	91,197	6,920,000	3,344,700	10,264,700	10,355,897
2029	90,903	4,825,000	2,998,700	7,823,700	7,914,603
2030	91,050	5,065,000	2,757,450	7,822,450	7,913,500
2031	91,050	3,160,000	2,605,500	5,765,500	5,856,550
2032	91,197	3,315,000	2,447,500	5,762,500	5,853,697
2033	90,903	3,445,000	2,314,900	5,759,900	5,850,803
2034	91,050	3,585,000	2,177,100	5,762,100	5,853,150
2035	3,103,350	3,765,000	1,997,850	5,762,850	8,866,200
2036		3,910,000	1,847,250	5,757,250	5,757,250
2037		4,070,000	1,690,850	5,760,850	5,760,850
2038		4,220,000	1,528,050	5,748,050	5,748,050
2039		4,395,000	1,369,800	5,764,800	5,764,800
2040		4,565,000	1,194,000	5,759,000	5,759,000
2041		2,960,000	1,011,400	3,971,400	3,971,400
2042		3,080,000	893,000	3,973,000	3,973,000
2043		3,210,000	769,800	3,979,800	3,979,800
2044		3,370,000	609,300	3,979,300	3,979,300
2045		3,530,000	440,800	3,970,800	3,970,800
2046		3,670,000	299,600	3,969,600	3,969,600
2047		3,820,000	152,800	3,972,800	3,972,800
Total[3]	**$14,563,328**	**$124,900,000**	**$79,142,640**	**$204,042,640**	**$218,605,968**

(1) Fiscal year ending June 30 includes debt service due on the following July 1.

(2) Includes currently outstanding $12,165,000 of Series Six-D Bonds of which $9,130,000 amortizes through 2022 and is hedged with a synthetic fixed rate swap that expires in 2022 and $3,035,000 unhedged portion that matures in 2035. The interest expense on the hedged Series Six-D Bonds is calculated based on the 3.53% swap rate plus credit facility and remarketing fees paid annually and the unhedged portion assumes an all-in rate of 3% inclusive of these annual fees. The average interest rate for calendar year 2016 was 0.48% for the Series Six-D Bonds.

(3) Totals may not add due to rounding.

SOURCE OF PAYMENT AND SECURITY FOR THE BONDS

General

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the College pursuant to the Loan Agreement or out of other amounts pledged therefor under the Indenture.

The Bonds are secured by the pledge of the Loan Repayments, which are a general obligation of the College, and funds the Trustee holds under the Indenture. The College will covenant and agree pursuant to the terms of the Loan Agreement 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 will further agree to make such payments out of its operating funds or any other moneys legally available.

The College will covenant and agree to charge tuition, fees, rentals and charges which, together with the College's general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the College as they become due; except that no contributions or pledges of gifts to the College in connection with any current capital fund drive are pledged to the payment of Loan Payments.

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 of Minnesota, are pledged. The Authority has no taxing powers.

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which the 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 Construction Account, a Costs of Issuance Account, a Bond and Interest Sinking Fund Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Refunding Account, the Construction Account, the Costs of Issuance Account, and the Bond and Interest Sinking Fund 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 and the Redemption Account 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 specified in the Indenture, which amount shall not be invested but shall immediately be transferred to the appropriate Trustee for outstanding bonds to be refunded on a current refunding basis or to the Escrow Agent for deposit in the Escrow Account, as more fully described in "USE OF PROCEEDS – The Refunding."

Construction Account

There shall be deposited initially into the Construction Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Refunding Account, the Costs of Issuance Account, and the Bond and Interest Sinking Fund Account. The College will agree in the Loan Agreement to provide for payment of all costs of the Project in excess of the proceeds of the Bonds available therefor and to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (principal adjusted for net original issue discount or net original issue premium according to the reoffering scale). Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project. When work on the Project has been completed and the Project Equipment has been installed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Redemption Account or the Bond and Interest Sinking Fund Account under certain conditions.

Costs of Issuance Account

There shall be deposited into the Costs of Issuance Account the amount specified in the Indenture to be applied to the costs, fees and expenses incurred in connection with the issuance of the Bonds. The Trustee shall disburse funds from this account upon presentation to Trustee of an invoice approved by the Authorized Institution Representative or the Authorized Authority Representative. If funds remain in the Costs of Issuance Account after a period of six months, the funds shall be transferred to the Bond and Interest Sinking Fund Account.

Bond and Interest Sinking Fund Account

There shall be deposited into the Bond and Interest Sinking Fund Account accrued interest, if any, received from the sale of the Bonds, transfers of amounts in other accounts as permitted by the Indenture, and Loan Repayments made by the College. 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.

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

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the Costs of Issuance Account, the Bond and Interest Sinking Fund Account, and the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time. For more detail on authorized investments, see Appendix V, "SUMMARY OF DOCUMENTS – The Indenture – Accounts."

Moneys deposited to Refunding Account shall not be invested, but shall be transferred immediately to the appropriate Trustee for outstanding bonds to be refunded on a current refunding basis or to the Escrow Agent for deposit into the Escrow Account and shall be invested pursuant to the Escrow Agreement. See "USE OF PROCEEDS" herein.

FUTURE CAPITAL PROJECTS

The College regularly improves and expands its physical plant and incurs long-term financing as needed for these purposes. The College does not anticipate incurring any debt financing for capital projects in the next 12 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. Appointed Board members serve staggered four-year terms. 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.

All Authority members must be residents of Minnesota. At least two members must reside outside the metropolitan area of Minneapolis-St. Paul. At least one member must be knowledgeable in the field of municipal finance, at least one member shall be knowledgeable in the building construction field and at least one member shall be a trustee, director, officer, or employee of an institution of higher education.

The administration and overall operation of the Authority is the responsibility of its Executive Director, Barry W. Fick. Mr. Fick became the Executive Director of the Authority on July 13, 2016. He brings over 28 years of public finance and higher education finance experience to the Authority. Mr. Fick has a Bachelor of Science degree in Economics from the University of Minnesota and a Juris Doctorate from Mitchell | Hamline School of Law. He replaced Marianne T. Remedios, who retired after having been Executive Director since 2000. Prior to becoming Executive Director of the Authority, Mr. Fick served as Senior Vice President at Springsted Incorporated, Public Sector Advisors ("Springsted"). Springsted is the Municipal Advisor to the Authority. See "MUNICIPAL ADVISOR" herein.

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 issued bonds totaling over $2.4 billion, of which approximately $855 million of Authority issued debt is outstanding as of April 1, 2017. 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 of Minnesota.

Each series of bonds or other obligations of the Authority issued for the benefit of a particular higher education institution is secured by a separate trust indenture or financing agreement (in the case of private placements). Consequently, each series of obligations of the Authority (with the exception of additional bonds with respect to that series) is separate and distinct as to security and source of payment. The Authority may authorize other series of bonds or other obligations for the financing of projects for other private nonprofit educational institutions eligible for Authority financing assistance,

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 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. The Authority does not receive any funds from the State of Minnesota.

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

MUNICIPAL ADVISOR

The Authority has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota, as municipal advisor (the "Municipal Advisor") in connection with certain aspects of the issuance of the Bonds. In preparing the Official Statement, the Municipal 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 Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal 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 Municipal Advisor is an independent advisory firm, registered as a municipal advisor, and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Bonds.

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

UNDERWRITING

The Bonds are being purchased by Wells Fargo Securities (the "Underwriter").

The Underwriter has agreed to purchase the Bonds at a purchase price of $139,214,839.01 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $455,461.19 and adjusted for original issue premium of $14,770,300.20).

The Underwriter intends to offer the Bonds to the public initially at the offering price set forth on the inside 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.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Products Group ("WFBNA"), the sole underwriter of the Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name Wells Fargo Advisors) ("WFA"), for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

Wells Fargo Bank, National Association is serving as both underwriter and Trustee for the Bonds, and as Escrow Agent for the Refunded Bonds. Wells Fargo Bank, National Association will be compensated separately for serving in each capacity.

RATING

Moody's Investors Service (“Moody's”), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York, has assigned a rating of “Aa2” to the Bonds. The rating reflects only the opinion of Moody’s. Any explanation of the significance of the rating may be obtained only from Moody’s.

There is no assurance that such rating will continue for any given period of time or that it may not be raised, lowered or withdrawn entirely by the rating agency if, in Moody’s judgment, circumstances so warrant. Any 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, 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 Kutak Rock LLP, Minneapolis, Minnesota, and for the Underwriter by Faegre Baker Daniels LLP, Minneapolis, Minnesota.

TAX EXEMPTION

Federal Tax Considerations

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

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

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

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

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

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

Minnesota Tax Considerations

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

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

Changes in Federal and State Tax Law

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

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

Original Issue Premium

The Bonds maturing on March 1 in the years 2018 through 2037, 2039 through 2042, 2044, and 2047 may be sold to the public at an amount in excess of their stated redemption price at maturity. Such excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

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THE COLLEGE

Carleton College (the "College") was founded by the Minnesota Conference of Congregational Churches, under the name of Northfield College, on November 14, 1866. Preparatory school classes began in September, 1867. In 1870 the College formed its first college class and began construction of the first on-campus building. Church control ended after one year. The College then became and continues to be an autonomous and non-sectarian higher education institution.

By the fall of 1871, the name of the College had been changed to honor an early benefactor, William Carleton of Charlestown, Massachusetts, who bestowed a gift of $50,000. At the time, it was the largest single contribution ever made to a western college, and it was made unconditionally, with no requirement that the name of the College be changed.

The College has always been co-educational. The original graduating class in 1874 was composed of one man and one woman who followed similar academic programs. Carleton's 2016 fall enrollment of 2,045 was comprised of nearly equal numbers of men and women.

Governance

The College is governed by the Board of Trustees currently comprised of 29 voting members. The Board is self-perpetuating through a nominations and recommendations process coordinated by the Committee on Trustee Affairs.

Trustees serve four-year terms and are elected by the Board. After two successive four-year terms, Trustees must be off the Board for at least one year after which they will be eligible for re-election to the Board. The terms are staggered so that the terms of approximately one-fourth of the Trustees end each year. If a vacancy on the Board occurs, the term of the Trustee elected to fill the vacancy is the balance of the unexpired term.

The President of the Alumni Association, the Chair of the Alumni Annual Fund and the President of the Parents Council are each *ex officio* members of the Board of Trustees with all of the rights, duties and privileges of a Trustee except that of voting and attending executive sessions of the Board.

Officers of the Board consist of the Chair and one or more Vice Chairs, who are elected for terms of one year, and the President of the College, the Secretary, and the Treasurer, whose terms are determined by the Board.

The Board normally meets three times a year (fall, winter, and spring), with the annual meeting for the election of Trustees and officers in the spring (May). Dates are set by the Board at the convenience of the Trustees. Special meetings may be called at the discretion of the Chair. One-third of the membership of the Board constitutes a quorum for the transaction of business at any regular or special meeting. The Executive Committee performs duties of the Board between Board meetings, with certain exceptions requiring action by the full Board of Trustees.

The Board of Trustees is responsible for policymaking. The Board does not involve itself in the day-to-day operations of the College. The President of the College, as the College's Chief Executive Officer, is responsible for the general active management of the College on a day-to-day basis. The faculty, with the assistance of a standing committee chaired by the Dean of the College, formulates educational policy.

The officers of the College are the President, Vice President and Treasurer, and Dean of the College.

Members:	*Occupation/Location:*
Laird McCulloch P ’12, P ’15	Redwood City, CA
Bradford T. Nordholm ’78, P ’06	CEO and Senior Managing Director, Starwood Energy Group Global, LLC Greenwich, CT
Gary T. O’Brien P ’08, P ’10, P ’14	Managing Director, Quetico Partners LLC Minneapolis, MN
Steven C. Parrish P ’12	Founder, Steve Parrish Consulting Group, LLC Westport, CT
Rolf S. Peters ’86	CEO, AgMotion, Inc. Minneapolis, MN
Steven G. Poskanzer P ’15	President, Carleton College Northfield, MN
Nicholas J. Puzak ’81, P ’20	Property Manager Minneapolis, MN
David B. Smith, Jr. ’88, P ’19	Executive Vice President and General Counsel, Mutual Fund Directors Forum Washington, DC
Frances L. Spangler ’91	CFO, Sugarloaf Crush Healdsburg, CA
William P. Sterling ’76, P ’05, P ’08, P ’11	CEO & CIO, Trilogy Global Advisors New York, NY
Gary L. Sundem ’67	Professor of Accounting Emeritus Foster School of Business, University of Washington Seattle, WA
Wallace R. Weitz ’70, P ’96, P ’99, P ’02	President, Weitz Investment Management Omaha, NE
Justin B. Wender ’91	Managing Partner, Stella Point Capital, LLC New York, NY
Bonnie M. Wheaton ’66	Circuit Judge, 18th Judicial Circuit Court, DuPage County IL Wheaton, IL
Byron White ’08	Business Development, Google Inc. Mountain View, CA
John L. Youngblood ’81, P ’14	Managing Partner, Gallatin Capital LLC New York, NY
Alison M. von Klemperer ’82, P ’16	Consultant Darien, CT

P – Parent of Carleton Student

President

Steven G. Poskanzer became Carleton's 11th president in August, 2010. He developed and led the College through a comprehensive strategic planning process that brought trustees, faculty, students, staff, alumni, and parents together to chart Carleton's course for the coming decade. This plan, *Carleton's Future*, is currently in the midst of being implemented. In recent years, the College has seen a significant increase in the number of applications, along with continued success in faculty recruitment. Consistent with its newly-set priorities, the College is now dramatically increasing need-based financial aid to both low- and moderate-income students, emphasizing post-graduation career planning and outcomes, and constructing new performing arts and interdisciplinary science facilities.

A scholar of higher education law, President Poskanzer's research focuses on issues of academic freedom and how colleges and universities seek to achieve educational goals in a complex legal and policy environment. At each institution where he has worked, President Poskanzer has also made a point of teaching students in the classroom.

President Poskanzer received his undergraduate degree from Princeton University in 1980 and a law degree from Harvard University in 1983. After practicing law briefly in Washington, D.C., his entire career has been spent in higher education. He first worked in the Office of the General Counsel at the University of Pennsylvania, becoming the University's Associate General Counsel. He then spent a year as an American Council on Education Fellow back at Princeton, working as an assistant to the University's provost.

In 1993, President Poskanzer moved to the University of Chicago, where he served as Executive Assistant to the President and, among other duties, was responsible for the University's Public Affairs department and for policy planning for the Board of Trustees.

In 1997, President Poskanzer shifted from private to public higher education, joining the State University of New York (SUNY). Initially based in Albany at SUNY's System Administration, he quickly rose to the position of Vice Provost for the 64-campus System and headed the Office of Academic Affairs. From 2001-2010, President Poskanzer served as President of SUNY New Paltz. New Paltz dramatically enhanced its student and faculty quality and its overall academic reputation during President Poskanzer's tenure, including being recognized by *Newsweek* as the "Hottest Small State School" in America.

Vice President and Treasurer

Frederick A. Rogers began his tenure as the College Vice President and Treasurer in August 2004. Mr. Rogers graduated from Carleton (Class of '72) with a B.A. in mathematics and went on to earn his M.S. with distinction from the School of Urban and Public Affairs, now the Heinz School of Public Policy and Management, at Carnegie Mellon University. Mr. Rogers began his career in planning at Carnegie Mellon in 1974 where he was appointed Vice President for Business Affairs and Chief Financial Officer in 1981. He joined Cornell University in 1990 as Vice President for Finance and was appointed Senior Vice President in 1995. He served as Cornell's Chief Financial Officer from July 1990 through January 2000.

With over 30 years of experience in higher education, Mr. Rogers has been active in professional organizations that include the National Association of College & University Business Officers (NACUBO), serving as chairman of its financial management committee, the Eastern Association of College and University Business Officers (EACUBO), serving as a board member and treasurer, and as a board member and chairman of the Council of Government Relations (COGR). Mr. Rogers has also done consulting with the Commonfund and other institutions of higher education and served for 21 years as the Director of the Cornell/EACUBO Administrative Management Institute. He completed five terms as a trustee of the Lebanese American University over a 25-year period. In 2013 Mr. Rogers received the NACUBO Distinguished Business Officer award.

Vice President for External Relations and Secretary

Tommy Bonner serves as Vice President for External Relations at Carleton. In this position, he oversees all aspects of the alumni relations, communications, and development. Mr. Bonner joined the senior staff at Carleton in the Spring of 2014.

Over his thirty year career in higher education administration he has held similar chief advancement positions and led four capital campaigns at two nationally ranked liberal arts colleges; Macalester College in Saint Paul, Minnesota and the University of the South in Sewanee, Tennessee.

Mr. Bonner is a native of Mississippi where he received his B.S. from the University of Southern Mississippi in Hattiesburg, Mississippi.

Dean of the College

Beverly Nagel joined the Carleton faculty in 1980. She majored in Sociology and Anthropology as a Carleton undergraduate (Class of '75), and earned her Ph.D. in Sociology from Stanford University in 1980.

In addition to her scholarly work, Professor Nagel served as a consultant to the Inter-American Development Bank and to Intermon-Oxfam and AECI on their rural development programs in Paraguay.

Professor Nagel served several terms as chair of the Sociology and Anthropology department and as director of the Latin American Studies program. She has served on numerous faculty committees. As a member of the Education and Curriculum Committee, in 1999 she chaired the subcommittee on interdisciplinary studies.

In September 2005, Professor Nagel began a four-year term as Associate Dean of the College and in July 2009 was named Dean of the College.

The Campus

The College's 1,040 acres of campus, arboretum, and athletic fields are located in Northfield, Minnesota. This attractive rural community has a population of about 20,500 and is located about 40 miles south of the Twin Cities of Minneapolis and Saint Paul.

The single original building (Willis Hall) completed in 1872 on a ten-acre parcel has been joined by 45 others, including 13 academic facilities, 11 on-campus residence halls, nine student apartment houses, four recreation and athletic facilities, a library, a chapel, an observatory and a campus center.

The College owns two wind turbines located near campus. The power generated by the original 1.65 MW wind turbine, built in 2004, is purchased by Xcel Energy. The second 1.6 MW wind turbine, built in 2011, provides approximately 25% of the College's electricity needs directly to campus.

The College is a residential college; therefore, all students are required to live in College-owned housing and participate in the College dining plan. The College offers a limited number of releases from the residency requirement through the Northfield Option program, which is designed for seniors. In the Fall 2016, 1,808 students lived in College-owned housing.

Academic Year

Carleton operates three academic terms of 10 weeks each, with a limited summer program.

Accreditation and Affiliations

Accredited by the North Central Association of Colleges and Schools (since 1913), Carleton offers the Bachelor of Arts degree.

Among the academic honor societies with chapters on the campus are Phi Beta Kappa and Mortar Board, scholastic honor societies, and one science honor society, Sigma Xi.

Student Enrollment

Below is the total full time student enrollment (fall term) for the past five years.

2012-13	2,035
2013-14	2,023
2014-15	2,042
2015-16	1,995
2016-17	2,045

Marketing

Carleton's marketing efforts include (1) direct contact with potential students by the admissions office, (2) contact with state, regional and national media, (3) continuing contact with high school counselors and college advisors, (4) special efforts toward national visibility in coordination with a national college public relations firm, (5) regional and national promotion of faculty as experts in their fields, and (6) cultivation of support by an alumni, parent and donor network of more than 34,000 individuals. In addition to the traditional recruiting and marketing initiatives above, Carleton also utilizes social media to interact with potential students.

Applications, Acceptances and Enrollments

Freshmen

Year	Applicants	Acceptances	Matriculants	Acceptance Ratio	Matriculation Ratio
2012-13	5,856	1,496	528	25.5%	35.3%
2013-14	7,045	1,476	527	21.0%	35.7%
2014-15	6,297	1,434	521	22.8%	36.3%
2015-16	6,722	1,388	491	20.6%	35.4%
2016-17	6,485	1,467	567	22.6%	38.7%
2017-18	6,479	1,337	*	20.6%	*

** Not yet available*

Student Retention and Graduation Rate

Since fall semester 2001, the percentage of the fall first-time, first-year student entering cohort returning to the College for their second year has exceeded 95%. The College's four-year graduation rate is 88.7% and its six-year graduation rate is 94.5% through Fall 2015.

Overlap Acceptance Institutions

The College's research finds that candidates for admission to Carleton also frequently apply to the following institutions: Middlebury College, Bowdoin College, Washington University in St. Louis, Williams College, University of Chicago, Pomona College, Wesleyan University, Tufts University, Haverford College, and Vassar College.

Geographic Distribution of Entering Freshmen and All Students

	First-year students	%	All Students	%
Midwest	196	34.6%	739	36.1%
Middle States	63	11.1%	234	11.4%
New England	54	9.5%	167	8.2%
Outlying areas/Armed Forces	0	0.0%	2	0.10%
South	74	13.0%	219	10.7%
West	128	22.6%	466	22.8%
International & U.S. abroad	52	9.2%	218	10.7%
Minnesota Residents (included in Midwest)	*77*	*13.6%*	*310*	*15.2%*

Tuition and Fees (per student)

	2013-14	2014-15	2015-16	2016-17	2017-18
Tuition	$45,900	$47,460	$48,987	$50,580	$52,476
Room	6,279	6,468	6,663	6,864	7,140
Full Board	5,703	5,898	6,120	6,333	6,492
Student Activity Fee	267	276	276	294	306
Total	$58,149	$60,102	$62,046	$64,071	$66,414

Faculty and Staff

The student-faculty ratio for 2016-2017 is approximately 9 to 1. The College subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

Faculty Fall 2016

Regular Faculty – Tenured	146
Regular Faculty – Tenure Track	36
Regular Faculty – Continuing	13
Continuing Faculty – Non Tenure Track	21
Other Non-Tenure Track Faculty	45
Applied Music Faculty	24
Total Faculty	285

96.8% of regular faculty hold a doctorate or terminal degree in their field, and 84.7% of regular full-time faculty hold doctoral degrees.

Staff/Non-Faculty FTE (full and part-time) as reported in IPEDS: 411.

The College was ranked Number 1 for Best Undergraduate Teaching Programs for Liberal Arts Colleges by *U.S. News and World Reports*, 2017 Best College Rankings as of September 2016.

Retirement Plans

Retirement benefits for eligible non-union employees are individually funded under a defined contribution program with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA and CREF). Under this agreement, the College and plan participants contribute to individual employee TIAA-CREF retirement accounts which fund individual retirement benefits.

Expenses for the College's share of the contributions were $5,189,906 and $4,939,867 in 2016 and 2015, respectively.

Unions

The International Union of Operating Engineers, Local 70, represents regular full-time and part-time maintenance, grounds and custodial employees working at Carleton College. The bargaining unit is made up of approximately 80 employees. The current contract expires August 31, 2017. Bon Appetit Management Company employs approximately 55 food service employees represented by the International Union of Operating Engineers, Local 70, under a separate contract which expires June 30, 2020.

Financial Aid

The College's admissions and financial aid programs are designed to enable qualified students to attend the College, regardless of financial circumstances. Students receive financial aid from loans, employment, government sources and College funds.

The College awarded need-based scholarships to 55% of the College's students from endowments, gifts and general revenues in the 2016-2017 academic years.

Endowment and Annuity and Life Income Funds

The following table is a five-year history of the ending market value of the College's Endowment and Annuity and Life Income Funds (in thousands of dollars):

	(A) Endowment	(B) Funds Functioning as Endowment	(A) + (B) Total Endowment	Annuity and Life Income
2011-12	$431,368	$214,286	$645,654	$52,987
2012-13	464,790	235,750	700,540	56,785
2013-14	525,496	267,241	792,737	59,085
2014-15	517,894	265,563	783,457	60,087
2015-16	488,715	249,121	738,136	56,500

The College's financial goal for its endowment is to preserve the inflation-adjusted purchasing power, after accounting for investment returns, spending and inflation, but excluding gifts.

The College Endowment Fund is managed by external investment managers who are selected and monitored by the Investment Office of the College with assistance from outside consultants. The Investment Committee of the Board of Trustees and Vice President and Treasurer establish policy and provide oversight. The total fair market value of the College's Endowment Funds at June 30, 2016 was $738,135,608. The total fair market value of the College's Endowment Funds at December 31, 2016, (unaudited) was $781,439,305.

Gifts and Grants

The following table reports gifts and grants revenues received for the past five years (in thousands of dollars):

	2011-12	2012-13	2013-14	2014-15	2015-16
Unrestricted	$12,642	$13,499	$13,099	$12,067	$10,444
Temporarily restricted	4,394	5,834	7,754	17,270	25,775
Permanently restricted	2,492	5,567	7,040	4,816	4,373
Totals per financial statements:	$19,528	$24,900	$27,893	$34,153	$40,592

Fundraising

At Carleton fundraising success is built on a strong program of alumni engagement and is expressed through the financial investment of alumni, parents and friends of the College. Since 2000 the annual average cash received is $28.2 million designated for endowment, facilities and general operating support. With the successful conclusion of the $300 million Campaign for Carleton in 2010, average cash for priority projects has risen to more than $32.5 million and financial support from alumni for operations is among the highest for liberal arts colleges. Carleton's operating support from the Alumni Annual Fund was $9.8 million for fiscal year 2016.

The Development office vigorously engages the College's constituents. Donors' response to new projects as well as the need to build endowed support for teaching and student financial aid remains strong. During the initial 21 months of Carleton's unannounced capital campaign to fund priorities identified in the 2012 Strategic Plan, the College has secured commitments totaling 52% of the anticipated goal. In addition, the College wishes to increase the operating support from the Alumni Annual Fund from $7.5 million in fiscal year 2014 to $10 million by 2020. The alumni participation average for the past four years is 50%.

Independent Accountants

The financial statements as of June 30, 2016 and 2015 and for the years then ended, included in Appendix VII of this Official Statement, have been audited by CliftonLarsonAllen LLP, independent accountants, as stated in their report appearing therein. The firm has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

Statement of Financial Activity for Fiscal Years 2012 through 2016

The following table sets forth the College's Statement of Unrestricted Activities and Change in Unrestricted Net Assets for the Fiscal Years ended June 30, 2012 through 2016.

Carleton College
Statement of Unrestricted Activities and Change in Unrestricted Net Assets
Year Ended June 30

	2012	2013	2014	2015	2016
Revenues and other additions					
Tuition and fees	$ 85,440,524	$ 89,507,622	$ 93,220,041	$ 96,959,532	$ 98,440,111
Room and board	18,428,885	19,180,035	20,094,329	21,001,728	21,165,735
Scholarships	(30,961,482)	(32,333,766)	(33,983,589)	(35,018,615)	(36,927,917)
Net student fees	72,907,927	76,353,891	79,330,781	82,942,645	82,677,929
Private gifts and pledges	12,044,236	12,908,892	12,531,529	11,471,513	9,828,932
Government grants and contracts	597,447	590,468	567,295	595,070	615,280
Interest and dividends	1,961,132	425,244	1,518,103	1,845,976	337,168
Net realized gain (loss)	5,230,066	14,650,009	19,392,977	15,887,826	13,540,442
Net unrealized gain (loss)	(1,604,502)	11,856,646	20,083,469	(9,814,320)	(19,201,008)
Unrealized gain (loss) on interest rate swap	(504,280)	872,766	450,221	403,802	236,420
Bookstore, rents and other	4,809,823	5,036,763	5,296,265	4,676,262	4,555,073
Subtotal revenue	95,441,849	122,694,679	139,170,640	108,008,774	92,590,236
Fund transfers	1,005,705	3,989,455	4,548,007	2,521,011	(2,428,349)
Net assets released from restrictions	48,055,401	32,997,124	36,213,159	29,890,297	33,395,581
Total revenues and other additions	144,502,955	159,681,258	179,931,806	140,420,082	123,557,468
Expenses					
Instruction	50,934,017	52,960,518	53,683,354	54,948,280	57,304,177
Research	2,353,173	3,653,838	3,458,001	4,210,264	3,868,598
Academic support					
Library	6,095,125	5,926,512	5,978,195	5,890,530	6,308,631
Other	8,790,104	9,304,864	9,538,939	11,157,596	12,410,154
Student services	14,481,270	14,540,117	15,112,091	15,232,829	16,007,123
Institutional support					
Administration	5,322,202	5,716,103	5,688,719	5,807,306	6,758,876
External relations	4,360,855	3,584,688	3,451,907	3,511,364	4,129,560
Fund raising	4,063,320	4,420,566	4,451,410	4,974,391	5,524,262
General	4,427,303	4,137,995	4,360,773	3,499,954	3,846,216
Auxiliary enterprises	17,397,267	17,939,188	19,050,076	18,458,286	17,457,981
Total expenses	118,224,636	122,184,389	124,773,465	127,690,800	133,615,578
Change in net assets	26,278,319	37,496,869	55,158,341	12,729,282	(10,058,110)
Net Assets - Beginning of year	314,688,013	340,966,332	378,463,201	433,621,542	446,350,824
Net Assets - End of year	$ 340,966,332	$ 378,463,201	$ 433,621,542	$ 446,350,824	$ 436,292,714

Source: Audited financial statements of the College.

The following table shows endowment investment returns allocated to operations for the prior five years:

	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Investment Return Allocations	$31,809,205	$32,841,293	$33,668,613	$34,634,094	$36,273,809

Source: Carleton Audited Financial Statements (investment return allocation from Expanded Statement of Activities and Change in Net Assets)

Long-Term Debt of the College

The College's long-term debt outstanding as of April 1, 2017 is as follows:

1. $23,000,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Five-G, dated June 8, 2000. The bonds are secured by the full faith and credit of the College. The Series Five-G Bonds are variable rate and averaged 0.17% during Fiscal Year 2016. They have a term maturity of November 1, 2029. The entire principal amount of the Series Five-G Bonds is outstanding. The College expects to set aside operating cash reserves to accommodate repayment in full at maturity. These bonds will be refunded and converted to fixed rate debt as part of the financing.

2. $31,460,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-D, dated April 13, 2005. The bonds are secured by the full faith and credit of the College. The Series Six-D Bonds are variable rate and averaged 0.16% during Fiscal Year 2016. They are subject to mandatory redemption annually on April 1 in the years 2007 through 2022, inclusive, and have a term maturity of April 1, 2035. The outstanding balance of the Series Six-D Bonds is $12,165,000. The College entered into an interest rate swap with Morgan Stanley Capital Services Inc. relating to the Series Six-D Bonds effective April 13, 2005 and terminating April 1, 2022. See Appendix VII, College Financial Statements, for additional information about the interest rate swap.

3. $19,665,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-T, dated December 4, 2008. The bonds are secured by the full faith and credit of the College. The Series Six-T Bonds are fixed rate and have remaining interest rates ranging from 4.00% to 5.00%. They have a final maturity of January 1, 2028. The outstanding balance of the Series Six-T Bonds is $16,495,000. These bonds will be refunded as part of the financing.

4. $30,455,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-D, dated June 29, 2010. The bonds are secured by the full faith and credit of the College. The Series Seven-D Bonds are fixed rate and have remaining interest rates of 3.00% to 5.00%. They have a final maturity of March 1, 2040. The outstanding balance of the Series Seven-D Bonds is $26,735,000. These bonds will be refunded as part of the financing.

As of April 1, 2017, the College's total long-term debt outstanding is $78,395,000. The College's debt will increase by the principal amount of the Bonds upon issuance and will be reduced by the principal amount of outstanding debt that is refunded.

The following table displays the College's current estimated annual debt service requirements for each fiscal year 2017 through 2040:

Annual Net Debt Service Requirements

Fiscal Year Ending 6/30[1]	Series Five-G Debt Service[2]	Series Six-D Debt Service[3]	Series Six-T Debt Service	Series Seven-D Debt Service	Total Debt Service
2017	$ 688,890	$ 3,386,646	$ 1,274,269	$ 1,974,338	$ 7,324,142
2018	690,000	3,360,543	1,275,372	1,974,688	7,300,603
2019	690,000	3,329,941	1,273,819	1,977,750	7,271,509
2020	691,110	1,269,251	1,269,831	1,978,250	5,208,442
2021	688,890	1,225,320	1,269,775	1,974,250	5,158,235
2022	690,000	1,182,324	1,273,413	1,974,250	5,119,987
2023	690,000	91,050	2,691,188	1,975,250	5,447,487
2024	691,110	91,197	2,683,875	1,974,250	5,440,432
2025	688,890	90,903	2,679,000	1,976,250	5,435,043
2026	690,000	91,050	2,678,625	1,976,000	5,435,675
2027	690,000	91,050	2,677,375	1,978,500	5,436,925
2028	691,110	91,197	2,670,125	1,978,500	5,430,932
2029	688,890	90,903		1,976,000	2,755,793
2030	23,232,521	91,050		1,976,000	25,299,571
2031		91,050		1,978,250	2,069,300
2032		91,197		1,977,500	2,068,697
2033		90,903		1,978,750	2,069,653
2034		91,050		1,976,750	2,067,800
2035		3,103,350		1,976,500	5,079,850
2036				1,977,750	1,977,750
2037				1,975,250	1,975,250
2038				1,974,000	1,974,000
2039				1,978,750	1,978,750
2040				1,974,000	1,974,000
Total	**$32,201,410**	**$17,949,974**	**$23,716,666**	**$47,431,775**	**$121,299,825**

(1) Fiscal year ending June 30 includes debt service due on the following July 1
(2) Assumes an all-in rate of 3% inclusive of credit facility and remarketing fees paid annually.
(3) Includes currently outstanding $12,165,000 of Series Six-D Bonds of which $9,130,000 amortizes through 2022 and is hedged with a synthetic fixed rate swap that expires in 2022 and $3,035,000 unhedged portion that matures in 2035. The interest expense on the hedged Series Six-D Bonds is calculated based on the 3.53% swap rate plus credit facility and remarketing fees paid annually and the unhedged portion assumes an all-in rate of 3% inclusive of these annual fees. The average interest rate for calendar year 2016 was 0.48% for the Series Six-D Bonds.

PROPOSED FORM OF LEGAL OPINION

MCGRANN SHEA CARNIVAL STRAUGHN & LAMB, CHARTERED

ATTORNEYS AT LAW

WILLIAM R. MCGRANN	CARLA J. PEDERSEN	CHRISTY E. LAWRIE
DOUGLAS M. CARNIVAL	JOSEPH T. BAGNOLI	KEVIN A. SCHAEKEL
PETER L. COOPER	ROGER J. STELLJES	
KATHLEEN M. LAMB	JEFFREY C. URBAN	OF COUNSEL
JOHN R. SCHULZ	KATHLEEN MICHAELA BRENNAN	ROBERT O. STRAUGHN
BRIAN L. SOBOL	CARL S. WOSMEK	
SCOTT B. CROSSMAN	AMY L. COURT	RETIRED
	~~	ANDREW J. SHEA

$124,900,000
Minnesota Higher Education Facilities Authority
Revenue and Refunding Bonds, Series 2017
(Carleton College)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue and Refunding Bonds, Series 2017 (Carleton College), in the aggregate principal amount of $124,900,000 (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 Carleton College, a Minnesota nonprofit corporation and institution of higher education (the "College"), in order to finance or refinance educational facilities owned or to be owned and operated by the College and located on or adjacent to its campus in the city of Northfield, 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 May 1, 2017; one or more opinions of Kutak Rock LLP, 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 Kutak Rock LLP, as to the Loan Agreement having been duly authorized and executed and being binding upon the College and as to the corporate organization, tax-exempt status and unrelated trade or business activities, good standing, and powers of the College. As to title to the Project Site (as defined in the Loan Agreement and Indenture), we have relied on information contained in owner and encumbrances reports, title insurance policies or commitments, or title opinions, provided to us by the College or by counsel engaged by it, and have not undertaken any examination of the records of the College or original title records or abstracts of title.

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

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

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

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

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

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is not includable in gross income for purposes of federal income taxation or in net taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference required to be included in the computation of “alternative minimum taxable income” for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the “Code”), or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is includable in “adjusted current earnings” for purposes of the computation of “alternative minimum taxable income” of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are “private activity bonds” within the meaning of Section 141(a) and “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a “financial institution” under Section 265(b) of the Code. The Authority has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265 of the Code. The opinion set forth in this paragraph is subject to the conditions that the Authority, the Trustee and the College comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in federal gross income or Minnesota taxable net income retroactive to the date of

issuance of the Bonds. The Authority, the Trustee and the College have covenanted to comply with such requirements.

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

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

Dated at Minneapolis, Minnesota, May 24, 2017.

McGrann Shea Carnival
Straughn & Lamb, Chartered

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INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE

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

Annual Report Information

The Annual Report Date will be 270 days after each fiscal year end, commencing with the fiscal year ended June 30, 2017. 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 Enrollment
      - Applications, Acceptances and Enrollments
      - Geographic Distribution of Entering Freshmen and All Students
      - Tuition and Fees
      - Faculty and Staff
      - Financial Aid
      - Endowment and Annuity and Life Income Funds
      - Gifts and Grants

   b. Information as to any publicly announced capital campaign, including stated goals and progress toward the goals.

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DEFINITION OF CERTAIN TERMS

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

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

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

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

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

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

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

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

Authorized Institution Representative: The President or the Vice President and Treasurer of the Corporation 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 Chair, any Vice-Chair, or the Secretary of its Board of Trustees or the President or the Vice President and Treasurer of the Corporation. Such certificate may designate an alternate or alternates.

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

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

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

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

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

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

Bond Purchase Agreement: The Bond Purchase Agreement, dated April 27, 2017, among the Authority, the Underwriter and the Corporation, relating to the Bonds.

Bond Resolution: The Series Resolution of the Authority adopted on April 19, 2017, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: With respect to the Bonds, (a) the period from the Issue Date to the close of business on March 1, 2018, and (b) each succeeding 12-month period ending at the close of business on March 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

Bonds: The Minnesota Higher Education Facilities Authority Revenue and Refunding Bonds, Series 2017 (Carleton College), described in the Indenture.

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

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

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

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

Capital Campaign: The fundraising campaign conducted by the Corporation to pay Project Costs or to fund the payment of indebtedness incurred to pay Project Costs.

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

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

Completion Date: The date set forth in a Certificate of Project Supervisor furnished pursuant to the Loan Agreement with respect to the applicable portion of the Project.

Conditional Redemption: Conditional Redemption shall have the meaning provided in the Indenture.

Construction Account: The Construction Account established under the Indenture.

Construction Period: The period between the date of commencement of the acquisition, design, construction, renovation, improvement and equipping of the applicable portion of the Project and the Completion Date with respect to such portion of the Project.

Continuing Disclosure Certificate: The Continuing Disclosure Certificate delivered by the Corporation, to be dated as of May 1, 2017, relating to the Bonds.

Costs of Issuance Account: The Costs of Issuance Account established under the Indenture.

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

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

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

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

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

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

Escrow Account: The Escrow Account or the applicable subaccount in the Escrow Account established under the Escrow Agreement.

Escrow Agent: Wells Fargo Bank, National Association, in its capacity as escrow agent under the Escrow Agreement.

Escrow Agreement: The Escrow Agreement among the Corporation, the Authority and Wells Fargo Bank, National Association, in its capacity as the Escrow Agent, the Series Six-T Trustee, the Series Seven-D Trustee, and the Trustee, dated the date hereof.

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

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

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

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

Indenture: The Trust Indenture between the Authority and Wells Fargo Bank, National Association, as Trustee, dated as of May 1, 2017, 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: An Independent attorney duly admitted to practice law before the highest court of any state.

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

Institution: Carleton College, a Minnesota institution of higher education with its campus located in the city of Northfield, Minnesota, and owned and operated by the Corporation. The Institution is also referred to as the "College" elsewhere in this Official Statement.

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

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

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

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

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

Loan Agreement: The Loan Agreement between the Authority and the Corporation, dated as of May 1, 2017, as from time to time amended or supplemented.

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

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

Notice of Deficiency: The statutory notice of deficiency issued by the Internal Revenue Service to a taxpayer identifying a tax deficiency and providing a specified period of time to appeal such deficiency.

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

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

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

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

Predecessor Bonds: Predecessor Bonds shall have the meaning provided in the Indenture.

Prior Bond Documents: The Series Five-G Bond Documents, the Series Six-T Bond Documents and the Series Seven-D Bond Documents.

Prior Bonds: The Series Five-G Bonds, the Series Six-T Bonds and the Series Seven-D Bonds.

Prior Bonds Projects: The Series Five-G Project, the Series Six-T Project and the Series Seven-D Project.

Prior Bonds Trustee: The Series Five-G Trustee, the Series Six-T Trustee and the Series Seven-D Trustee.

Project: The Project consists of Project A and Project B.

Project A: Project A means (i) addition of approximately 58,000 square feet to the Weitz Center for Creativity, including fixtures, furnishings and equipment, and miscellaneous work to the existing building for connections and two room changes, (ii) addition to the science complex of approximately 102,000 square feet to add space and replace Mudd Hall, significant renovation to Olin Hall, and targeted upgrades to Hulings Hall including replacement of mechanical equipment and changes to stairs, and (iii) temporary renovations to accommodate the science departments relocated out of Mudd Hall during construction of the new science facilities.

Project B: Project B means utility infrastructure improvements and additions, including a new hot and chilled water plant tied to a campus geothermal system and onsite electrical generation, to serve the existing campus facilities and the planned additions or expansions.

Project Buildings: The buildings and facilities described in the Indenture and acquired, improved or constructed, or refinanced, with proceeds of the Bonds, including investment earnings, and any other building constructed or improved, or refinanced, with the proceeds of the Prior Bonds (except any such buildings or facilities or portions thereof to be deconstructed, demolished or removed in furtherance of the Project), including investment earnings.

Project Costs: Project Costs shall have the meaning provided in the Indenture.

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired, or refinanced, with proceeds of the Prior Bonds or the Bonds (except any such fixtures, equipment, or other personal property of a capital nature to be removed in furtherance of the Project), including investment earnings and, with respect to such personal property acquired, or refinanced, with proceeds of the Prior Bonds or the Bonds generally described in the Prior Bond Documents and Exhibit B to the Loan Agreement and described in any Certificate of the Project Supervisor furnished pursuant to the Prior Bond Documents.

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

Project Site: Those portions of land or interests in land described on Exhibit A to the Loan Agreement which are owned or leased by the Corporation and on which any Project Buildings are located on or adjacent to or otherwise improved as part of the Prior Bonds Projects or the Project.

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

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

Redemption Account: The Redemption Account established under the Indenture.

Reference Rate: The interest rate per annum announced from time to time by 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.

Refunding Account: The Refunding Account established under the Indenture for the deposit of certain Bond proceeds to be used to refund the Prior Bonds.

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

Series Five-G Bond Account: The Bond and Interest Sinking Fund Account created under the Five-G Indenture.

Series Five-G Bond Documents: The Series Five-G Loan Agreement and the Series Five-G Indenture.

Series Five-G Bonds: The Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Five-G (Carleton College), dated June 8, 2000, issued in the original principal amount of $23,000,000, the proceeds of which were loaned by the Authority to the Corporation to finance the Series Five-G Project.

Series Five-G Indenture: The Trust Indenture between the Authority and the Series Five-G Trustee, dated as of June 1, 2000.

Series Five-G Loan Agreement: The Loan Agreement between the Authority and the Corporation dated as of June 1, 2000.

Series Five-G Project: The (a) acquisition, construction, equipping and furnishing of the Language and Dining Center, an academic facility and dining hall totaling approximately 63,000 square feet, (b) acquisition, construction, equipping and furnishing of approximately 24 units of student housing in multiple buildings for approximately 100 students, (c) construction of approximately 50 spaces of surface parking, and (d) improvement and restoration of certain bridges, walkways and lighting on the western shore of Lyman Lakes, including appurtenant site improvements.

Series Five-G Redemption Account: The Redemption Account created under the Series Five-G Indenture.

Series Five-G Trustee: Wells Fargo Bank, National Association, as successor by consolidation to Norwest Bank Minnesota, National Association, in its capacity as Trustee under the Series Five-G Indenture.

Series Seven-D Bond Account: The Bond and Interest Sinking Fund Account created under the Seven-D Indenture.

Series Seven-D Bond Documents: The Series Seven-D Loan Agreement and the Series Seven-D Indenture.

Series Seven-D Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-D (Carleton College), dated June 29, 2010, issued in the original principal amount of $30,455,000, the proceeds of which were loaned by the Authority to the Corporation to finance the Series Seven-D Project.

Series Seven-D Indenture: The Trust Indenture between the Authority and the Series Seven-D Trustee, dated as of June 1, 2010.

Series Seven-D Loan Agreement: The Loan Agreement between the Authority and the Corporation dated as of June 1, 2010.

Series Seven-D Project: The construction, improvement and equipping of the Carleton Arts Union, a 130,000 square foot, three floor, two story building located adjacent to the Institution's campus, now known as the Weitz Center for Creativity, and construction of an auxiliary art studio warehouse located on the Institution's campus.

Series Seven-D Redemption Account: The Redemption Account created under the Series Seven-D Indenture.

Series Seven-D Trustee: Wells Fargo Bank, National Association, in its capacity as Trustee under the Series Seven-D Indenture.

Series Six-T Bond Account: The Bond and Interest Sinking Fund Account created under the Six-T Indenture.

Series Six-T Bond Documents: The Series Six-T Loan Agreement and the Series Six-T Indenture.

Series Six-T Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-T (Carleton College), dated December 4, 2008, issued in the original principal amount of $19,665,000, the proceeds of which were loaned by the Authority to the Corporation to finance the Series Six-T Project.

Series Six-T Indenture: The Trust Indenture between the Authority and the Series Six-T Trustee, dated as of December 1, 2008.

Series Six-T Loan Agreement: The Loan Agreement between the Authority and the Corporation dated as of December 1, 2008.

Series Six-T Project: The acquisition, construction, furnishing and equipping of student housing known as James Hall and Cassat Hall, consisting of two adjacent four-story buildings with a total of approximately 230 beds, and acquisition, construction and equipping of utility infrastructure improvements to provide backup electrical generation for the Institution's campus.

Series Six-T Redemption Account: The Redemption Account created under the Series Six-T Indenture.

Series Six-T Trustee: Wells Fargo Bank, National Association, in its capacity as Trustee under the Series Six-T Indenture.

Sinking Fund Installment: When used with respect to a Term Bond, a principal payment required to be made on a scheduled date from the Bond and Interest Sinking Fund Account as provided in the Indenture to redeem by mandatory redemption such Term Bond or specified portion thereof.

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

Term Bonds: The Bonds maturing on March 1 in the years 2044 and 2047.

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

Trustee: The trustee at the time serving as such under the Indenture, and initially the Trustee will be Wells Fargo Bank, National Association, Minneapolis, Minnesota.

Underwriter: Wells Fargo Bank, National Association, acting through its Municipal Products Group, 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.

Construction of Project

The College represents that acquisition, construction and installation of the Project will be substantially completed: (i) for Project A no later than December 31, 2020, and (ii) for Project B no later than December 31, 2021, subject only to "force majeure," as provided in the Loan Agreement. The College may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, or both, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the College, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel who is bond counsel to the Authority shall be furnished to the College, the Authority and the Trustee to such effects. The College agrees that it has paid or will pay all costs relating to the acquisition, construction and installation of Project A and Project B, including costs of issuance of the Bonds, to the extent such payments and costs exceed the proceeds of the Bonds, including investment earnings in the Construction Account.

Redemption of Series Five-G Bonds, Series Six-T Bonds and Series Seven-D Bonds

The College represents that it will cause the principal of and interest on the Series Five-G Bonds to be paid on June 26, 2017, at a price of par plus accrued interest without a redemption premium. The College represents that it will cause the principal of and interest on the Series Six-T Bonds to be paid through January 1, 2018, and will prepay and redeem the Series Six-T Bonds maturing on and after January 1, 2019, on January 1, 2018. The College represents that it will cause the principal of and interest on the Series Seven-D Bonds to be paid through March 1, 2019, and will prepay and redeem the Series Seven-D Bonds maturing on and after March 1, 2020, on March 1, 2019.

Loan Repayments

Under the Loan Agreement, the College 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 College covenants to pay for the account of the Authority the following amounts:

(a) At least one (1) Business Day prior to each March 1 and September 1, commencing September 1, 2017, the College 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 one (1) Business Day prior to each March 1, commencing on March 1, 2018, 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 (including amounts transferred from the Construction Account pursuant to the Indenture), and (ii) any credits permitted by the Indenture; and

(b) On or prior to a date established for the optional redemption and prepayment of any Bonds pursuant to the Loan Agreement, the College 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 College shall deposit forthwith into the Bond and Interest Sinking Fund Account or the Redemption Account, as appropriate, the amount of any deficiency in the event the funds on deposit in the Bond and Interest Sinking Fund Account or Redemption Account on any Bond principal or interest payment date are for any reason insufficient to pay principal of, premium, if any and interest on the Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

(d) [Reserved]

(e) The College 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 the Loan Agreement and the Indenture, relating to arbitrage rebate.

Each payment under the Loan Agreement shall be made directly to the Trustee at its designated corporate trust office for the account of the Authority for deposit as provided in the Indenture. The College 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 College the right to prepay all or part of the Loan and to redeem the Bonds prior to their maturity in certain events as described under "THE BONDS."

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

Use of Project Facilities

Except with respect to the Designated Areas as permitted under the Loan Agreement, the College will own, use and operate the Project Facilities at all times as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with any part of a program of a school or department of divinity for any religious denomination. The College 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 College agrees that, so long as there are Bonds outstanding, and subject to certain exceptions, the College will keep the Project Facilities in good repair and good operating condition at its own cost. The College 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 College's judgment are desirable, subject to the same conditions. The College may sell, transfer, convey, lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities so long as (i) the tax-exempt status of the Bonds will not be affected thereby, (ii) no such transaction or agreement shall be inconsistent with the Loan Agreement, the Indenture, or the Act, and (iii) the College shall remain fully obligated under the Loan Agreement as if such agreement had not been made. The College may demolish any of the Project Facilities which in the College's judgment are worn out, obsolete or require replacement, are no longer used, or the College, by resolution of the Board of Trustees, has determined in its judgment are no longer useful.

Taxes and Other Governmental Charges

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

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

(a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Facilities, 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 $100,000.

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

Upon the written request of the College, the Trustee shall permit modifications to such insurance requirements and deductible amounts, including permission for the College to be self-insured in whole or in part for any comprehensive general public liability, if consistent with recommendations of an Independent insurance consultant.

Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the College and the Trustee at least 30 days before the cancellation or modification of the policy set forth above becomes effective. The College shall annually provide the Trustee with a Certificate of Insurance Compliance on or before January 1 of each year.

Damage or Destruction

If prior to full payment of the Bonds (or the provision for payment thereof having been made in accordance with the provisions of the Indenture) the Project Facilities shall be damaged or partially or totally destroyed by fire, flood, windstorm or other casualty, there shall be no abatement or reduction in the Loan Repayments payable by the College under the Loan Agreement. All Net Proceeds of insurance resulting from claims for losses shall be paid to the College.

Condemnation

If prior to full payment of the Bonds (or provision for payment thereof having been made in accordance with the Indenture), title to any part of the Project Facilities shall be taken in any proceeding (hereinafter referred to as a "Proceeding") involving exercise of the right of eminent domain, there shall be no abatement or reduction in the Loan Repayments payable by the College under the Loan Agreement. All Net Proceeds of the award shall be paid to the College.

The Trustee and the College shall cooperate fully in the handling and conduct of any prospective or pending Proceeding with respect to the Project Facilities, and the Authority will join with the College, to the extent it may lawfully do so and at the College's expense, in maintaining or permitting the College to maintain a defense or contest of amount of award in any such Proceeding. In no event will the Trustee voluntarily settle, or consent to the settlement of, any prospective or pending Proceeding with respect to the Project Buildings and site thereof without the written consent of the College.

Indemnification

The College agrees to hold the Authority and the Trustee, their respective members, directors, officers and employees, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities and the use thereof, including that caused by any negligence of the Authority (but not the Trustee) or anyone acting on its behalf.

The College 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 College in connection with the sale of the Bonds.

The College agrees to indemnify, defend, protect and hold harmless the Trustee against any and all losses, liability, damages, costs or expenses that the Trustee may suffer or incur arising out of or in connection with the acceptance or administration of the Indenture or the trusts thereunder or the Loan Agreement, except for losses, liability, damages, costs or expenses arising from the Trustee's negligence or willful misconduct.

College to Maintain its Existence and Accreditation

The College agrees that, so long as the Bonds are outstanding, it will maintain its existence as a nonprofit corporation and maintain the Institution's existence as a nonprofit institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies and that it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee institution, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College 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 College 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.

Federal Income Tax Status

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

Institution to be Nonsectarian

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

Determination of Taxability

In the event a Determination of Taxability is made at any time that interest on the Bonds is includable in gross income of the recipient for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent per annum, for an aggregate rate that is two percent per annum higher than the stated Interest Rate, from the Date of Taxability until the respective dates on which the principal of the Bonds is paid or the date or dates as of which interest on the Bonds is subsequently determined (if at all) to be non-taxable. 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 until the date or dates as of which interest on the Bonds is subsequently determined (if at all) to be non-taxable, at a redemption price equal to par plus accrued interest plus additional interest from the Date of Taxability. If a Determination of Taxability should occur, any monetary damage or loss resulting from or incident thereto shall be limited to the additional interest rate on the Bonds, as more fully set forth in the Loan Agreement.

Other Covenants

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

Events of Default

Following are Events of Default under the Loan Agreement:

(a) If the College 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 and Redemption Account are insufficient to pay when due principal of and interest on the Bonds, or (ii) such failure shall continue for five Business Days after notice from the Trustee or the Authority to the College that such payment has not been made; or

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

(c) [Reserved]

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

(e) If the College 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 College; or

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

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

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

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

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

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

Amendments

Except as otherwise provided in the Loan Agreement or in the Indenture, subsequent to the 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.

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THE INDENTURE

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

Granting Clauses

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

(a) all right, title and interest of the Authority under the Loan Agreement, dated as of May 1, 2017, between the Authority and the College, and all Loan Repayments and all other sums due under the Loan Agreement, except the rights of the Authority relating to fees and expenses, indemnity and advances;

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be created, paid and maintained under the Indenture; provided, however, the funds deposited in the Refunding Account shall be held for the exclusive benefit of the holders of the Series Five-G Bonds, the Series Six-T Bonds and the Series Seven-D Bonds, (ii) the moneys and investments in the Construction Account not paid out for Project Costs; and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

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

Accounts

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

Authorized Investments

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

Trustee's Right to Payment

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

Events of Default

The following are Events of Default under the Indenture:

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

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

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of 60 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the College (giving the College 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 College, 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 and the College, 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 as are necessary for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement.

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to payment of the Bonds the funds, revenues and income appropriated thereto by the Indenture and by the Bonds, to enforce the Loan Agreement and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to the Trustee 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 College to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum combined capital, surplus and undivided profits of $10,000,000 in event of merger, resignation or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court. Provision is also made for removal of the Trustee by Bondholders or the Authority, at the request of the College, provided that the Authority may, but is not required to remove the Trustee with or without the request of the College if an Event of Default has occurred and is continuing or a default which with the passage of time or the giving of notice will become an Event of Default has occurred and is continuing. The Authority may not remove a successor Trustee properly appointed by the Bondholders.

Concerning the Bondholders

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

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

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

Defeasance

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

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

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

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

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

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

In the case of any discharge of the lien of the Indenture pursuant to paragraph (b) above, there shall be submitted to the Trustee an Opinion of Counsel who is Bond Counsel to the Authority, which opinion may be based upon ruling or rulings of the Internal Revenue Service, to the effect that the discharge of the Indenture will not affect the exemption of interest on the Bonds from federal income taxation.

When the Authority or the College shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided in the Indenture, or left with it if previously so deposited, cash or government obligations 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 it shall be the duty of the Trustee to hold the funds so deposited for the benefit of the Holders of such Bonds, as the case may be, and from and after such redemption date or maturity, interest on such Bonds so called for redemption shall cease to accrue.

Supplemental Indentures

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

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

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

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

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

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

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

Amendments to the Loan Agreement

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

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% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

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

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THE DEPOSITORY TRUST COMPANY

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

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

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

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

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

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

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

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

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

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

CARLETON COLLEGE
FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2016 AND 2015

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Carleton College
Northfield, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Carleton College, which comprise the balance sheets as of June 30, 2016 and 2015, and the related statements of activities and change in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carleton College as of June 30, 2016 and 2015, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The expanded balance sheets and the expanded statements of activities and change in net assets, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the financial statements and, accordingly we do not express an opinion or provide any assurance on it.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
September 22, 2016

CARLETON COLLEGE
BALANCE SHEETS
JUNE 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and Cash Equivalents	$ 29,038,528	$ 41,525,089
Receivables, Net:		
Contributions	14,638,536	3,711,275
Government	623,399	630,477
Other	1,603,454	1,200,691
Inventories and Prepaid Expenses	1,704,896	2,763,495
Loans to Students	8,354,379	8,035,438
Deposits with Bond Trustee	414,184	426,850
Trusts Held by Others	10,709,623	11,806,913
Investments	877,939,816	905,705,144
Property, Plant, and Equipment, Net of Depreciation	197,292,961	190,739,885
Total Assets	$ 1,142,319,776	$ 1,166,545,257
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 5,094,156	$ 3,718,520
Accrued Expenses	10,613,190	8,979,323
Deferred Income and Deposits	5,228,516	4,584,214
Annuities Payable	21,953,884	23,717,939
Asset Retirement Obligation	1,139,803	1,109,628
Fair Value of Interest Rate SWAP	961,270	1,197,690
Bonds Payable, Net	82,393,033	86,258,511
Refundable Government Grants for Student Loans	4,534,626	4,912,110
Total Liabilities	131,918,478	134,477,935
NET ASSETS		
Unrestricted:		
Operations	34,044,818	34,732,261
Student Loan Funds	4,271,776	3,963,965
Net Investment in Plant	154,069,439	143,011,335
Funds Functioning as Endowment	243,906,681	264,643,263
Total Unrestricted Net Assets	436,292,714	446,350,824
Temporarily Restricted:		
Operations	22,061,186	28,035,824
Plant Funds	21,765,801	557,677
Funds Functioning as Endowments	298,020,320	329,449,818
Split Interest Funds	23,834,904	25,359,561
Total Temporarily Restricted Net Assets	365,682,211	383,402,880
Permanently Restricted:		
True Endowments	197,695,546	190,597,279
Split Interest Funds	10,730,827	11,716,339
Total Permanently Restricted Net Assets	208,426,373	202,313,618
Total Net Assets	1,010,401,298	1,032,067,322
Total Liabilities and Net Assets	$ 1,142,319,776	$ 1,166,545,257

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
REVENUES AND OTHER ADDITIONS								
Tuition and Fees	$ 98,440,111	$ -	$ -	$ 98,440,111	$ 96,959,532	$ -	$ -	$ 96,959,532
Room and Board	21,165,735	-	-	21,165,735	21,001,728	-	-	21,001,728
Scholarships	(36,927,917)	-	-	(36,927,917)	(35,018,615)	-	-	(35,018,615)
Net Student Fees	82,677,929	-	-	82,677,929	82,942,645	-	-	82,942,645
Private Gifts and Pledges	9,828,932	21,991,843	4,372,790	36,193,565	11,471,513	13,061,382	4,815,953	29,348,848
Government Grants and Contracts	615,280	3,783,312	-	4,398,592	595,070	4,208,235	-	4,803,305
Interest and Dividends (Net Fees)	337,168	(39,088)	-	298,080	1,845,976	3,364,992	-	5,210,968
Net Realized Gain	13,540,442	27,531,248	-	41,071,690	15,887,826	25,904,236	-	41,792,062
Net Unrealized Loss	(19,201,008)	(38,576,451)	-	(57,777,459)	(9,814,320)	(19,021,584)	-	(28,835,904)
Unrealized Gain on Interest Rate SWAP	236,420	-	-	236,420	403,802	-	-	403,802
Net Change in Annuity & Life Income Funds	-	536,416	(985,512)	(449,096)	-	(114,130)	(953,837)	(1,067,967)
Bookstore, Rents and Other	4,555,073	744,760	-	5,299,833	4,676,262	510,404	-	5,186,666
Subtotal Revenue	92,590,236	15,972,040	3,387,278	111,949,554	108,008,774	27,913,535	3,862,116	139,784,425
Fund Transfers	(2,428,349)	(297,128)	2,725,477	-	2,521,011	(3,257,358)	736,347	-
Net Assets Released from Restrictions	33,395,581	(33,395,581)	-	-	29,890,297	(29,890,297)	-	-
Total Revenues and Other Additions	123,557,468	(17,720,669)	6,112,755	111,949,554	140,420,082	(5,234,120)	4,598,463	139,784,425
EXPENSES								
Instruction	57,304,177	-	-	57,304,177	54,948,280	-	-	54,948,280
Research	3,868,598	-	-	3,868,598	4,210,264	-	-	4,210,264
Academic Support:								
Library	6,308,631	-	-	6,308,631	5,890,530	-	-	5,890,530
Other	12,410,154	-	-	12,410,154	11,157,596	-	-	11,157,596
Student Services	16,007,123	-	-	16,007,123	15,232,829	-	-	15,232,829
Institutional Support:								
Administration	6,758,876	-	-	6,758,876	5,807,306	-	-	5,807,306
External Relations	4,129,560	-	-	4,129,560	3,511,364	-	-	3,511,364
Fund Raising	5,524,262	-	-	5,524,262	4,974,391	-	-	4,974,391
General	3,846,216	-	-	3,846,216	3,499,954	-	-	3,499,954
Auxiliary Enterprises	17,457,981	-	-	17,457,981	18,458,286	-	-	18,458,286
Total Expenses	133,615,578	-	-	133,615,578	127,690,800	-	-	127,690,800
CHANGE IN NET ASSETS	(10,058,110)	(17,720,669)	6,112,755	(21,666,024)	12,729,282	(5,234,120)	4,598,463	12,093,625
Net Assets - Beginning of Year	446,350,824	383,402,880	202,313,618	1,032,067,322	433,621,542	388,637,000	197,715,155	1,019,973,697
NET ASSETS - END OF YEAR	$ 436,292,714	$ 365,682,211	$ 208,426,373	$ 1,010,401,298	$ 446,350,824	$ 383,402,880	$ 202,313,618	$ 1,032,067,322

See accompanying Notes to Financial Statements.

CARLETON COLLEGE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (21,666,024)	$ 12,093,625
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation, Amortization and Accretion	10,861,109	10,527,326
Net Realized and Unrealized (Gain) Loss	16,705,769	(12,956,158)
Private Gifts for Long-Term Investments	(5,544,427)	(12,752,158)
Change in Value of Annuities and Life Income Trusts	1,061,089	2,626,249
Change in Value of Trusts Held by Others	1,097,290	(314,655)
Change in Value of Interest Rate SWAP	(236,420)	(403,802)
Loss on Disposal of Property, Plant and Equipment	316,105	44,573
Noncash Donations of Property, Plant and Equipment	(109,000)	(84,000)
Change in Unamortized Bond Origination Costs and Discount	130,232	(20,479)
Change in Asset Retirement Obligation	30,175	(1,519,327)
Effect of Changes in Operating Assets and Liabilities:		
Receivable, Net - Contributions	(10,927,261)	1,311,920
Receivable, Net - Government	7,078	259,904
Receivable, Net - Other	(402,763)	(226,925)
Inventories and Prepaid Expenses	1,058,599	(212,571)
Loans to Students	(318,941)	(200,090)
Accounts Payable	1,375,636	696,555
Accrued Expenses	1,633,867	1,032,774
Deferred Income and Deposits	644,302	523,884
Refundable Government Grants for Student Loans	(377,484)	(322,687)
Net Cash Provided (Used) by Operating Activities	(4,661,069)	103,958
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(35,601,788)	(31,655,976)
Proceeds from Sale of Investments	46,661,347	42,023,668
Proceeds from Property, Plant, and Equipment Insurance Recoveries	14,935	312,473
Acquisition of Property, Plant, and Equipment	(17,636,225)	(9,199,883)
Net Cash Provided (Used) by Investing Activities	(6,561,731)	1,480,282
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in Deposits with Bond Trustee	12,666	6,832
Proceeds from Private Gifts for Long-Term Investment	5,544,427	12,752,158
Payments to Annuitants	(2,825,144)	(2,971,372)
Principal Payments	(3,995,710)	(3,745,000)
Net Cash Provided (Used) by Financing Activities	(1,263,761)	6,042,618
NET CHANGE IN CASH AND CASH EQUIVALENTS	(12,486,561)	7,626,858
Cash and Cash Equivalent - Beginning of Year	41,525,089	33,898,231
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 29,038,528	$ 41,525,089
SUPPLEMENTAL INFORMATION		
Interest Paid	$ 2,693,156	$ 2,802,067
Property, Plant and Equipment in Accounts Payable	$ 3,210,838	$ 1,573,723

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1866, Carleton College is a co-educational, residential liberal arts college, located in Northfield, Minnesota. Carleton attracts a diverse student body and a distinguished faculty whose priority is teaching with a commitment to the liberal arts. Carleton is a national college enrolling approximately 2,000 students drawn from nearly all 50 states and 35 different countries. Carleton offers a four-year baccalaureate degree, with 33 majors and 15 concentrations in the arts, humanities, natural sciences, and social sciences, preparing its graduates for leadership positions in their communities, countries and the world.

Accrual Basis

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

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the College and changes therein are classified and reported as unrestricted, temporarily restricted, or permanently restricted. Further explanation is as follows:

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

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

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

Revenues are reported as increases in unrestricted net assets unless use of the revenue is restricted by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investment and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is defined by donor-imposed restrictions.

Temporarily restricted net assets for which donor-imposed restrictions are met in the current period are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Periodically donor restrictions related to net assets may be clarified or changed, such changes are reflected as fund transfers at the time they are identified.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Contributions, including unconditional promises to give, are recognized as revenues in the period received. 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 assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing money market accounts and short-term investments with a maturity at time of purchase of less than three months. The amounts on hand may at times exceed the federally insured limit defined by the FDIC.

Contributions Receivable

Contributions receivable include pledges that are recorded at their present value using discount rates ranging from approximately .11% to 2.50% depending on the year of pledge inception. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. For the years ended June 30, 2016 and 2015, the College had an allowance of $200,000 and $100,000, respectively.

Other Receivables and Loans to Students

Receivables are stated at net realizable value. Based on management’s experience and analysis of individual accounts past due, the allowance for uncollectible accounts was $185,000 for the years ended June 30, 2016 and 2015. The allowance is evaluated annually.

Investments

Investments in publicly traded securities are stated at quoted market value. Other investments, for which no such quoted market values or valuations are readily available, are carried at fair value as estimated by management using quarterly valuations provided by external investment managers. Changes in quoted market value are recorded as unrealized gains or losses in the period of change.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that change in the values will occur in the near term and that such changes could materially affect the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost less accumulated depreciation. The College capitalizes expenditures greater than $10,000. Depreciation is computed on the straight-line method over the estimated useful lives of the assets:

		Original Cost 2016
Land	No Depreciation	$ 3,785,213
Land Improvements	30 Years	827,340
Buildings and Building Improvements	20 - 40 Years	260,418,758
Library Books	10 Years	34,991,527
Equipment and Vehicles	3 - 5 Years	54,110,655
Construction in Progress	No Depreciation	9,489,760
Total Original Cost		$ 363,623,253

Inventories

Inventories consist primarily of print center paper supplies, facility storeroom supplies and steam plant fuel oil reserves for the back-up generators. Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

Deposits with Bond Trustee

Deposits with bond trustee include amounts restricted for bond principal and interest payments.

Deferred Income and Deposits

The College records cash received for future services as deferred revenue. This revenue is recognized when services are provided. Deferred revenue consists primarily of unearned tuition.

Planned Gift Split-Interest Agreements

The College records three types of planned gift split-interest agreements.

When the College serves as trustee, annuities payable represent the College's liability under annuity contracts with donors and irrevocable charitable remainder trusts. Specific contract terms vary by donor. The liability is established at the time of the contribution using life expectancy actuarial tables and discount rates and is revalued annually; referencing the 2000CM life expectancy tables. Actual gains and losses resulting from the annual revaluation of annuity obligations are reflected as temporarily or permanently restricted, consistent with the method used to initially record the contributions. The basis used to recognize the asset is fair value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Planned Gift Split-Interest Agreements (Continued)

When the College does not serve as trustee for an irrevocable charitable remainder trust, the College records its beneficial interest in those assets as contribution revenue and funds held in trust by others at the present value of the expected future cash inflows. Such trusts are recorded at the date the College has been notified of the trust's existence and sufficient information regarding the trust has been accumulated to form the basis for a valuation. Changes in the value of these assets related to the amortization of the discount or revisions in the income beneficiary's life expectancy are recorded as gains or losses of either temporarily or permanently restricted net assets. The value of the College's interest in these trusts is included in trusts held by others on the balance sheet.

The College is also the beneficiary of certain perpetual trusts held and administered by others. The present value of the estimated future cash receipts from the trust are recognized as contribution revenue and funds held in trust by others at the date the College is notified of the establishment of the trust and sufficient information regarding the value of the trust has been provided to the College. Annual distributions from the trusts are recorded as investment income in the period they are received. Changes in fair value of the trusts are recorded as financial capital gains or losses of permanently restricted net assets. The value of the College's interest in the trusts is included in trusts held by others on the balance sheet.

Advertising Expense

Advertising expense is expensed as incurred. Advertising expense for the years ended June 30, 2016 and 2015 was $78,615 and $86,468, respectively.

Asset Retirement Obligation

Financial accounting standards require the College to accrue for the present value of future estimated costs to remediate asbestos environmental hazards related to property owned by the College. The College has estimated the cost of potential obligations and applied a future value rate assumption of 3% and a present value risk-free rate of 5% to determine the potential liability. Conditional asset retirement obligations reported within liabilities in the balance sheets as of June 30, 2016 and 2015 were $1,139,803 and $1,109,628, respectively.

Income Taxes

The College qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and similar statutes of Minnesota law. The College is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. The College has evaluated its tax positions and determined it has no uncertain tax positions and has recorded no obligation for unrelated business income tax. No provisions for federal or state income taxes are required as of June 30, 2016.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts appearing in the 2015 financial statements have been reclassified to conform with the 2016 presentation. The reclassifications have no effect on reported amounts of total net assets or change in total net assets.

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.

Functional Expenses

The College reports expenditures in categories reflecting core operational objectives for higher education as defined by Integrated Postsecondary Education Data System (IPEDS). During the year expenses are directly coded to program (instruction, research, academic support, student services, and auxiliary enterprises) or support services (institutional support) whenever possible. Expenses which are not directly identifiable by program or support service are allocated based on the best estimates of management.

Refundable Government Grants for Student Loans

Funds provided by the United States Government under the Federal Perkins Loan program are loaned to qualified students and may be re-loaned after collection. If the College were to terminate the Federal Perkins Loan Program, these funds would be refundable to the government and, therefore, are included in other long-term liabilities.

Fair Value Measurements

The College categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities with values based on unadjusted quoted prices in active markets for identical assets that the College is able to access on the date of valuation. Level 1 investments include common stocks and bonds publicly listed on market exchanges with daily prices and trading activity, listed derivatives, most U.S. Government and agency securities and mutual funds with daily NAV reporting.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Level 2 – Financial assets and liabilities with values based on quoted broker prices in markets, less active than Level 1, but with activity within a reasonable time period around the valuation date or where significantly all inputs are observable, either directly or indirectly. Level 2 investments include thinly traded securities and private investments in publicly traded companies and commingled funds with documented transactions on the reporting date at an established NAV.

Level 3 – Financial assets and liabilities with unobservable inputs, in illiquid markets that rely on assumptions and estimates about pricing derived from available information. Level 3 investments include private equity, private real estate partnerships, and other illiquid securities with little if any regular market activity.

The College classifies investments as Level 2 assets if it has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date.

Fair value measurements of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2016:

Investment Category	NAV	Redemption Frequency	Redemption Notice Period
Public Equity: Long-Only Equity	$ 20,885,850	Quarterly	6 Days
Hedge Funds: Multi Strategy	56,599,864	Quarterly	65 Days

Fair value measurement of investments in certain entities that calculate net asset value per share (or its equivalent) as of June 30, 2015:

Investment Category	NAV	Redemption Frequency	Redemption Notice Period
Public Equity: Long-Only Equity	$ 24,888,019	Monthly	6 Days
Fixed income	9,883,228	Monthly	10 Days
Hedge Funds: Long/Short Credit	20,852,073	Monthly	65 Days
Hedge Funds: Multi Strategy	54,459,445	Quarterly	65 Days

Public Equity: Long-Only Equity Funds primarily invest in equities, commodities, and inflation-linked bonds to provide strong relative performance during periods of rising inflation. The fair value of the investment in this category is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund.

Fixed Income Investments include global sovereign debt. The fair value of the investment in this category is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the College is able to verify its account balances.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Hedge Funds: Long/Short Credit primarily invest in distressed and performing debt, but hedge their long positions to varying degrees by shorting credit securities believed to be overvalued. The fair value of the hedge fund in this category has been estimated using the net asset value per share of the investments.

Hedge Funds: Multi-Strategy allocate capital across several discrete strategies based upon their judgment of the relative attractiveness of each strategy. Strategies could include but are not limited to: equities, distressed and performing debt, merger arbitrage, and capital structure arbitrage. The fair value of the fund of hedge funds in this category has been estimated using the net asset value per share of the investments.

Hedge Funds: Long-Only/Short Equity primarily invest in equities, but hedge their long positions to varying degrees by shorting credit securities believed to be overvalued. The fair value of the investment in this category has been estimated using the net asset value per share of the investments.

For additional information on how the College measures fair value refer to Note 2 – Investments and Financial instruments measured at fair value.

Endowment

The Carleton board of trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the College classifies as permanently restricted net assets, (a) the original value of 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.

Endowment funds include unrestricted, temporarily restricted and permanently restricted net assets. Endowment net assets classified as unrestricted include funds designated by the board of trustees for the long-term support of the College, including any accumulated income and appreciation thereon. Temporarily restricted endowment net assets include accumulated appreciation on donor-restricted endowment funds, as well as donor-restricted, spendable gifts designated for long-term support of the College. Permanently restricted endowment net assets include those funds designated by donors to be invested in perpetuity to provide a permanent source of income.

The College has established an endowment spending policy used to determine an annual spending dividend. Total spending is equal to 70% of prior year spending increased by 2%; plus 30% of 5% of the 12 quarter average market value of the endowment as of the prior June 30; banded by not more than 5.75% or less than 3.75% of the market value of the endowment for the period ending June 30 prior to the start of the fiscal year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the College has evaluated events and transactions for potential recognition or disclosure through September 22, 2016, the date the financial statements were available to be issued.

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The following tables present investments and financial instruments carried at fair value according to the valuation hierarchy defined in Note 1 as of June 30, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Cash Equivalents	$ 3,995,453	$ -	$ -	$ 3,995,453
Fixed Income	56,148,425	-	-	56,148,425
Public Equities	148,769,139	20,885,850	110,973,376	280,628,365
Private Equity	-	-	129,749,196	129,749,196
Hedge Funds	-	56,599,864	201,052,119	257,651,983
Real Estate and Other Real Assets	-	-	93,266,805	93,266,805
Planned Gift Agreements and Other	1,807,167	5,288,974	49,403,448	56,499,589
Total Investments	210,720,184	82,774,688	584,444,944	877,939,816
Trusts Held by Others	-	-	10,709,623	10,709,623
Total	$ 210,720,184	$ 82,774,688	$ 595,154,567	$ 888,649,439

	2015			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash and Cash Equivalents	$ 14,160,785	$ -	$ -	$ 14,160,785
Fixed Income	35,342,142	9,883,228	-	45,225,370
Public Equities	189,079,129	24,888,019	90,474,620	304,441,768
Private Equity	-	-	135,156,785	135,156,785
Hedge Funds	-	75,311,518	192,168,897	267,480,415
Real Estate and Other Real Assets	-	-	79,152,719	79,152,719
Planned Gift Agreements and Other	1,613,599	5,025,898	53,447,805	60,087,302
Total Investments	240,195,655	115,108,663	550,400,826	905,705,144
Trusts Held by Others	-	-	11,806,913	11,806,913
Total	$ 240,195,655	$ 115,108,663	$ 562,207,739	$ 917,512,057

Liabilities measured at fair value on a recurring basis as of June 30, 2016 and 2015:

	2016			
	Level 1	Level 2	Level 3	Total
Interest Rate Swap	$ -	$ 961,270	$ -	$ 961,270

	2015			
	Level 1	Level 2	Level 3	Total
Interest Rate Swap	$ -	$ 1,197,690	$ -	$ 1,197,690

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

Fair value for Level 1 is based upon quoted prices in active markets. The College has the ability to access pricing for identical assets and liabilities and reconcile with pricing received from managers. Market price data is generally obtained from exchange or dealer markets. The College does not adjust the quoted price for such assets and liabilities.

Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model - based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. In addition, commingled and other funds with documented transactions on the reporting date at an established NAV are characterized as Level 2. Inputs are obtained from various sources including market participants, dealers, and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable as they trade infrequently or not at all.

Investments included in Level 3 primarily consist of the College's ownership in alternative investments (principally limited partnership interests in hedge funds, private equity, real assets, and other similar funds). The value of certain alternative investments represents the ownership interest in the net asset value (NAV) of the respective partnership. The fair values (NAV) of securities held in limited partnership that do not have observable inputs are determined by the general partner and are based on appraisals, or other estimates that require varying degrees of judgment. If no public market exists for the investment securities, the fair value is determined by the general partner taking into consideration, among other things, the cost of the securities, recent significant placements of securities of the same issuer, and subsequent developments concerning the companies to which the securities relate. Management has performed due diligence around these investments to ensure NAV is an appropriate measure of fair value as of June 30, 2016.

The majority of private capital investments are carried at the estimated fair value provided by the general partners of these investment partnerships or funds as of March 31, 2016 and 2015, adjusted for cash and securities distributions as well as capital contributions. The College believes that the carrying amount of its private capital investments is a reasonable estimate of fair value as of June 30, 2016 and 2015. Because private capital investments are not publicly traded and are expected to be held for several years, the estimated value is subject to uncertainty.

Interest rate swap agreements are classified as Level 2 as they are valued based on active market inputs. The College has the right to terminate the swap agreement at any time, at a commercially reasonable amount at the measurement date.

Trusts held by others are valued at the present value of the future distributions expected to be received by the college over the term of the agreement; essentially equivalent to the market value of the college share of the trust as provided by the trust administrator.

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, 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 tables are a roll forward of the balance sheet amounts for financial instruments classified by the College within Level 3 of the fair value hierarchy defined above.

Level 3 assets are as follows:

	Public Equities	Private Equity	Hedge Funds	Real Estate and Other Real Assets	Planned Gift Agreements and Other	Total Investments	Trusts Held by Others	Total
Balances as of July 1, 2015	$ 90,474,620	$ 135,156,785	$ 192,168,897	$ 79,152,719	$ 53,447,805	$ 550,400,826	$ 11,806,913	$ 562,207,739
Realized Gain (Loss)	(144,353)	13,087,197	(96,950)	6,265,469	2,014,326	21,125,689	15,009	21,140,698
Unrealized Loss	(14,083,809)	(4,632,130)	(10,866,416)	(3,734,337)	(3,321,921)	(36,638,615)	(172,791)	(36,811,406)
Investment Income (Loss)	(273,082)	630,419	(466,563)	290,361	950,309	1,131,446	313,900	1,445,346
New Investments and Capital Calls	35,000,000	21,161,523	-	28,209,751	1,323,554	85,694,828	-	85,694,828
Redemptions	-	(35,654,598)	(481,559)	(16,917,158)	(5,010,625)	(58,063,940)	(1,253,408)	(59,317,348)
Balances as of June 30, 2016	110,973,376	129,749,196	180,257,409	93,266,805	49,403,448	563,650,234	10,709,623	574,359,857
Reclassed to Level 3 from Level 2	-	-	20,794,710	-	-	20,794,710	-	20,794,710
Balances as of June 30, 2016	$ 110,973,376	$ 129,749,196	$ 201,052,119	$ 93,266,805	$ 49,403,448	$ 584,444,944	$ 10,709,623	$ 595,154,567

	Public Equities	Private Equity	Hedge Funds	Real Estate and Other Real Assets	Planned Gift Agreements and Other	Total Investments	Trusts Held by Others	Total
Balances as of July 1, 2014	$ -	$ 135,909,683	$ 174,030,019	$ 72,363,504	$ 55,397,247	$ 437,700,453	$ 11,492,258	$ 449,192,711
Realized Gain	1,869	17,794,445	3,005,823	3,178,872	1,722,704	25,703,713	425,618	26,129,331
Unrealized Gain (Loss)	6,369,242	(4,062,229)	(8,520,359)	(612,292)	(2,338,264)	(9,163,902)	(757,100)	(9,921,002)
Investment Income (Loss)	(105,546)	2,245,697	(486,006)	2,444,001	1,080,776	5,178,922	287,715	5,466,637
New Investments and Capital Calls	25,000,000	17,151,967	17,500,000	23,661,003	3,297,836	86,610,806	605,465	87,216,271
Redemptions	-	(33,882,778)	(8,874,811)	(21,882,369)	(5,712,494)	(70,352,452)	(247,043)	(70,599,495)
Balances as of June 30, 2015	31,265,565	135,156,785	176,654,666	79,152,719	53,447,805	475,677,540	11,806,913	487,484,453
Reclassed to Level 3 from Level 2	59,209,055	-	15,514,231	-	-	74,723,286	-	74,723,286
Balances as of June 30, 2015	$ 90,474,620	$ 135,156,785	$ 192,168,897	$ 79,152,719	$ 53,447,805	$ 550,400,826	$ 11,806,913	$ 562,207,739

All net realized and unrealized gains (losses) in the table above are reflected in the accompanying statement of activities and change in net assets. Net unrealized gains (losses) relate to those financial instruments held by the College at June 30, 2016 and 2015.

NOTE 2 INVESTMENTS AND FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

At June 30, 2016 and 2015, the College had outstanding commitments of $154,515,592 and $143,489,994, respectively, to private capital investments that have not yet been drawn down by the general partners of these funds. Typically, committed capital is drawn down and invested over a several year period. In the past, draw downs on outstanding commitments have been funded by distributions from the private capital portfolio, as well as cash and other liquid investments.

At June 30, 2016 and 2015, the College had $24,243,227 and $15,125,546, respectively, invested with hedge fund investments which utilized side pockets within their portfolio of investments. Side pockets are segregated accounts used by hedge funds to hold illiquid investments.

The College holds mortgages on residences of eligible faculty and staff members that amounted to $985,709 and $955,634 as of June 30, 2016 and 2015, respectively. The average interest rate on the mortgages for the years ended June 30, 2016 and 2015 was 5.15%.

Investment expense totaled $7,729,406 and $7,472,534 for the years ended June 30, 2016 and 2015, respectively, and is netted with investment income.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment as of June 30, 2016 and 2015 are as follows:

	2016	2015
Land	$ 3,785,213	$ 3,785,203
Land Improvements	827,340	762,506
Buildings and Building Improvements	260,418,758	256,596,481
Library Books	34,991,527	34,859,687
Equipment and Vehicles	54,110,655	50,875,966
Construction in Progress:		
Residence Hall Renovations	1,993,808	471,497
Academic Building Renovations	7,088,037	1,572,332
Other	407,915	593,850
	363,623,253	349,517,522
Less: Accumulated Depreciation	(166,330,292)	(158,777,637)
Total	$ 197,292,961	$ 190,739,885

Total depreciation expense as of June 30, 2016 and 2015 was $10,861,109 and $10,527,326, respectively.

NOTE 3 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

The College has capitalized collections received of $109,000 and $84,000 for the years ended June 30, 2016 and 2015, respectively. These collection items are valued at fair market value at the date of donation and are not depreciated.

NOTE 4 BONDS PAYABLE

Bonds payable at June 30, 2016 and 2015 are as follows:

	2016	2015
Minnesota Higher Education Facilities Authority (MHEFA):		
Revenue Bonds Series 5G	$ 23,000,000	$ 23,000,000
Revenue Bonds Series 6D	15,005,000	17,770,000
Revenue Bonds Series 6T	16,950,000	17,390,000
Revenue Bonds Series 7D	27,390,000	28,030,000
	82,345,000	86,190,000
Less: Unamortized Origination Costs	(709,421)	(745,784)
Unamortized Premium	757,454	814,295
Total Net	$ 82,393,033	$ 86,258,511

On June 8, 2000, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 5-G Variable Rate Demand Revenue Bonds (the Bonds) in the amount of $23,000,000 for the College. The Bonds mature June 30, 2030. The interest rate on the Bonds is based on the adjusted one month LIBOR rate, adjusted weekly, and ranged from 0.02% to .51% during the fiscal year 2016 with an average rate of .16% for the year. Proceeds from the Bonds were used to finance a new language and dining center and for student resident housing improvements.

On April 1, 2005, Minnesota Higher Education Facilities Authority (MHEFA) issued Series 6-D Variable Rate Demand Revenue Bonds (the Bonds) in the amount of $31,460,000 for the College. The Bonds mature April 1, 2035. The interest rate on the Bonds, adjusted weekly, ranged from 0.02% to .51% during the fiscal year 2015 with an average rate of .16% for the year. The rate as of June 30, 2016 and 2015 was .08%. Proceeds of approximately $28,000,000 were used to retire the Series 3-L1 and retire identified Series 4-N bonds upon maturity. The remaining proceeds were used to finance new student housing and real estate acquisitions near the College campus for purposes related to the educational mission of the College.

NOTE 4 BONDS PAYABLE (CONTINUED)

On December 1, 2008, the Minnesota Higher Education Facilities Authority (MHEFA) issued Series 6-T Fixed Rate Revenue Bonds (the Bonds) in the amount of $19,665,000 for the College. The bonds include serial maturities through 2018 and term bonds maturing in 2023 and 2028. Annual principal payments for the serial maturities gradually increase. The bonds are subject to optional redemption beginning on January 1, 2018. Interest rates range from 2.33% to 5.22% for a true interest cost of 5.11%. Proceeds from the Bonds were used to finance new student housing and utility infrastructure improvements.

On June 29, 2010, the Minnesota Higher Education Facilities authority (MHEFA) issued Series 7-D Fixed Rate Revenue Bonds (the Bonds) in the amount of $30,455,000 for the College. The bonds include serial maturities through 2021 and term bonds maturing in 2030 and 2040. Annual principal payments for the serial maturities gradually increase. The bonds are subject to optional redemption beginning on March 1, 2019. Interest rates range from 1.50% to 5.00% for a true interest cost of 4.50%. Proceeds from the Bonds were used to finance construction and renovation of the Weitz Center for Creativity.

The agreements contain various covenants regarding submission of financial statements and budgets; notice of intent to issue additional debt; maintaining a positive change in unrestricted net assets adjusted for certain items, for at least two of the preceding three fiscal years, and meeting certain debt coverage financial ratios.

The scheduled maturities of debt in each of the five years subsequent to June 30, 2016 are as follows:

Year Ending June 30,	Amount
2017	$ 3,950,000
2018	4,080,000
2019	4,215,000
2020	2,300,000
2021	2,350,000
Thereafter	65,450,000
Total	$ 82,345,000

Interest Rate Swaps

The College uses interest rate swap agreements as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swap agreements are not entered into for trading or speculative purposes. The interest rate swap agreements are recognized as either assets or liabilities on the balance sheets and are measured at fair value. The interest rate swap agreements are often held for the life of the strategy, but may reflect significant interim unrealized gains or losses depending on the change in value since the inception of the contract. All unrealized and realized gains and losses from the interest rate swap agreements are reflected in the statements of activities and change in net assets.

NOTE 4 BONDS PAYABLE (CONTINUED)

Interest Rate Swaps (Continued)

On March 31, 2005, the College entered into an interest rate swap agreement with Morgan Stanley Capital Services Inc. effective April 13, 2005, terminating April 1, 2022, under the terms of the swap agreement, the College will pay a fixed rate of 3.53% and receives a variable rate of 68% of LIBOR. The applicable notional amount of the agreement, $11,970,000, declines annually with each principal payment of MHEFA Series 6D variable rate bonds. At June 30, 2016 and 2015, the fair value of swap agreement liability was $961,270 and $1,197,690, respectively.

The College has the right to terminate the swap agreement at any time, at its sole discretion, at a commercially reasonable amount. Morgan Stanley can only terminate when there has been an event of default by the College or if the College debt is rated lower than Baa3. The termination at such time will be at the then commercially reasonable amount.

Standby Bond Purchase Agreements

The College has standby bond purchase agreements with a bank to provide liquidity support for the Series 5G and Series 6D variable rate bonds, which are remarketed weekly. In the event some or all of the bonds were tendered and not remarketed, the facility provides for the purchase of the un-remarketed bonds by the bank. Any funds provided by this liquidity facility would be payable to the bank by the College. The College pays an annual commitment fee of .55% on the Series 5G and Series 6D agreements which expire April 30, 2017. There have been no bonds purchased by the bank under the agreements as of June 30, 2016. If the standby bond purchase agreements are not extended, and the Series 5G and Series 6D are not re-financed by April 30, 2017, the balance outstanding on the bonds could become due and payable.

NOTE 5 ENDOWMENTS

The College endowment consists of approximately 652 individual donor restricted endowment funds and 139 board-designated endowment funds. The College pools these investments in a unitized pool similar to an open-ended mutual fund. Funds added or withdrawn from the pool are recorded at their share of the market value per share at the beginning of the calendar quarter within which the transaction takes place.

The market value of the endowment reported in the financial statements includes the present value of pledges receivable. The market value of endowment investments, excluding contributions receivables to the endowment, was $738,135,608 and $783,456,362 as of June 30, 2016 and 2015, respectively.

NOTE 5 ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2016:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ (5,314,570)	$ 297,879,125	$ 196,149,801	$ 488,714,356
Board Designated Endowment Funds	249,421,252	-	-	249,421,252
Subtotal Endowment Funds	244,106,682	297,879,125	196,149,801	738,135,608
Contributions Receivable	(200,000)	141,195	1,545,745	1,486,940
Total Endowment Funds	$ 243,906,682	$ 298,020,320	$ 197,695,546	$ 739,622,548

Changes in endowment net assets for the year ended June 30, 2016:

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2015	$ 264,643,263	$ 329,449,818	$ 190,597,279	$ 784,690,360
Net Contributions	1,083,782	-	4,372,790	5,456,572
Investment Return	(5,591,616)	(10,775,744)	-	(16,367,360)
Appropriations	(11,204,595)	(25,069,214)	-	(36,273,809)
Other Changes:				
Transfers of Matured Deferred Gifts to Endowment Funds	72,527	-	1,485,063	1,557,590
Donor Directed Gift Modifications	(681,219)	-	1,240,414	559,195
Change in Underwater Funds	(4,415,460)	4,415,460	-	-
Total Other Changes	(5,024,152)	4,415,460	2,725,477	2,116,785
Endowment Fund Balance, June 30, 2016	$ 243,906,682	$ 298,020,320	$ 197,695,546	$ 739,622,548

The assets under management by the investment office Endowment net asset composition by type of fund as of June 30, 2015:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor Restricted Endowment Funds	$ (899,110)	$ 328,614,039	$ 190,178,648	$ 517,893,577
Board Designated Endowment Funds	265,562,785	-	-	265,562,785
Subtotal Endowment Funds	264,663,675	328,614,039	190,178,648	783,456,362
Contributions Receivable	(20,412)	835,779	418,631	1,233,998
Total Endowment Funds	$ 264,643,263	$ 329,449,818	$ 190,597,279	$ 784,690,360

NOTE 5 ENDOWMENTS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2015:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund Balance, June 30, 2014	$ 266,917,000	$ 342,346,198	$ 185,044,979	$ 794,308,177
Net Contributions	3,496,753	28,080	4,815,953	8,340,786
Investment Return	5,013,147	9,748,006	-	14,761,153
Appropriations	(11,716,353)	(22,917,741)	-	(34,634,094)
Other Changes:				
Transfers of Matured Deferred Gifts to Endowment Funds	836,979	-	657,777	1,494,756
Donor Directed Gift Modifications	341,012	-	78,570	419,582
Recovery of Underwater Funds	(245,275)	245,275	-	-
Total Other Changes	932,716	245,275	736,347	1,914,338
Endowment Fund Balance, June 30, 2015	$ 264,643,263	$ 329,449,818	$ 190,597,279	$ 784,690,360

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the value of the initial and subsequent donor gift amounts (deficit). When donor endowment deficits exist, they are classified as a reduction of unrestricted net assets. Deficits of this nature reported in unrestricted net assets were $5,314,570 and $899,110 as of June 30, 2016 and 2015, respectively. These deficits resulted from unfavorable market fluctuations that occurred shortly after the investment of newly established endowments, and authorized appropriation was deemed prudent.

NOTE 6 RETIREMENT PLAN

Retirement benefits for substantially all full-time nonunion employees are individually funded and vested under a defined contribution program with the Teachers Insurance and Annuity Association and the College Retirement Equities Fund (TIAA and CREF). Under this agreement, the College and plan participants contribute to individual employee TIAA-CREF retirement accounts which fund individual retirement benefits.

Expenses for the College's share of the contributions were $5,189,906 and $4,939,867 in 2016 and 2015, respectively.

NOTE 7 CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable and revenue in the appropriate net asset category.

Contributions receivable are summarized as follows at June 30, 2016 and 2015:

	2016	2015
Unconditional Promises Expected to be Collected in:		
Less than One Year	$ 2,253,384	$ 1,318,715
One Year to Five Years	12,169,952	2,556,874
Over Five Years	923,456	86,750
Gross Pledges Receivable	15,346,792	3,962,339
Less: Present Value Discount	(508,256)	(151,064)
Less: Allowance for Uncollectible Pledges	(200,000)	(100,000)
Pledges Receivable, Net	$ 14,638,536	$ 3,711,275

Contributions receivable from board members and employees totaled $11,869,810 and $685,950 at June 30, 2016 and 2015, respectively.

At June 30, 2016 and 2015, approximately 26% and 22% gross contributions receivable, respectively, were attributed to one contributor.

NOTE 8 CREDIT QUALITY OF STUDENT NOTES RECEIVABLE

The College issues uncollateralized loans to students based on financial need. Student loans are funded through Federal government loan programs or institutional resources. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. At June 30, 2016 and 2015, student loans represented approximately 0.73% and 0.69%, respectively, of total assets.

At June 30, student loans consisted of the following:

	2016	2015
Federal Government Programs	$ 7,611,685	$ 7,332,462
Henry Strong Loan Program	184,635	167,556
Institutional Loan Programs	713,059	690,420
Subtotal, Gross	8,509,379	8,190,438
Less Allowance for Doubtful Accounts:		
Beginning of Year	(155,000)	(444,466)
Decreases to Allowance	-	289,466
End of Year	(155,000)	(155,000)
Student Loans Receivable, Net	$ 8,354,379	$ 8,035,438

NOTE 8 CREDIT QUALITY OF STUDENT NOTES RECEIVABLE (CONTINUED)

Funds advanced by the Federal government of $4,534,626 and $4,912,110 at June 30, 2016 and 2015, respectively, are ultimately refundable to the government and are classified as liabilities on the balance sheets.

At June 30, 2016 and 2015, the past due and current amounts under student loan programs were as follows:

	2016	2015
Current Loan Receivables	$ 7,864,559	$ 7,676,304
Past Due Loan Receivables:		
0-240 Days Past Due	480,443	309,846
240 Days - 2 Years Past Due	17,667	18,189
2-5 Years Past Due	100,216	117,080
5+ Years Past Due	46,494	69,019
Total Past Due	644,820	514,134
Total Student Loan Receivables, Gross	$ 8,509,379	$ 8,190,438

As of June 30, 2016 and 2015, the Perkins Cohort Default rate was 1.78% and 1.73%, respectively.

NOTE 9 FAIR VALUE OF OTHER FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents and pledges receivable approximate fair value because of the short maturity of these financial instruments.

The carrying amount of bonds payable approximates fair value because these financial instruments bear interest at rates which approximate current market rates for bonds with similar maturities and credit quality.

NOTE 10 COMMITMENTS AND CONTINGENCIES

The College is involved in various legal actions arising in the normal course of activities and is subject to periodic audits and inquiries by various regulatory agencies. Although the ultimate outcome of such matters is not determinable at this time, management believes that the resolution of these pending matters will not have a materially adverse effect on the College's financial statements.

During the year, the College entered into various contracts for construction of new academic buildings and other infrastructure improvements. As of June 30, 2016 and 2015, the remaining commitment on these contracts totaled $38,132,969 and $8,119,126, respectively.

NOTE 11 SELF-INSURED MEDICAL BENEFITS AND WORKERS' COMPENSATION

Effective January 1, 2015, the College provides medical benefits through a self-insured plan, which is available to all employees of the College who meet eligibility requirements for medical benefits. Accrued expenses include an incurred but not reported reserve of $992,971 as of June 30, 2016, an estimate of amounts due and payable on existing claims for which the College is self-insured and which are expected to be settled currently. For the plan year ended December 31, 2015, the College is self-insured with an aggregate stop loss of $8,067,144. As of June 30, 2016, the College had unrestricted net assets of $765,000 designated for health insurance benefits, which consist of the cumulative amount of College and employee contributions toward health premiums have exceeded expenses over the life of the plan.

The College is self-insured for workers' compensation. As of June 30, 2016 and 2015, the College has recorded a liability of $125,000, for claims incurred but not yet reported. The Workers' Compensation Reinsurance Association (WCRA) provides stop-loss coverage for aggregate claims in excess of $450,000. The College has established a workers' compensation reserve as required by WCRA, which is included in Investments on the balance sheets, of $1,005,025 and $853,822 as of June 30, 2016 and 2015, respectively.

NOTE 12 EXPENSES BY NATURAL CLASSIFICATION

The expenses reported by function on the statements of activities and changes in net assets are summarized by natural classification as follows:

	2016	2015
Salaries and Wages	$ 55,410,592	$ 52,436,241
Employee Benefits	19,778,016	16,877,070
Student Employment	3,869,434	3,736,032
Professional Services	4,742,395	3,727,422
Supplies	4,405,212	4,838,902
Equipment	1,981,767	3,605,388
Building Maintenance	4,696,120	4,327,340
Utilities	2,211,688	2,475,507
Interest Expense	2,693,156	2,802,067
Depreciation	10,861,109	10,527,326
Food Service	7,269,174	7,173,340
Travel	7,831,609	7,450,962
Other	7,865,306	7,713,203
Total	$ 133,615,578	$ 127,690,800

Other is comprised primarily of insurance, membership fees, meetings and entertainment and other miscellaneous expenses.

CARLETON COLLEGE
EXPANDED BALANCE SHEET
JUNE 30, 2016
(WITH SUMMARIZED TOTALS AS OF JUNE 30, 2015)
(SEE INDEPENDENT AUDITORS' REPORT)

	General Operations	Physical Capital	Financial Capital	2016 Totals	2015 Totals
ASSETS					
Cash and Cash Equivalents	$ (16,078,968)	$ 57,182,963	$ (12,065,467)	$ 29,038,528	$ 41,525,089
Receivables, Net:					
Contributions	3,598,330	9,494,461	1,545,745	14,638,536	3,711,275
Government	623,399	-	-	623,399	630,477
Other	1,603,454	-	-	1,603,454	1,200,691
Inventories and Prepaid Expenses	1,704,896	-	-	1,704,896	2,763,495
Loans to Students		-	8,354,379	8,354,379	8,035,438
Deposits with Bond Trustee	-	414,184	-	414,184	426,850
Trusts Held by Others	-	-	10,709,623	10,709,623	11,806,913
Investments	59,043,744	-	818,896,072	877,939,816	905,705,144
Property, Plant and Equipment, Net of Depreciation	-	197,292,961	-	197,292,961	190,739,885
Total Assets	$ 50,494,855	$ 264,384,569	$ 827,440,352	$ 1,142,319,776	$ 1,166,545,257
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts Payable	$ 1,883,318	$ 3,210,838	$ -	$ 5,094,156	$ 3,718,520
Accrued Expenses	9,768,805	844,385	-	10,613,190	8,979,323
Deferred Income and Deposits	5,228,516	-	-	5,228,516	4,584,214
Annuities Payable	-	-	21,953,884	21,953,884	23,717,939
Asset Retirement Obligation	-	1,139,803	-	1,139,803	1,109,628
Fair Value of Interest Rate SWAP	-	961,270	-	961,270	1,197,690
Bonds Payable, Net	-	82,393,033	-	82,393,033	86,258,511
Refundable Government Grants for Student Loans	-	-	4,534,626	4,534,626	4,912,110
Total Liabilities	16,880,639	88,549,329	26,488,510	131,918,478	134,477,935
NET ASSETS					
Unrestricted:					
Operations	11,553,030	-	22,491,788	34,044,818	34,732,261
Student Loan Funds	-	-	4,271,776	4,271,776	3,963,965
Net Investment in Plant	-	154,069,439	-	154,069,439	143,011,335
Funds Functioning as Endowment	-	-	243,906,681	243,906,681	264,643,263
Total Unrestricted Net Assets	11,553,030	154,069,439	270,670,245	436,292,714	446,350,824
Temporarily Restricted:					
Operations	22,061,186	-	-	22,061,186	28,035,824
Plant Funds	-	21,765,801	-	21,765,801	557,677
Funds Functioning as Endowments	-	-	298,020,320	298,020,320	329,449,818
Split Interest Funds	-	-	23,834,904	23,834,904	25,359,561
Total Temporarily Restricted Net Assets	22,061,186	21,765,801	321,855,224	365,682,211	383,402,880
Permanently Restricted:					
True Endowments	-		197,695,546	197,695,546	190,597,279
Split Interest Funds	-	-	10,730,827	10,730,827	11,716,339
Total Permanently Restricted Net Assets	-	-	208,426,373	208,426,373	202,313,618
Total Net Assets	33,614,216	175,835,240	800,951,842	1,010,401,298	1,032,067,322
Total Liabilities and Net Assets	$ 50,494,855	$ 264,384,569	$ 827,440,352	$ 1,142,319,776	$ 1,166,545,257

CARLETON COLLEGE
EXPANDED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	General Operations		Physical Capital		Financial Capital			
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Totals
REVENUES AND OTHER ADDITIONS								
Tuition and Fees	$ 98,440,111	$ -	$ -	$ -	$ -	$ -	$ -	$ 98,440,111
Room and Board	21,165,735	-	-	-	-	-	-	21,165,735
Scholarships	(36,927,917)	-	-	-	-	-	-	(36,927,917)
Net Student Fees	82,677,929	-	-	-	-	-	-	82,677,929
Private Gifts and Pledges	8,636,150	5,970,193	109,000	15,933,795	1,083,782	87,855	4,372,790	36,193,565
Government Reimbursements	615,280	3,783,312	-	-	-	-	-	4,398,592
Interest and Dividends (Net Fees)	779,521	4,264		-	(442,353)	(43,352)	-	298,080
Net Realized Gain (Loss)	(137,822)	-	(316,105)	-	13,994,369	27,531,248	-	41,071,690
Net Unrealized Gain (Loss)	294,419	-		-	(19,495,427)	(38,576,451)	-	(57,777,459)
Unrealized Gain on Interest Rate SWAP	-	-	236,420	-	-	-	-	236,420
Net Change in Annuity and Life Income Funds	-	-	-	-	-	536,416	(985,512)	(449,096)
Bookstore, Rents and Other	4,424,732	744,760	130,341	-	-	-	-	5,299,833
Subtotal Revenue	97,290,209	10,502,529	159,656	15,933,795	(4,859,629)	(10,464,284)	3,387,278	111,949,554
Fund Transfers	(16,841,750)	(9,676,884)	15,547,755	6,800,413	(1,134,354)	2,579,343	2,725,477	-
Operating Surplus Allocation	-	-	-	-	-	-	-	-
Investment Return Allocation		36,273,809	-	-	(11,204,595)	(25,069,214)	-	-
Net Assets Released from Restrictions	43,106,583	(43,074,092)	1,476,024	(1,526,084)	17,569	-	-	-
Total Revenues and Other Additions	123,555,042	(5,974,638)	17,183,435	21,208,124	(17,181,009)	(32,954,155)	6,112,755	111,949,554
EXPENSES								
Instruction	45,906,405	-	11,397,772	-	-	-	-	57,304,177
Research	3,868,598	-	-	-	-	-	-	3,868,598
Academic Support:								
Library	5,280,414	-	1,028,217	-	-	-	-	6,308,631
Other	11,225,283	-	1,184,871	-	-	-	-	12,410,154
Student Services	13,418,818	-	2,588,305	-	-	-	-	16,007,123
Institutional Support:								
Administration	6,171,579		587,297					6,758,876
External Relations	4,099,669	-	29,891	-	-	-	-	4,129,560
Fund Raising	5,524,262	-	-	-	-	-	-	5,524,262
General	3,791,461	-	54,755	-	-	-	-	3,846,216
Plant Operations	13,244,738	-	(13,244,738)	-	-	-	-	-
Auxiliary Enterprises	8,835,020	-	8,622,961	-	-	-	-	17,457,981
Student Services	121,366,247	-	12,249,331	-	-	-	-	133,615,578
CHANGE IN OPERATING NET ASSETS	2,188,795	(5,974,638)	4,934,104	21,208,124	(17,181,009)	(32,954,155)	6,112,755	(21,666,024)
Prior Year Operating Surplus Transfer	(8,324,000)	-	6,124,000	-	2,200,000	-	-	-
CHANGE IN NET ASSETS	(6,135,205)	(5,974,638)	11,058,104	21,208,124	(14,981,009)	(32,954,155)	6,112,755	(21,666,024)
Net Assets - Beginning of Year	17,688,235	28,035,824	143,011,335	557,677	285,651,254	354,809,379	202,313,618	1,032,067,322
NET ASSETS - END OF YEAR	$ 11,553,030	$ 22,061,186	$ 154,069,439	$ 21,765,801	$ 270,670,245	$ 321,855,224	$ 208,426,373	$ 1,010,401,298

CARLETON COLLEGE
EXPANDED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2015
(SEE INDEPENDENT AUDITORS' REPORT)

	General Operations		Physical Capital		Financial Capital			
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Totals
REVENUES AND OTHER ADDITIONS								
Tuition and Fees	$ 96,959,532	$ -	$ -	$ -	$ -	$ -	$ -	$ 96,959,532
Room and Board	21,001,728	-	-	-	-	-	-	21,001,728
Scholarships	(35,018,615)	-	-	-	-	-	-	(35,018,615)
Net Student Fees	82,942,645	-	-	-	-	-	-	82,942,645
Private Gifts and Pledges	7,890,760	8,201,218	84,000	420,712	3,496,753	4,439,452	4,815,953	29,348,848
Government Reimbursements	595,070	4,208,235	-	-	-	-	-	4,803,305
Interest and Dividends (Net Fees)	668,386	472	3	-	1,177,587	3,364,520	-	5,210,968
Net Realized Gain (Loss)	(168,496)	-	1,614,471	-	14,441,851	25,904,236	-	41,792,062
Net Unrealized Loss	(167,454)	-	-	-	(9,646,866)	(19,021,584)	-	(28,835,904)
Unrealized Gain on Interest Rate SWAP	-	-	403,802	-	-	-	-	403,802
Net Change in Annuity and Life Income Funds	-	-	-	-	-	(114,130)	(953,837)	(1,067,967)
Bookstore, Rents and Other	4,509,136	510,404	105,309	-	61,817	-	-	5,186,666
Subtotal Revenue	96,270,047	12,920,329	2,207,585	420,712	9,531,142	14,572,494	3,862,116	139,784,425
Fund Transfers	(18,875,409)	(2,032,877)	20,463,704	25,000	932,716	(1,249,481)	736,347	-
Operating Surplus Allocation	-	-	-	-	-	-	-	-
Investment Return Allocation	-	34,634,094	-	-	(11,716,353)	(22,917,741)	-	-
Net Assets Released from Restrictions	40,572,629	(40,589,756)	1,016,834	(1,016,894)	17,187	-	-	-
Total Revenues and Other Additions	117,967,267	4,931,790	23,688,123	(571,182)	(1,235,308)	(9,594,728)	4,598,463	139,784,425
EXPENSES								
Instruction	43,318,752	-	11,629,528	-	-	-	-	54,948,280
Research	4,210,264	-	-	-	-	-	-	4,210,264
Academic Support:								
Library	4,838,124	-	1,052,406	-	-	-	-	5,890,530
Other	9,864,700	-	1,292,896	-	-	-	-	11,157,596
Student Services	12,555,375	-	2,677,454	-	-	-	-	15,232,829
Institutional Support:								
Administration	5,340,902	-	466,404	-	-	-	-	5,807,306
External Relations	3,479,742	-	31,622	-	-	-	-	3,511,364
Fund Raising	4,974,391	-	-	-	-	-	-	4,974,391
General	3,422,597	-	77,357	-	-	-	-	3,499,954
Plant Operations	12,772,460	-	(12,772,460)	-	-	-	-	-
Auxiliary Enterprises	9,870,137	-	8,588,149	-	-	-	-	18,458,286
Total Expenses	114,647,444	-	13,043,356	-	-	-	-	127,690,800
CHANGE IN NET ASSETS	3,319,823	4,931,790	10,644,767	(571,182)	(1,235,308)	(9,594,728)	4,598,463	12,093,625
Net Assets - Beginning of Year	14,368,412	23,104,034	132,366,568	1,128,859	286,886,562	364,404,107	197,715,155	1,019,973,697
NET ASSETS - END OF YEAR	$ 17,688,235	$ 28,035,824	$ 143,011,335	$ 557,677	$ 285,651,254	$ 354,809,379	$ 202,313,618	$ 1,032,067,322

CARLETON COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/Program Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Education:			
Direct Programs:			
Federal Workstudy Program	84.033	N/A	$ 337,142
Federal Pell Grant Program	84.063	N/A	1,214,364
Supplemental Educational Opportunity Grant Program	84.007	N/A	285,616
Federal Direct Loan Program - Loans Advanced	84.268	N/A	3,304,668
Total Student Financial Assistance			5,141,790
Direct Programs:			
Special Services	84.042	N/A	158,435
Undergraduate Int'l Studies and Foreign Language	84.016A	N/A	4,071
Total Direct Programs			162,506
Total U.S. Department of Education			5,304,296
U.S. Department of Agriculture			
Pass-Through Programs:			
NRCS/Rice County - Arb Conservation Program	10.912	746322080UW	4,724
Total U.S. Department of Agriculture			4,724
U.S. Department of Commerce			
SURF/NIST	11.62	70NANB16H144	7,685
Pass-Through Programs:			
TERC	11.011	NA14OAR0110121	17,912
University of MN	11.417	NA14OAR4170080	4,802
Total U.S. Department of Commerce			30,399
U.S. Department of Energy			
Pass-through programs:			
MPS Corporation	81.049	DE-SC1113302	21,220
Total U.S. Department of Energy			21,220
National Aeronautics and Space Administration			
Pass-Through Programs:			
Minnesota Space Grant Consortium	43.UXX	X5149009111	16,728
Minnesota Space Grant Consortium	43.008	NNX15AI18H	663
Total National Aeronautics and Space Administration			17,391
National Endowment for the Humanities:			
Debate in the Buddist Monasteries of Medieval Japan	45.160	FA23196916	12,600
New History of the Boston Massacre	45.160	FB5827115	50,400
Total National Endowment for the Humanities			63,000
U.S. Department of Health and Human Services			
National Institute of Child Health and Human Development	93.865	IR15HD072571	74,099
Total U.S. Department of Health and Human Services			74,099

CARLETON COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2016

Federal Grantor/Program Title	Federal Catalog Number	Pass-Through Entity Identifying Number	Expenditures
National Science Foundation			
Research and Development Cluster:			
Direct Programs:			
Geosciences	47.050	N/A	168,484
Education and Human Resources	47.076	N/A	1,989,261
Computer and Information Science	47.070	N/A	150,646
Mathematical and Physical Sciences	47.049	N/A	289,041
Biological Sciences	47.074	N/A	101,832
Total Direct Programs			2,699,264
Pass-Through Programs:			
University of MN - LSAMP	47.076	H002726304	25,531
University of Texas - Austin	47.050	GEO-1203021	2,532
No. IL University	47.076	DUE1140375	4,835
UofWI River Falls	47.076	DUE1245268	11,065
UNAVCO	47.076	DUE1245025	8,710
NCA&T - Math You Need	47.076	DUE1245802	7,522
University of California	47.076	DLR-1420732	42,799
University of Alabama	47.076	DUE1140557	5,901
Buffalo State University	47.076	1347727	33,340
Montana State University	47.076	DUE1445210	6,842
Montana State University	47.041	1542210	2,596
Highland Comm Coll - SAGE2YC	47.076	DUE1524605	87,417
Highline Community College	47.076	DUE-920800	2,203
TERC/Challenge Climate Literacy	47.076	DRL1019721	5,874
Glendale Community College	47.076	DUE-1043245	5,810
Temple SILC	47.075	SMA1041707	20,405
Total National Science Foundation Pass-Through Programs			273,382
Administrative Agreements:			
Intergovernmental Personnel Act Assignment	27.011		250,650
Total National Science Foundation & Research			
Total Research and Development Cluster			3,223,296
Total Federal Financial Assistance			$ 8,738,425

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