OFFICIAL STATEMENT DATED JUNE 5, 2000

NEW ISSUE **Moody's Rating: Aa2/VMIG1**

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 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. 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.")

$23,000,000

Minnesota Higher Education Facilities Authority

Variable Rate Demand Revenue Bonds, Series Five-G
(Carleton College)

(DTC Book Entry Only)

Dated Date: Date of Issue **Maturity Date: November 1, 2029**

This Official Statement contains information relating to the Bonds prior to the Conversion Date. Holders or purchasers of the Bonds are not to rely on the information herein with respect to the terms or conditions of the Bonds after the Conversion Date.

The Bonds will be issued as fully registered bonds without coupons in minimum denominations of $100,000 and any larger amount which is an integral multiple of $5,000, 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 and Purchasers will not receive certificates representing their interest in the Bonds purchased. (See "THE BONDS -- Book Entry System" herein.)

The Bonds are subject to redemption prior to maturity as described herein.

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of Carleton College, Northfield, Minnesota (the "College").

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

The Bonds will initially be issued in the Weekly Reset/Overnight Put Mode. The Bonds will bear interest at an initial rate to be determined by the Remarketing Agent from their date of issue to and including June 14, 2000. At the option of the Authority, at the direction of the College, the Bonds may be designated to bear interest in a Weekly Reset/Overnight Put Mode, Multi-Monthly Mode or Flexible Mode as described herein. Interest on the Bonds shall be payable on each Interest Payment Date for the immediately preceding Interest Accrual Period. During a Weekly Reset/Overnight Put Mode or a Flexible Mode, interest shall be computed on the basis of a 365- or 366-day year and actual days elapsed, and during a Multi-Monthly Mode interest shall be computed on the basis of a 360-day year composed of 12 30-day months. At the option of the Authority, at the direction of the College, and upon the conditions set forth in the Indenture, the interest rate on the Bonds may be converted to the Fixed Rate. Prior to the Conversion Date and the establishment of a Fixed Rate, Owners of the Bonds have the right to tender their Bonds for purchase by presentation to Norwest Bank Minnesota, National Association (the "Trustee" and the "Tender Agent") at certain times upon prior written notice as described herein at a purchase price equal to 100% of the principal amount thereof plus (unless the purchase date is an Interest Payment Date) accrued interest thereon, as more fully described herein. The College has entered into a Standby Bond Purchase Agreement with Norwest Bank Minnesota, National Association (the "Liquidity Facility Provider") whereby the Liquidity Facility Provider will furnish funds to effect any such purchases prior to termination of the Agreement. See "THE ORIGINAL LIQUIDITY FACILITY" herein for a discussion of the initial Liquidity Facility Provider. The initial Remarketing Agent is Wells Fargo Brokerage Services, LLC.

BONDHOLDERS SHALL BE REQUIRED TO TENDER AND SELL THEIR BONDS ON A MANDATORY TENDER DATE AT A PRICE EQUAL TO THE PRINCIPAL AMOUNT THEREOF PLUS (UNLESS THE MANDATORY TENDER DATE IS AN INTEREST PAYMENT DATE) ACCRUED INTEREST THEREON, ALL AS MORE FULLY DESCRIBED HEREIN. A Mandatory Tender Date includes a Conversion Date, each Mode Change Date, each canceled Proposed Conversion Date and Proposed Change Date (affecting all Bonds to which such dates apply except Bonds in a Weekly Reset/Overnight Put Mode), the Liquidity Facility Expiration Date or Termination Date unless the Liquidity Facility is timely replaced prior to such date, and the day following each Flexible Rate Period for Bonds in a Flexible Mode. The College may, without creating a default, terminate the Liquidity Facility at its sole discretion at any time, subject to mandatory tender. Any Bond to be purchased which is not timely delivered to the Tender Agent on a Mandatory Tender Date or Optional Tender Date and as to which there has been irrevocably deposited with the Tender Agent or the Trustee an amount sufficient to pay the purchase price thereof shall be "deemed tendered" for purposes of the Indenture and shall cease to accrue interest on such Mandatory or Optional Tender Date.

The Bonds are being offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without any notice, and to the opinion as to validity and tax exemption of the Bonds by Faegre & Benson LLP, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by Briggs and Morgan, Professional Association of Saint Paul and Minneapolis, Minnesota; and for the Liquidity Facility Provider by Winthrop and Weinstine, P.A. It is expected that the Bonds in definitive form will be available for delivery to the Underwriter at DTC, on or about June 8, 2000.

WELLS FARGO

Wells Fargo Brokerage Services, LLC

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

No dealer, broker, sales representative or other person has been authorized by the Authority, the College, or the Underwriter to give any information or to make any representations 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, the Liquidity Facility Provider, the Remarketing Agent and the Trustee, has been obtained from the College and is not guaranteed as to accuracy or completeness. Information relating to DTC, the Liquidity Facility Provider, the Remarketing Agent and the Trustee has been obtained from such persons and is not guaranteed as to accuracy or completeness. Except for information concerning the Authority, such information 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 have not been included as appendices hereto, they will be furnished on request.

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.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

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MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

VARIABLE RATE DEMAND REVENUE BONDS, SERIES FIVE-G (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, an institution of higher education with its campus located in Northfield, Minnesota (the "College"), in connection with the issuance of the Authority's $23,000,000 Variable Rate Demand Revenue Bonds, Series Five-G (Carleton College) (the "Bonds" or the "Issue").

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

The Bonds are being issued pursuant to the Trust Indenture (the "Indenture") between the Authority and Norwest Bank Minnesota, National Association, Minneapolis, Minnesota as trustee (the "Trustee"). The Trustee will initially also act as Tender Agent for the Issue.

Pursuant to a Loan Agreement between the College and the Authority relating to the Bonds, the College will covenant as a general obligation of the College to make payments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Bonds will be loaned to the College by the Authority to finance various improvements, including an academic and dining building, student housing, parking improvements, and lake improvements. See "USE OF PROCEEDS" herein.

The Bonds are secured by a pledge of the Loan Repayments, which is a general obligation of the College.

At the time of the issuance of the Bonds, the College will enter into a Standby Bond Purchase Agreement (the "Original Liquidity Facility") with Norwest Bank Minnesota, National Association (the "Bank") providing for the purchase prior to the Conversion Date (as defined herein) of Bonds which have been tendered for purchase and not remarketed. The Expiration Date of the Original Liquidity Facility is April 30, 2001, with renewal at the request of the College and the option of the Bank for additional terms of up to one year each, not to exceed a maximum of five years. For information concerning the Bank see "THE ORIGINAL LIQUIDITY FACILITY" herein and Appendix VI.

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 III and IV 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 AND, WITH RESPECT TO THE TERM OF THE ORIGINAL LIQUIDITY FACILITY, INVESTORS ARE CAUTIONED THAT IT BEARS A STATED EXPIRATION DATE OF APRIL 30, 2001, THOUGH BY ITS TERMS IT MAY BE TERMINATED SOONER OR EXTENDED. SEE "THE ORIGINAL LIQUIDITY FACILITY " 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 Owners' receipt of payments of the purchase price, principal of or interest on the Bonds.

Risk of Insufficient Collateral

The Bonds are secured by a pledge by the Authority to the Trustee of amounts payable by the College under the Loan Agreement. No real or personal property is pledged to repayment of the Bonds.

Construction Risks

Presently, the College does not have a guaranteed maximum price contract for the Project. The Project is subject to ordinary risks associated with new construction, such as risk 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 strife, delays in and shortages of materials, adverse weather conditions, fire or casualty. The College does not believe that the occurrence of any such events would have a material adverse effect on the ability of the College to complete the Project or to make Loan Repayments.

Liquidity Facility

The ability of the Liquidity Facility Provider to purchase Bonds when required under the Liquidity Facility will be based solely on the Liquidity Facility Provider's general credit. The Original Liquidity Facility expires on April 30, 2001. Furthermore, the College is not required to maintain or provide for a Liquidity Facility under the Loan Agreement. There is a mandatory tender following expiration or termination of the Liquidity Facility.

Certain information with respect to the Bank as the initial Liquidity Facility Provider is set forth in Appendix VI. Such information was provided by the Bank and no representation is made as to the adequacy or accuracy thereof. See also "THE ORIGINAL LIQUIDITY FACILITY" herein.

Adequacy of Revenues

Payment of principal of and interest on the Bonds is intended to be made primarily from Loan Repayments of the College. 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 which may be beyond the control of the College and may change in the future to an extent that cannot be presently determined.

The operation of the Project will increase the College's overall expenditures, and the College's ability to generate unrestricted revenues in excess of expenditures will depend upon the extent to which it realizes increased revenues from its on-campus student housing and dining facilities, including the Project, after the Project is placed in service. The College believes that the demand for on-campus housing is sufficient to support a high level of occupancy in the Project and other on-campus housing facilities. The College further believes that the demand for on-campus dining services is sufficient to support the dining facility that comprises a portion of the Project. There can be no assurance, however, that the Project alone will generate sufficient unrestricted revenues in excess of expenditures to provide for the increased debt service obligations of the College as a result of the issuance of the Bonds, or that the operation of the Project will not result in a net decrease of unrestricted revenues in excess of expenditures.

Competition

Competition among institutions of higher education is intense both nationally and within the upper Midwest region. Universities and colleges compete principally based on location, 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 or the inability to raise tuition, which could adversely affect the College's unrestricted net assets.

Reliance on Tuition and Fees

The adequacy of College revenues will be dependent on the amount of future tuition revenue received by the College. Tuition revenue in turn will depend primarily on the ability of the College to charge sufficient rates for tuition and to maintain enrollment levels. Future enrollment levels will depend on the number of students applying to the College and accepting offers of admission. A number of various factors, including, without limitation, such factors as levels of tuition rates or other fees, competition from other colleges, a decline in the number of college-age students, and adverse general economic conditions will influence the number of applicants to the College.

Financial Aid

Approximately 81% of the College's students currently receive from the College and other sources some form of financial aid covering some portion of tuition and fees or living expenses, based on need. No assurance can be given that federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's revenues.

Damage or Destruction

Although the College will be required to obtain certain insurance as set forth in the Loan Agreement, there can be no assurance that the College will not suffer uninsured losses.

Redemption, Acceleration, or Purchase Prior to Maturity

In considering whether the Bonds might be redeemed prior to maturity, Bondholders should consider the information included in this Official Statement under the heading "THE BONDS — Redemption." The Bonds may be called for redemption prior to maturity on any date at the option of the College. The Bonds are subject to mandatory tender for purchase upon the occurrence of certain events (See "THE BONDS -- Mandatory Tender"). The effect on Bondholders of such a purchase would be similar to that of early redemption at par. See "THE LOAN AGREEMENT -- Events of Default" and "THE INDENTURE -- Events of Default" in APPENDIX IV -- SUMMARY OF DOCUMENTS.

Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and pro forma debt service coverage are provided in Appendix I under the caption "Annual Debt Service by Fiscal Year and Coverage Statement." The pro forma coverage is merely a mathematical computation, as reflected in the applicable table, and constitutes no assurance as to the future sufficiency of College revenues to satisfy College operations and debt service requirements, including its obligation to make Loan Repayments.

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 Indenture or the other obligations of the College. The Bonds are payable solely from payments made by the College pursuant to the Loan Agreement in amounts sufficient to pay, when due, the principal of and interest on the Bonds.

Bankruptcy

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

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.

CONTINUING DISCLOSURE

The Bonds are exempt from continuing disclosure requirements of Rule 15c2-12 of the Securities Exchange Act of 1934 because they are issued in denominations of $100,000 or more. Consequently, prior to the Conversion Date, the College has not agreed and is not required to provide annual financial information, notices of certain material events or any other disclosure which might otherwise be required by that Rule. However, certain continuing disclosure information may be available from national repositories pursuant to continuing disclosure agreements relating to other outstanding obligations of the College or pursuant to arrangements with the Remarketing Agent.

THE BONDS

Although certain features of the Bonds described below will remain the same after the conversion to a Fixed Rate, the sole purpose of this section is to describe features of the Bonds before the Conversion Date while the Bonds bear interest at the Variable Rate.

General

The Bonds will be dated the date of initial delivery thereof and will mature November 1, 2029.

The Bonds are issuable only as fully-registered bonds without coupons (initially in Book Entry Form), in denominations of $100,000 and any integral multiple of $5,000 in excess thereof.

Interest will be payable on the first Business Day of each month ("Interest Payment Date") commencing July 1, 2000. In addition, for any Bond in a Flexible Mode, interest will be payable on the Business Day immediately following the last day of any Flexible Rate Period.

The Bonds bear interest as described below. During any Weekly Reset/Overnight Put Mode or Flexible Mode, interest accrued on any Bond shall be computed on the basis of a 365- or 366-day year, as applicable, for the number of days actually elapsed. During a Multi-Monthly Mode, interest accrued on any Bond shall be computed upon the basis of a 360-day year, consisting of twelve 30-day months.

At any one time, all Bonds will be in the same Interest Mode.

Book Entry System

The Depository Trust Company ("DTC"), New York, NY, 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). One fully registered security certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc.; the American Stock Exchange, Inc.; and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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 of each actual purchaser of each Security ("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, but Beneficial Owners are 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 Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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 Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no 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 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.

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

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. 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, the Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant to the Tender Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records.

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

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

The information in this section concerning DTC and its book entry system has been obtained from DTC. Neither the Authority nor the College takes any responsibility for the accuracy thereof.

Remarketing of Bonds and Setting of Interest Rates

The College has appointed Wells Fargo Brokerage Services, LLC to serve as the Remarketing Agent (the "Remarketing Agent") who will determine the interest rate on the Bonds for each Variable Rate Period and each Flexible Rate Period prior to the Conversion Date pursuant to the Remarketing Agreement. The College or the Remarketing Agent may terminate the Remarketing Agreement effective upon the later of 30 days' notice or the effective date of appointment of a successor Remarketing Agent.

The Bonds will initially bear interest in a Weekly Reset/Overnight Put Mode. From the Issue Date to and including June 14, 2000, the Bonds will bear interest at a rate to be determined by the Remarketing Agent. The College may from time to time designate a different Interest Mode for the Bonds prior to the Conversion Date. The Mode Change Date shall be the date on which there is a change from one Interest Mode to another Interest Mode.

During a Weekly Reset/Overnight Put Mode, a Rate Period lasts seven days and begins on a Thursday of a week (or a Mode Change Date) and ends on the following Wednesday (or a Mode Change Date).

During a Multi-Monthly Mode, a Rate Period lasts one or more months and begins on the first Business Day of a month and ends on the day preceding the first Business Day of a subsequent calendar month.

During a Flexible Mode, a Rate Period lasts 30 days to 270 days and begins on a Business Day and ends on a day preceding a Business Day. Different Bonds in a Flexible Mode may have different Rate Periods.

Bonds bearing interest at a Variable Rate (which includes a Weekly Reset/Overnight Put Mode or Multi-Monthly Mode) will bear interest at the same Variable Rate for the same Rate Period, as determined by the Remarketing Agent on a specified date for such Rate Period (the "Rate Determination Date") prior to the first Business Day of the Rate Period for which such Variable Rate is to become effective (the "Rate Adjustment Date").

During each Rate Period within a Weekly Reset/Overnight Put Mode or a Multi-Monthly Mode, the Variable Rate for the Bonds shall be that rate which, in the determination of the Remarketing Agent, if borne by the Bonds on the Rate Determination Date, would result in the market value of the Bonds being 100% of the principal amount thereof.

Before the commencement of a Multi-Monthly Mode and 34 days prior to each Rate Adjustment Date for Bonds in a Multi-Monthly Mode (the "Minimum Rate Determination Date"), the Remarketing Agent shall determine (and on the same day so notify the College and the Trustee) a minimum Variable Rate for the next Monthly Rate Period (the "Minimum Variable Rate"), a projected Variable Rate for such Rate Period (the "Projected Variable Rate") and the period of one or more months that the Rate Period shall last. The Trustee shall forthwith mail to DTC a notice advising of the Minimum Variable Rate, the Projected Variable Rate and the term of the Monthly Rate Period. Thirteen days before the Rate Adjustment Date for such Rate Period the Remarketing Agent shall determine a Variable Rate for the next Rate Period which shall not be less than the Minimum Variable Rate determined for such Rate Period.

While the Bonds bear interest at Flexible Rates (a "Flexible Mode"), they will bear interest at a Flexible Rate established by the Remarketing Agent for a Flexible Rate Period having a term of 30 days to 270 days. During a Flexible Mode, the Flexible Rate Periods and Flexible Rates for each of the Bonds may be different from each other Bond and may be different for any one Bond from any prior or subsequent Flexible Rate Period for such Bond. The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for the Bonds which are in a Flexible Rate Mode on the first day of the Flexible Rate Period for each of such Bonds at a purchase price equal to the principal amount thereof. The Remarketing Agent shall offer and accept purchase commitments for such Flexible Rate Periods and Flexible Rates as it deems advisable in order to minimize the net interest cost on the Bonds of such series under prevailing market conditions.

In determining Flexible Rates or the Variable Rate, the Minimum Variable Rate and the Projected Variable Rate for any Rate Period, the Remarketing Agent shall take into account general financial conditions and such other or special conditions as in the judgment of the Remarketing Agent may have a bearing on such rates.

The determination by the Remarketing Agent of any Variable Rate or Flexible Rate to be borne by the Bonds shall be conclusive and binding on the Holders of the Bonds, the College, the Liquidity Facility Provider, the Tender Agent and the Trustee. Failure by the Trustee to give any notice described herein, or any defect therein, shall not affect the interest rate borne by the Bonds or the rights of the Holders thereof.

In the event that the Remarketing Agent is unable or fails to determine either the Minimum Variable Rate, the Projected Variable Rate or the Variable Rate for any Rate Period, or if either the Minimum Variable Rate, the Projected Variable Rate or the Variable Rate for any Rate Period is held invalid or unenforceable by a court of law, the Minimum Variable Rate, the Projected Variable Rate or the Variable Rate for such Rate Period shall be a rate equal to the Interest Index computed by the Indexing Agent.

In no event shall the interest rate on any Bond before the Conversion Date exceed 15% per annum.

Change of Interest Modes

In the event of a change from one Interest Mode to another, the College must give notice to the Authority, the Trustee, the Remarketing Agent, the Tender Agent and the Liquidity Facility Provider at least 35 days before the Mode Change Date. Such notice must specify the different Interest Mode, the Mode Change Date and (in the case of a change to Multi-Monthly Mode only) the Monthly Term. Following a change in Interest Mode for the Bonds, the new Interest Mode shall remain in effect until the College elects to change such Interest Mode and again complies with the requirements of the Indenture for changing to a different Interest Mode. No designation of an Interest Mode shall take effect unless the College has furnished the Trustee, on or before the date such notice is given, an opinion of nationally recognized bond counsel to the effect that the designation of the different Interest Mode will not adversely affect the exemption of interest on the Bonds from federal income taxation.

At least 30 days prior to a Mode Change Date, the Trustee must give notice thereof by mail to the Holders of the Bonds.

Notwithstanding the foregoing, the College may direct the Authority to cancel any notice of a Mode Change Date at any time prior to the 15th day preceding the Mode Change Date. In such event, the Bonds will be in a Weekly Reset/Overnight Put Mode commencing on the proposed Mode Change Date. Such proposed Mode Change Date shall remain a Mandatory Tender Date, unless the Bonds are in a Weekly Reset/Overnight Put Mode immediately prior to the proposed Mode Change Date.

Conversion to a Fixed Rate

The Indenture provides that the College has the right at any time to direct the Authority to convert the interest rate on the Bonds to a Fixed Rate. To exercise its option, the College must deliver to the Authority, the Trustee, the Liquidity Facility Provider, the Tender Agent and the Remarketing Agent written notice thereof at least 35 days prior to the date on which the Fixed Rate is to become effective (the "Conversion Date") and an opinion of nationally recognized bond counsel to the effect that the conversion to a Fixed Rate is in accordance with the provisions of the Indenture and will not adversely affect the exemption of interest on the Bonds from federal income taxation. See "TAX EXEMPTION."

Not less than 31 days before the proposed Conversion Date the Remarketing Agent shall determine an interest rate (the "Minimum Fixed Rate") equal to what the Fixed Rate would be if established on that date. The Trustee shall give notice by mail to the Holders of all Bonds of the conversion to a Fixed Rate, not less than 30 days prior to the proposed Conversion Date, specifying, among other things, the proposed Conversion Date, the Computation Date and the Minimum Fixed Rate and stating that each Bond shall be subject to mandatory tender for purchase on the proposed Conversion Date.

Notwithstanding the foregoing, the College may direct the Authority to cancel any notice of a conversion to a Fixed Rate at any time on or prior to the 15th day preceding the Conversion Date. In such event, the Bonds will be in a Weekly Reset/Overnight Put Mode commencing on the proposed Conversion Date. Such proposed Conversion Date shall remain a Mandatory Tender Date, unless the Bonds are in a Weekly Reset/Overnight Put Mode immediately prior to the proposed Conversion Date.

On or before the day before the Conversion Date the Remarketing Agent shall determine the Fixed Rate, which shall be the annual interest rate, not less than the Minimum Fixed Rate, which, in the determination of the Remarketing Agent, if borne by all Bonds until their maturity, would result in the market value of such Bonds on that date being 100% of the principal amount thereof. In determining the Fixed Rate, the Remarketing Agent shall have due regard for general financial conditions and such other or special conditions as in the judgment of the Remarketing Agent may have a bearing on the Fixed Rate. After the Conversion Date, the Holders shall have no right to tender the Bonds for purchase.

Optional Tender

Prior to the Conversion Date, Holders may tender Bonds for purchase at the principal amount thereof plus accrued interest to the Tender Agent on any Rate Adjustment Date for any Bonds in a Multi-Monthly Mode, or in the case of Bonds in a Weekly Reset/Overnight Put Mode, on any Business Day.

Interest on any Bond which the Holder thereof has elected to tender for purchase and which is not tendered on the Optional Tender Date, but for which there has been irrevocably deposited with the Trustee an amount sufficient to pay the purchase price thereof, shall cease to accrue on the Optional Tender Date, and such Bond shall no longer be outstanding and entitled to the benefits of the Indenture, except for the payment of the purchase price of such Bond from moneys held by the Tender Agent or Trustee for such payment. On the Optional Tender Date the Authority shall issue new Bonds in lieu of and in substitution for such untendered Bonds.

Mandatory Tender

The Bonds are required to be tendered for purchase at the principal amount thereof to the Tender Agent on the dates described below. The Bonds are subject to mandatory tender on the Conversion Date and on each Mode Change Date. The Bonds are subject to mandatory tender on each proposed Conversion Date and each proposed Mode Change Date cancelled by the College unless the Bonds are in a Weekly Reset/Overnight Put Mode. The Bonds are subject to mandatory tender on the Expiration Date and the Termination Date of the Liquidity Facility, unless it has been replaced with a Substitute Liquidity Facility at least 40 days prior to such Expiration Date or Termination Date.

Each Bond in a Flexible Mode is subject to mandatory tender on the Business Day following the last day of each Flexible Rate Period for such Bond.

For any mandatory tender other than one following the end of a Flexible Rate Period, the Trustee shall give notice by mail to the Holders of the Bonds subject to such mandatory tender not less than 30 days prior to the Mandatory Tender Date. Such notice must state, among other things, that after the Mandatory Tender Date the ratings assigned to the Bonds may be modified or withdrawn unless the ratings then in effect have been confirmed, and if it be the case, that the Liquidity Facility shall not remain in effect after the Mandatory Tender Date.

Interest on any Bond for which there has been irrevocably deposited with the Trustee an amount sufficient to pay the purchase price thereof, shall cease to accrue on the Mandatory Tender Date, whether or not actually tendered on the Mandatory Tender Date and the Holder of such Bond shall not be entitled to any payment other than the purchase price for such Bond, and such Bond shall no longer be outstanding and entitled to the benefits of the Indenture, except for the payment of the purchase price of such Bond from funds held by the Tender Agent or Trustee for such payment. On the Mandatory Tender Date the Authority shall issue a new Bond in lieu of and in substitution for such untendered Bond.

Tender Under Book Entry System

While any Bond is in Book Entry Form, the term "Tendered Bond" refers to the beneficial ownership interest of the Beneficial Owner. On a Tender Date or upon remarketing, each Bond will be deemed delivered or transferred to a person upon transfer to such person of the beneficial ownership interest therein pursuant to the Book Entry System.

If any Holder is entitled to receive notice of a Mandatory Tender Date, the notice shall be given by the Trustee to DTC. No Bond in Book Entry Form (other than a Bond which is to be converted to a Fixed Rate Bond) will be required to be delivered for an exchange, purchase or transfer in connection with such Mandatory Tender Date, and any transfer of beneficial interest in any Tendered Bonds shall be effected through the Book Entry System. Unless waived by the Tender Agent, beneficial interest in any Tendered Bonds in Book Entry Form shall be transferred to the Tender Agent on or before the applicable Mandatory Tender Date. For purposes of giving an Optional Tender Notice and requiring an optional tender pursuant to the Indenture of a Bond in Book Entry Form, the Beneficial Owner shall be deemed the Holder thereof. Upon receipt of an Optional Tender Notice, the Tender Agent will promptly notify the Participant who is the nominee for the tendering Beneficial Owner (or the Depository, if such Beneficial Owner is a Participant) of such receipt. The delivery of certificates evidencing the Tendered Bonds shall not be required to effect any optional tender pursuant to the Indenture, and the beneficial ownership interest of the Beneficial Owner in such Bond shall be transferred through the Book Entry System to the Tender Agent on the Optional Tender Date against credit for the Purchase Price.

Remarketing and Purchase

In the event that notice is received of any optional tender, or if the Bonds become subject to mandatory tender, the Remarketing Agent shall use its best efforts to sell such Bonds at a price of par plus accrued interest on the Optional Tender Date or Mandatory Tender Date, as the case may be. Any Bonds so sold shall remain outstanding and entitled to the benefits of the Indenture.

Bonds tendered for purchase shall be purchased by the Tender Agent out of funds available in the Bond Purchase Fund in the following order of priority: first, from moneys derived from the remarketing of such Bonds by the Remarketing Agent; second, from moneys made available by the Liquidity Facility Provider under the Standby Bond Purchase Agreement; and third, from all other moneys received by the Trustee which are required or directed to be deposited to the Bond Purchase Fund. The College is obligated to purchase any Bonds tendered for purchase on an Optional Tender Date or Mandatory Tender Date, to the extent such Bonds have not been remarketed. To provide for the purchase of tendered Bonds which are not remarketed, the College has entered into a Standby Bond Purchase Agreement with the Liquidity Facility Provider.

Redemption

Optional Redemption

On or before the Conversion Date, the Bonds are subject to optional redemption by the Authority at the direction of the College, in whole or in part on any date, at a redemption price equal to the principal amount of Bonds to be so redeemed (without premium), plus accrued interest on the redemption date.

The Bonds are subject to optional redemption at par and accrued interest, in whole or in part, on the next date for which notice can be given or any date thereafter upon a Determination of Taxability as provided in the Loan Agreement.

The Bonds are subject to optional redemption at par and accrued interest, in whole or in part, on any date in case of damage to or destruction or condemnation of Project Facilities, as provided in the Loan Agreement.

Partial Redemption

If fewer than all of the Bonds at the time outstanding are to be called for prior redemption, the College shall designate to the Trustee the amounts of the Bonds to be redeemed, and the Trustee shall select particular Bonds or portions thereof to be redeemed by lot or such other manner as the Trustee deems fair, unless otherwise provided in the Indenture. The College may direct the Trustee to select randomly from among all the Holders and thereafter select randomly the particular Bonds or portions thereof held by the Holders so selected in order to call for redemption as many Bonds or portions thereof from among the fewest number of Holders.

In the case of Bonds in denominations greater than $100,000, if fewer than all of such Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $100,000 of principal amount shall be treated as though it were a separate Bond in the denomination of $100,000. If it is determined that one or more, but not all, of the $100,000 units of principal amount represented by any such Bond are to be called for redemption, then upon notice of intention to redeem such $100,000 unit or units, the Holder of such Bond shall forthwith surrender such Bond to the Trustee for (1) payment of the redemption price of the $100,000 unit or units of principal amount called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such Bond which shall be issued to the Holder thereof, without charge therefor. If the Holder of any such Bond in a denomination greater than $100,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $100,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $100,000 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 shall be available for the redemption of said $100,000 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 $100,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

Notwithstanding the foregoing, while the Bonds are in Book Entry Form, DTC shall select Bonds for redemption within particular maturities according to its stated procedures. In no event shall the portion of Bonds to be redeemed and the portion of Bonds not to be redeemed be less than the minimum Authorized Denomination.

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 thirty days, and if more than 60 days, then again not less than 30 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture.

Determination of Taxability

During the Multi-Monthly Mode, 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 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 redeemed. See "TAX EXEMPTION" herein and Appendix III, "Definition of Certain Terms." The Bonds are also subject to optional redemption upon a Determination of Taxability as described above. See "THE BONDS -- Redemption."

THE ORIGINAL LIQUIDITY FACILITY

The following is a brief description of certain provisions contained in the Original Liquidity Facility. Other provisions of the Original Liquidity Facility are described in other sections of this Official Statement, and definitions of terms used herein are as set forth in this Official Statement or otherwise as defined in the Indenture and the Loan Agreement. Neither the following description nor those descriptions contained elsewhere in this Official Statement are intended to be comprehensive or definitive. Reference is made to the Original Liquidity Facility for a complete recital of its terms.

The Original Liquidity Facility will be executed and delivered by and between the College and Norwest Bank Minnesota, National Association, a national banking association (the "Bank" or the initial "Liquidity Facility Provider"). Pursuant to the Indenture and the Loan Agreement, the College may replace the Original Liquidity Facility with a Substitute Liquidity Facility or an Alternate Liquidity Facility. "Liquidity Facility" refers to the Original Liquidity Facility, Substitute Liquidity Facility, or Alternate Liquidity Facility then in existence. "Liquidity Facility Provider" refers to the Bank or its successors in the case of the Original Liquidity Facility or the issuer or its successors in the case of a Substitute Liquidity Facility or an Alternate Liquidity Facility.

Pursuant to the Original Liquidity Facility, the Bank will agree to purchase Tendered Bonds on each Optional Tender Date and each Mandatory Tender Date, subject to the terms and conditions of the Original Liquidity Facility. Such agreement of the Bank is referred to and defined as the "Standby Purchase Commitment" of the Bank. The Standby Purchase Commitment of the Bank shall initially be in the aggregate amount of $23,321,370, which consists of $23,000,000 for the principal and $321,370 for up to 34 days of interest (at an assumed rate of 15% per annum computed on the basis of a 365-day year) of the purchase price of Tendered Bonds.

The Standby Purchase Commitment shall be permanently and automatically reduced by an amount equal to the sum of the principal amount of, plus 34 days' interest (at an assumed rate of 15% per annum) on, any Bonds which are paid, redeemed or discharged in full. Such reduction in the Standby Purchase Commitment will be evidenced by a Reduction Certificate to be delivered by the Trustee to the Bank in such event. The Standby Purchase Commitment shall also be reduced by the aggregate principal amount of Bank Bonds held by or for the benefit of or registered in the name of the Bank plus an amount equal to 34 days interest thereon at an assumed rate of interest of 15% per annum. The Standby Purchase Commitment shall be automatically reinstated by (i) an amount equal to the sum of (a) the aggregate principal amount of any Bank Bonds for which the Bank has been paid the purchase price thereof pursuant to the Original Liquidity Facility, plus (b) an amount equal to 34 days interest thereon at an assumed rate of interest of 15% per annum, and (ii) an amount equal to the sum of (a) the aggregate principal amount of Bank Bonds which are sold by or on behalf of the Bank in the secondary market and not pursuant to the terms of the Remarketing Agreement, plus (b) an amount equal to 34 days interest thereon at an assumed rate of interest of 15% per annum.

The Bank's obligation to purchase Tendered Bonds on any Optional Tender Date or Mandatory Tender Date pursuant to the Original Liquidity Facility is subject to the satisfaction of the following conditions precedent:

(i) not later than 3:00 P.M., Minneapolis, Minnesota time, on the Business Day immediately preceding the Optional Tender Date or the Mandatory Tender Date, as the case may be, the Bank shall have received from the Trustee Electronic Notice and confirmed in writing in the form of a duly completed and signed Purchase Notice specifying (a) the Optional Tender Date or the Mandatory Tender Date, as the case may be, and (b) the principal amount of, plus accrued interest on, the Tendered Bonds to be purchased by the Bank on such Optional Tender Date or Mandatory Tender Date; and

(ii) no Special Event of Default shall have occurred and be continuing on such Optional Tender Date or Mandatory Tender Date.

The Bank is required to honor its Standby Purchase Commitment by transferring the Purchase Price specified in the Purchase Notice in Dollars in same-day funds to the Trustee on the Optional Tender Date or the Mandatory Tender Date, as the case may be, by no later than 8:30 A.M., Minneapolis, Minnesota time, on the Optional Tender Date or the Mandatory Tender Date, as the case may be.

As stated above, the Bank shall have no obligation to purchase any Tendered Bonds on any Optional Tender Date or Mandatory Tender Date if a Special Event of Default shall have occurred and be continuing on such Optional Tender Date or Mandatory Tender Date. The term Special Event of Default is defined as the occurrence of either of the following events:

(i) the College shall fail to pay, when due, any principal of or interest on the Bonds in accordance with the terms thereof and of the Indenture (other than such principal or interest which is part of the purchase price of any Tendered Bond and other than such principal and interest which is due and payable on any Bank Bonds in connection with a mandatory redemption thereof pursuant to the Indenture); or

(ii) the College shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any present or future state or federal bankruptcy act or under any similar federal or state law, or shall be adjudicated a bankrupt or insolvent, or shall make a general assignment for the benefit of its creditors, or shall be unable to pay its debts generally as they become due; or if an order for relief under any present or future federal bankruptcy act or similar state or federal law shall be entered against the College; or if a petition or answer requesting or proposing the entry of such order for relief or the adjudication of the College as a debtor or a bankrupt or its reorganization under any present or future state or federal bankruptcy act or any similar federal or state law shall be filed in any court and not dismissed within thirty (30) days of the filing thereof; or if a receiver, trustee or liquidator of the College or of all or substantially all of the assets of the College shall be appointed in any proceeding brought against the College; or if the College shall consent to or acquiesce in such appointment; or if any property of the College shall be levied upon or attached or garnished in any proceeding; or the College shall be or become insolvent (whether in the equity or bankruptcy sense).

In addition, the Bank shall have the right to terminate the Standby Purchase Commitment if the long-term rating of the Bonds by Moody's shall be lower than Baa3 or shall be withdrawn by Moody's by giving written notice of such termination to the College, the Trustee, the Tender Agent and the Remarketing Agent, which termination shall be automatically effective upon the expiration of 40 days following the giving of such written notice without any requirement of any further notice to any Person.

The Original Liquidity Facility contains various representations, warranties and covenants of the College which have been made to and for the benefit of the Bank. No Bondholder is entitled or permitted to rely upon such warranties or representations or enforce any such covenants of the College.

In addition, the Original Liquidity Facility contains various Events of Default which permit the Bank, at its option, to exercise certain rights and remedies vis-a-vis the College, including, without limitation, the right to require the College to deposit cash and securities acceptable to the Bank with the Bank with, in certain circumstances, a then-current market value in an amount at least equal to 10% of the sum of (i) the Standby Purchase Commitment then in effect, plus (ii) the then-aggregate principal amount of Bank Bonds. Such deposit is required to be made within three Business Days of request therefor by the Bank to the College unless such Event(s) of Default are cured within such three Business Days. If the College fails to make any deposit of cash and securities with the Bank as and when required by the Original Liquidity Facility, then any Bank Bonds then outstanding shall be subject to mandatory redemption pursuant to the Indenture and the Bank may enforce collection and payment of any Bank Bonds then outstanding directly against the College or direct the Trustee to do so on behalf of the Bank.

Pursuant to the Original Liquidity Facility the College is required to purchase Bank Bonds from the Bank under certain conditions, including, without limitation, the requirement to purchase from the Bank at its request any Bank Bonds which have been held by the Bank for more than 60 days or if an Event of Default occurs. If the College fails to purchase all Bank Bonds as and when required by the Original Liquidity Facility, then such Bank Bonds shall be subject to mandatory redemption as provided in the Indenture and the Bank may enforce collection and payment of such Bank Bonds directly against the College or direct the Trustee to do so on behalf of the Bank.

The Standby Purchase Commitment of the Bank expires on April 30, 2001, unless such date is extended by the Bank.

The College has the right to terminate the Original Liquidity Facility and the obligations of the Bank thereunder in any of the following events:

(i) the Bank has notified the College of increased costs to be reimbursed by the College to the Bank pursuant to the Original Liquidity Facility;

(ii) the Bank defaults in its obligations to buy Bonds pursuant to the Original Liquidity Facility after strict compliance with the conditions precedent thereto as set forth in the Original Liquidity Facility; or

(iii) for any other reason.

If the College is terminating the Original Liquidity Facility pursuant to clause (i) or (iii) above, such termination shall not be effective until 40 days after written notice of such termination is given to the Bank, the Tender Agent, the Trustee and the Remarketing Agent or the effective date of any Substitute Liquidity Facility, whichever first occurs, and then only if as of such Termination Date no amounts due under the Original Liquidity Facility from the College to the Bank are outstanding and the Bank does not hold any Bank Bonds. If the College is terminating the Original Liquidity Facility pursuant to clause (ii) above, the College is required to provide the Bank with at least seven days' prior written notice.

Pursuant to the Indenture, the Bonds are subject to mandatory tender in the event that the Original Liquidity Facility is terminated by the Bank or the College as described herein.

The Original Liquidity Facility is an agreement between the College and the Bank. Thus, the College is the only party entitled to enforce the Original Liquidity Facility against the Bank. Accordingly, the College is the only party entitled to require the Bank to purchase Tendered Bonds on any Optional Tender Date or Mandatory Tender Date. The rights of the College under the Original Liquidity Facility have not been pledged or assigned to the Trustee, the Bondholders or any other party. Accordingly, neither the Trustee nor any Bondholder(s) nor any other party is entitled or permitted to enforce the Original Liquidity Facility against the Bank.

Initial Liquidity Facility Provider

The Original Liquidity Facility will be issued by Norwest Bank Minnesota, National Association (the "Bank"). For information concerning the Bank, see Appendix VI to this Official Statement. The information contained in Appendix VI was furnished by the Bank which is solely responsible for such information.

THE ABILITY OF THE BANK TO PURCHASE BONDS UNDER THE TERMS OF THE LIQUIDITY FACILITY WILL BE BASED SOLELY ON THE BANK'S GENERAL CREDIT. INFORMATION ABOUT THE BANK IS SET FORTH IN APPENDIX VI HERETO.

USE OF PROCEEDS

The Project

Proceeds of the Bonds will finance the following projects (collectively, the "Project"):

- Academic and dining building
- Student Housing, Phase I
- Lake improvements

The estimated cost of the Project is approximately $24,350,000 plus issuance costs of approximately $203,400. The College plans to contribute approximately $1,350,000 of the cost of the Project and the issuance costs from funds on hand and to finance the $23 million balance of Project costs with the proceeds of the Bonds.

The academic and dining building consists of a three story, 63,000 square foot building with a 400-seat student dining hall on the first floor, along with offices, classrooms and laboratories for Classical and Modern Languages on the upper two floors and related parking improvements. Proceeds allocated to this facility will complete a project originally financed in part with the Authority's Series Four-N Bonds.

The Student Housing, Phase I, consists of 24 apartments accommodating 100 students in 9 buildings that will infill a block of 8 existing College-owned houses. The College will also construct additional parking on a site near the apartments. The houses are located adjacent to the College campus and are next to the historic downtown Northfield river area.

The Lake improvement project consists of restoring and replacing bridges over Lyman Lakes on the College campus and restoring and improving walkways, plantings and lighting on the west shore of the lake.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be used as follows:

Sources of Funds	
Bond Proceeds	$23,000,000
College Funds	244,400
	$23,244,400
Uses of Funds	
Academic & Dining Building	$14,691,000
Student Housing	7,600,000
Lake Improvement	750,000
Issuance Costs	203,400
Total Uses	$23,244,400

In the event issuance costs of the Bonds including underwriters' discount exceed 2% of the proceeds of the Bonds, defined as par less original issue discount (if any), such excess shall be paid by the College from other than Bond proceeds.

SOURCE OF PAYMENT FOR THE BONDS

General Obligation of the College

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture.

The College pledges its full faith and credit to the Loan Repayments and agrees to make such payments out of the general fund or any other moneys legally available to the College. The College covenants and agrees to charge tuition, other fees, rentals and charges which, together with the general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the College as they become due.

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

The Bonds will not be secured by the General Bond Reserve of the Authority (see "ACCOUNTS -- General Bond Reserve Account").

Financial Covenants

The College covenants and agrees, so long as the Bonds remain Outstanding, to comply with the following:

(a) For at least two of the preceding three complete Fiscal Years the Revenue/Expenditure Test must be met.

(b) Following the Issue Date, and for so long as the Bonds remain Outstanding, the College will incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt which does not increase the amount of the Maximum Annual Debt Service and further excepting indebtedness for capital projects for which the College has secured funds on hand or written and signed pledges of gifts in an amount equal to 80% of the estimated cost of such project), unless either:

(i) the average Debt Service Coverage Ratio for the last two complete Fiscal Years for which audited financial statements are available was at least 110% of Maximum Annual Debt Service of (A) then Outstanding Funded Debt and (B) Funded Debt thereafter incurred or proposed to be incurred; provided that if the additional Funded Debt proposed to be incurred is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for the two most recent complete Fiscal Years, for purposes of this paragraph, the estimated amount of Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be incurred is to finance other College facilities and if the Board of Trustees has increased or will increase tuition, student fees or other rates or charges at or after the end of such Fiscal Year, for purposes of this paragraph, there shall be added to Net Income Available for Debt Service for the two most recent complete Fiscal Years the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be incurred is to finance equipment or facilities which will produce savings in operating costs of the College, as estimated in a report of an Independent Management Consultant to the College and the Trustee, there shall be added to the amount of Net Income Available for Debt Service for each of the two most recent Fiscal Years the estimated net savings to be derived from such equipment or facilities in the first Fiscal Year following the estimated date of acquisition or construction of such equipment or facilities; or

(ii) The Funded Debt is secured by a covenant of the College to maintain during the term of the Funded Debt Unrestricted Net Assets in an amount equal to at least the outstanding principal amount of the Funded Debt; or

(iii) Within thirty (30) days prior to incurring the Funded Debt, the College files with the Trustee a letter from Moody's (or another Rating Agency if the Bonds are not then rated by Moody's) indicating that the rating on such Funded Debt will be at least "Baa" or its equivalent.

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

"Adjusted Increase (Decrease) in Unrestricted Net Assets" means the Increase (Decrease) in Unrestricted Net Assets, as reported in the Statement of Activities section of the audited financial report of the College; adjusted to (a) exclude depreciation expense; (b) exclude net assets released from restriction representing acquisition of land, buildings and equipment; (c) exclude extraordinary gains or losses; and (d) exclude unrealized net gains or losses on investments.

"Debt Service Coverage Ratio" means for any particular period, the ratio (expressed as a percentage) determined by dividing Net Income Available for Debt Service during the period by the total amount of principal of and interest on Funded Debt during the period.

"Funded Debt" means indebtedness for borrowed money having a maturity date in excess of one year from the date of creation thereof and which, under generally accepted accounting principles, is shown on the balance sheet as a liability, including obligations whenever payable if renewable pursuant to the terms thereof or of a revolving loan agreement for a period of more than one year from the date of creation thereof and including lease rental obligations which, under generally accepted accounting principles, are shown on the balance sheet as a liability, but excluding lease rental obligations which were not shown on the balance sheet as a liability in the College audited financial statements for any Fiscal Year prior to June 30, 1999.

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

"Net Income Available for Debt Service" means the Adjusted Increase (Decrease) in Unrestricted Net Assets (plus interest payments on Funded Debt).

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

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

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 and moneys made available under the Liquidity Facility are to be deposited. These accounts include a Construction Account, a Bond Purchase Fund, a Bond and Interest Sinking

Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Construction Account. Following settlement and delivery of the Bonds, amounts received by the Trustee from the College as Loan Repayments, proceeds from the remarketing of the Bonds or moneys available under the Liquidity Facility are to be deposited into the Bond and Interest Sinking Fund Account, the Bond Purchase Fund and the Redemption Account, as appropriate, and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds or the Purchase Price of the Bonds when due.

Construction Account

There shall be deposited initially into the Construction Account all proceeds of the Bonds, less the amount of the underwriter's discount. In addition to such proceeds of the Bonds, the College has covenanted in the Loan Agreement that it will provide and apply additional funds, if any, which, together with Bond proceeds, will be sufficient to provide for the payment of all Project Costs and all other costs relating to the Project and the issuance of the Bonds. The Authority shall have no obligation to deposit any moneys in said Construction Account or apply moneys to Project Costs except proceeds of the Bonds or funds made available therefor by the College.

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

Payments may be made from the Construction Account for costs of improvement, acquisition, construction and equipping of the Project ("Project Costs"), provided, however, that proceeds of the Bonds may not be applied to the costs of issuance thereof (including the underwriter's discount) in an amount in excess of two percent (2%) of the proceeds (par value less original issue discount) of the Bonds.

Project Costs shall be paid only upon written order of the Authorized Institution Representative provided that interest accruing on the Bonds during the Construction Period may be paid from the Construction Account.

When the Project has been completed, any balance in the Construction Account shall be deposited to the Redemption Account, provided that at the request of the College the balance shall be deposited to the Bond and Interest Sinking Fund Account so long as the application of such deposit does not adversely affect the tax-exempt status of the Bonds.

Bond Purchase Fund

There shall be deposited to the General Account in the Bond Purchase Fund (a) the remarketing proceeds of Bonds received by the Trustee from the Tender Agent (together with any investment income thereon) in a separate sub-account of the General Account, but not including any moneys received from the Authority or the College and (b) all other moneys (except moneys available under the Liquidity Facility) which are required or directed to be deposited to the Bond Purchase Fund. There shall be deposited to the Liquidity Account in the Bond Purchase Fund all moneys available under the Liquidity Facility.

Moneys in the Bond Purchase Fund shall be used solely for the payment of the Purchase Price of Bonds upon optional or mandatory tender and shall be disbursed by the Trustee from the Bond Purchase Fund in the following order: (a) amounts in the General Account derived from remarketing of the Bonds and investment income thereon, (b) amounts in the Liquidity Account and (c) amounts in the General Account derived from any other sources and investment income thereon. If the funds available under clause (a) in the foregoing sentence for the payment of the Purchase Price of Bonds on any Optional Tender Date or Mandatory Tender Date are not sufficient to pay in full the Purchase Price of such Bonds, the funds shall be made available under the Liquidity Facility in an amount which will be sufficient, together with the funds available under clause (a), to pay the Purchase Price.

If on any Optional Tender Date or Mandatory Redemption Date there remains any balance (other than moneys held by the Trustee for the purchase of Untendered Bonds) in either the Liquidity Account or General Account of the Bond Purchase Fund, the Trustee shall, prior to the close of business on the Optional Tender Date or Mandatory Tender Date, authorize the payment of such balance to the Liquidity Facility Provider, to the extent of amounts due under the Liquidity Facility and otherwise to the College.

Bond and Interest Sinking Fund Account and Sinking Fund Subaccount

There shall be deposited into the Bond and Interest Sinking Fund Account (a) transfers of amounts in other funds and accounts as permitted and required by the Indenture, including moneys held in the Construction Account and transferred to pay interest on the Bonds during construction, (b) money paid in as Loan Repayments made by the College or any other moneys received by the Trustee from the College and directed by the College to be deposited therein, and (c) income and profit from investment of moneys in the Reserve Account and the Redemption Fund Account.

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

Reserve Account

There will be no deposit into the Reserve Account on the date of issuance. Moneys may be deposited to the Reserve Account only after the Conversion Date and only as provided in the Indenture.

Redemption Account

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

Amounts on deposit to the credit of the Redemption Account shall be used, first, to make up deficiencies in the Bond and Interest Sinking Fund Account, the Bond Purchase Fund, and the Reserve Account, in the order listed, 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.

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures certain bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution. In connection with the Bonds, the Authority will not require that the College deposit funds into the General Bond Reserve Account. **The Bonds will not be secured by the General Bond Reserve**

Account, and Bondholders will have no right to require the Authority to apply moneys or investments in the General Bond Reserve Account to the payment of the Bonds or interest thereon.

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the Bond Purchase Fund, the Bond and Interest Sinking Fund Account, the Reserve Account, or the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments and state housing finance agencies, rated at least A; revenue bond obligations of states and local governments rated at least AA or Aa; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, state and local governments or in repurchase agreements or reverse repurchase agreements collateralized by the foregoing obligations; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation or collateralized by certain government obligations; certain guaranteed investment contracts issued by a bank or insurance company rated at least A; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 8.05 of the Indenture sets forth further restrictions as to type and maturity of investments.

FUTURE FINANCING

The College regularly improves and expands its physical plant and incurs long-term financing as needed for those purposes.

THE AUTHORITY

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

Marianne T. Remedios is the Executive Director of the Authority. She has held the position since May 1, 2000. Ms. Remedios was a partner with Faegre & Benson LLP, Minneapolis, Minnesota, which serves as bond counsel for the Authority.

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $650 million. The Authority has had 119 issues (including refunded and retired issues) totaling $747,618,307, of which $417,463,659 is outstanding as of June 1, 2000. Two additional series of bonds (excluding the Bonds) have been authorized but unissued as of that date. 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.

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

The scope of projects for which the Authority may issue bonds is broad, including buildings or facilities for use as student housing, academic buildings, parking facilities, day-care centers, and other structures or facilities required or useful for the instruction of students, or conducting of research, in the operation of an institution of higher education.

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

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority then outstanding, including payment of any redemption premium thereon and any interest accrued or to accrue to the earliest or any subsequent date of redemption.

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

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds are being purchased by Wells Fargo Brokerage Services, LLC (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $22,942,500. The initial public offering prices set forth on the cover page may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices set forth on the cover page.

The Underwriter is a separate subsidiary of Wells Fargo and Company and is not a bank. It is a registered broker/dealer and a member of the National Association of Security Dealers and is also a member of the Security Investors Protection Corporation. The Underwriter is an affiliate of banks owned by Wells Fargo and Company No affiliate of the Underwriter is responsible for the securities sold by the Underwriter. Unless so indicated, any investments recommended, offered or sold by the Underwriter are not insured by the Federal Deposit Insurance Corporation.

RATING

As noted on the cover page hereof, Moody's Investors Service has given the Bonds a long-term rating of "Aa2" and a short-term rating of "VMIG1." The ratings reflect only the view of such rating agency. Further information concerning the ratings is available from Moody's. There is no assurance that either rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

The Authority and the College are unaware of any pending or overtly threatened in writing litigation which would affect the validity of the Bonds 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 Faegre & Benson LLP, of Minneapolis, Minnesota as Bond Counsel. A legal opinion in substantially the form set out in Appendix II herein will be delivered at Bond Closing.

Certain legal matters will be passed upon for the College by Briggs and Morgan, Professional Association, of Saint Paul and Minneapolis, Minnesota.

TAX EXEMPTION

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 of Minnesota 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.

Under present provisions of the Code, interest on the Bonds is exempt from federal income taxes, including the alternative minimum tax imposed with respect to individuals and corporations, except that interest on the Bonds will be included in the computation of "adjusted current earnings," which may be an item of tax preference includable in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to 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 is 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.

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

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Faegre & Benson LLP, Bond Counsel, under present laws and rulings: interest on the Bonds is not includable in gross income for federal income tax purposes or 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 federal alternative minimum taxable income of individuals and corporations or the Minnesota alternative minimum tax applicable to individuals, estates and trusts. However, the interest is includable in "adjusted current earnings" for purposes of computing the federal alternative minimum taxable income of corporations and is subject to the Minnesota franchise tax imposed on corporations, including financial institutions, measured by taxable income and the alternative minimum tax base.

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.

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, but it was not until 1870 that the College formed its first college class and began construction of the first on-campus building. Church control ended after one year and the College became and remains autonomous and non-sectarian.

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 on the struggling young college. 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 a co-educational institution. The original graduating class in 1874 was composed of one man and one woman who followed similar academic programs. Carleton's current enrollment of approximately 1,800 continues to include nearly equal numbers of men and women.

Governance

The College is governed by the Board of Trustees currently comprised of 43 members.

The Alumni Association is authorized to nominate each year one of its members to serve one four-year term on the Board. There are four such positions on the Board. The nominee of the Alumni Association has always been approved by the Board.

The President of the Alumni Association and the Chair of the Alumni Annual Fund 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.

Two places on the Board are reserved for recent graduates of the College who are between the ages of 23 and 28 and who have held the B.A. degree for at least one year at the time of nomination. They serve nonrenewable, staggered four-year terms and are nominated by the Committee on Trustee Affairs.

All other Trustees serve four-year terms and are elected by the Board. The terms are staggered so that the terms of approximately one-fourth of the Trustees end each year. Board members may be reelected. If a vacancy on the Board occurs, the term of the Trustee elected to fill the vacancy is the balance of the unexpired term.

Retirement from the Board and Emeritus status are governed by regulations adopted by the Board in 1966 and revised in 1981 and 1988. They provide that no Trustee shall remain an active member of the Board beyond the academic year in which he/she reaches age 75. Any Trustee upon obtaining the age of 75, or at an earlier age if the Board so decides, shall become eligible for the status of Trustee Emeritus, such status to be determined at the pleasure and discretion of the Board and conferred no sooner than one year after a Trustee has left the Board. Election as Trustee Emeritus shall be based on exceptional and distinguished service to the College which will generally include not less than 12 years as a Trustee. Emeriti Trustees are invited to all meetings and are eligible to participate in discussion but not to vote, and may be asked from time to time to render additional service to the College.

Officers of the Board consist of Chair, one or more Vice Chairs, President of the College, Treasurer, and Secretary, and are elected for terms of one year. The Treasurer and Secretary traditionally have not been trustees.

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.

Board of Trustees

Officers:

* *Executive Committee member.*

NOTE: H(Year) = Honorary degree from Carleton
P(Year) = Parent of a Carleton Student

Jack W. Eugster '67, P '02*	Chairman, President and Chief Executive Officer, Musicland Stores Corporation Minnetonka, Minnesota
Robert L. Gale, '48,P '78	President Emeritus, Association of Governing Boards of Universities and Colleges Washington, D.C.
Beverly Chalfen Grossman	Tonka Bay, Minnesota
Louise E. Heffelfinger '54	Associate and Therapist, Adams and Associates, Minneapolis, Minnesota
Emmitt C. House '71	Chicago, Illinois
James E. Johnson '64	Senior Vice President, Group Insurance Division, Minnesota Life Insurance Company St. Paul, Minnesota
Martha H. Kaemmer '66, P '95	Managing Partner, HRK Group, Inc. and Owner, Cooks of Crocus Hill St. Paul, Minnesota
Irene Daniell Kress, '51	Green Bay, Wisconsin
John W. Larson '60, P '92, '93	Private Investor Atherton, California
Robert C. Larson '56	Bloomfield Hills, Michigan
Douglas W. Leatherdale, P '77	Chairman, President and Chief Executive Officer, The St. Paul Companies, Inc. St. Paul, Minnesota
Stephen R. Lewis, Jr. P '86	President, Carleton College Northfield, Minnesota
Keith A. Libbey '59, P '88, '91	Chairman Emeritus, Frederickson & Bryon, P.A., Minneapolis, Minnesota
Charles W. Lofgren '62, P '86, '87	President and Vice Chair, ADE, Inc. Chicago, Illinois
Pamela K. Luecke '74	Editor and Vice President, Lexington Herald-Leader, Lexington, Kentucky
Thomas B. Morgan '49	Author and Free Lance Journalist New York, New York
Aaron J. Mysliwiec '93	National Director of Public Policy Initiatives, Office of National Affairs, City Year Boston, Massachusetts
The Reverend Earl A. Neil '57	Interim Rector, Calvary Episcopal Church, Washington, D.C.

Catherine James Paglia '74	Greenwich, Connecticut
Lawrence Perlman '60, P '89*	Retired Chairman and Chief Executive Officer, Ceridian Corporation Minneapolis, Minnesota
Margaret Ann Towsley Riecker '54*	Midland, Michigan
John H. Roe, III*	Chairman and Chief Executive Officer, Bemis Company, Inc. Minneapolis, Minnesota
Jack W. Schuler, P '97	Chairman Stericycle, Inc. Lake Forest, Illinois
Arthur R. Schulze, Jr. '52*	Retired Vice Chairman of the Board, General Mills, Inc., Minneapolis, Minnesota
Eugene C. Sit	Chairman, Chief Executive Officer and Chief Investment Officer, Sit Investment Associates, Inc. Minneapolis, Minnesota
Caesar F. Sweitzer '72, P '02	Managing Director, Salomon Smith Barney Inc. New York, New York
Martin A. Trow H'78, P '78	Professor, Graduate School of Public Policy, University of California Berkeley, California
Bruce C. Tully '71	Manager and Chief Financial Officer, B2B-Hive, LLC New York, New York
Garrick Utley '61, H '79	Contributor, Cable News Network (CNN) New York, New York
Winston R. Wallin P '78, '82, '87*	Chairman Emeritus, Medtronic, Inc., Minneapolis, Minnesota
Kenneth J. Widder, M.D. '74	General Partner, Windamere Venture Partners San Diego, California
Candace Williams '73	Houston, Texas
Sidney Carne Wolff '62, H '85	Director, National Optical Astronomy Observatories Tucson, Arizona
Katherine Werness Youngblood '57, P '81*	Retired Account Executive, Zenger Miller Minneapolis, Minnesota

* *Executive Committee member.*

NOTE: H(Year) = Honorary degree from Carleton
P(Year) = Parent of a Carleton Student

President

Stephen R. Lewis, Jr., became Carleton's ninth president and a professor in Carleton's Economics Department in 1987. He is a specialist in economic policy and planning in developing countries, and has served as economic advisor to the governments of Botswana, Kenya and Pakistan.

Lewis graduated Phi Beta Kappa from Williams College in 1960 and received his doctorate in economics from Stanford University in 1963. He was a member of the Williams faculty from 1966 to 1987, and served twice as Provost. He is a Trustee of the Carnegie Endowment for International Peace and a member of the Council on Foreign Relations.

At the College, Lewis has devoted considerable attention to defining the long-term needs and priorities of the College, has led a comprehensive campaign to provide for academic programs and student life, and has increased efforts to bring alumni into closer contact with their alma mater. He has a special interest in international and multicultural programs and has supported curricular changes and faculty appointments to promote those efforts.

Vice President and Treasurer

Barbara L. Johnson has been the College's Vice President and Treasurer since June 1, 2000 and will function in that position as chief financial officer of the College and contribute to overall strategy and operations as a key member of executive management. Ms. Johnson's prior positions include Director of Business Services at Florida State University, several positions including Director of A/P and Associate Controller at The Ohio State University, and most recently, Vice President for Finance and Administration for Mars Hill College in North Carolina.

Ms. Johnson has been active in the Southern and National Association of College and University Business Officers, serving currently on the Southern Board, the National Association Small Constituency Committee and its Committee on College Costs.

Beverlee DeCoux is the College Controller. Ms. DeCoux has served the College since 1973, overseeing the accounting, payroll, accounts receivable, accounts payable, purchasing, and cashiering functions, and working closely with the Dean of Budget and Planning on the budget process.

Ms. DeCoux served as Interim Vice President and Treasurer from February 13, 2000 through May 2000 following the resignation of the prior Vice President and Treasurer Carol N. Campbell, who left the College to accept the position of Vice Chancellor for Finance at Texas Christian University.

The Campus

The College's 900 acres of campus, arboretum, and athletic fields are situated on the northern boundary of Northfield, Minnesota. This attractive rural community has a population of about 15,000 and is located about 40 miles south of the Twin Cities of Minneapolis and St. Paul.

The single original building (Willis Hall) completed in 1872 on a ten-acre parcel has been joined by 52 others, including 12 academic facilities, nine on-campus residence halls, four athletic facilities, a library, a chapel, an observatory and a campus center.

The following listing of the College's buildings indicates their present function.

Willis Hall (1872) - economics, education studies, political science, sociology and anthropology offices, classrooms, a seminar room;

Goodsell Observatory (1887) - linguistics, astronomy offices and laboratory, archaeology laboratory, 16-inch visual refractor telescope, 8-inch photographic refractor telescope;

Scoville Hall (1896) - Asian languages offices, media center, Multicultural Affairs Office and Student Support Services offices, classrooms;

Laird Hall (1905) - English offices, classrooms, President and Deans' Offices, Registrar's Office and administrative offices;

Sayles-Hill Campus Center (1910) – Campus "commons," student post office, snack bar, bookstore, classrooms; renovated in 1979, addition completed in 1988;

The Music Hall (1914) - classrooms, practice studios, music offices, department offices;

Skinner Memorial Chapel (1916) - chapel, offices, a seminar room;

Leighton Hall (1921) – offices of classics, religion, history, modern languages and literature and philosophy, classrooms, administrative offices;

Laird Stadium (1927) – locker rooms, eight-lane, 400-meter, all-weather outdoor track, and student housing;

Boliou Memorial Art Building (1949) - gallery, studios, classrooms, and art and art history department offices;

Gould Library (1956) - four-story structure containing 360,000 volumes, study space for 800, Carleton Archives, rare books collection, and classrooms;

Olin Hall of Science (1961) – physics and psychology offices and laboratories, classrooms, and auditorium;

The West Gymnasium (1964) - offices, competition basketball court, swimming pool, wrestling/exercise room, and locker rooms;

Cowling Recreation Center (1965) - offices, gymnasium, pool, dance studio, and locker rooms;

The Music and Drama Center (1971) - concert hall seating 500 and arena theater seating 460 joined by gallery, ensemble rooms, practice rooms, and dressing rooms;

Mudd Hall of Science (1975) - geology and chemistry offices and laboratories;

Johnson House and Alumni Guest House (1992) - A single structure, Johnson House includes offices and support space for Admissions, and the Alumni Guest House has guest quarters, a faculty and staff lounge and library, and a meeting room;

Center for Mathematics and Computing (1993) - mathematics and computer science offices, academic and administrative computing offices, laboratories, classrooms;

Hulings Hall (1995) - biology offices, biology and psychology laboratories;

Recreation Center (2000) – weight/fitness space, racquetball courts, aerobic/dance studio, climbing wall, and fieldhouse with four recreation game courts surrounded by 200 meter running track.

Residence Halls

Burton Hall (1916) - co-ed dormitory (housing 180 students) and dining hall;

Nourse Hall (1917) - co-ed dormitory (housing 109 students) and Nourse Theater;

Davis Hall (1923) - co-ed dormitory (housing 110 students) and College Wellness Center;

Evans Hall (1927) - co-ed dormitory (housing 117 students) and dining hall;

Severance Hall (1927) - co-ed dormitory (housing 68 students), the College's primary ceremonial space, dining hall and Dean of Students Offices;

Musser Hall (1958) - co-ed dormitory (housing 141 students);

Myers Hall (1958) - co-ed dormitory (housing 142 students);

Goodhue Hall (1962) - co-ed dormitory (housing 204 students);

Watson Hall (1967) - co-ed dormitory (housing 175 students).

Approximately 1,570 students live in College-owned housing, including all freshmen and sophomores for whom campus residence is required. Over 300 upper-class members live in 27 off-campus houses.

Accreditation and Affiliations

Accredited by several associations, including the North Central Association of Colleges and Secondary Schools (since 1913), Carleton offers the Bachelor of Arts degree. The North Central Association of Colleges and Schools had this to say about the College in its latest accreditation report on the College: "Carleton College is one of the finest, strongest liberal arts colleges in the United States; its purposes are clearly understood and subscribed to enthusiastically by all constituents of the College; its graduates take their place in leadership in the professions, especially education, and in the national life. The best attainments of liberal arts education are measured by the Carleton experience."

Among the academic honor societies with chapters on the campus are Phi Beta Kappa and Mortar Board, scholastic honor societies; Sigma Xi, science honor society; and Pi Delta Epsilon and Pi Mu Epsilon for journalism and mathematics, respectively.

Academic Requirements and Statistics

The College's academic year is comprised of three 10-week long terms. Students normally carry 18 credits per term. They may take as few as 12 credits and, on occasion, as many as 22, or, with special permission, 24 credits.

To receive a Bachelor of Arts degree, a student must earn at least 210 credits and a grade average of C or better.

The College seeks to insure that its students study one field in depth by requiring a major. It encourages students to acquaint themselves with the major divisions of knowledge and modes of inquiry by requiring them to complete a designated number of credits from each of the following broad categories of courses: Arts and Literature, Humanities, Social Sciences and Natural Sciences and Mathematics.

Since 1983, Carleton has been first among all undergraduate liberal arts colleges in the number of National Merit Scholars enrolled. Seventeen percent of the College's graduates enter careers in medicine or law, 19% in business or commerce, and 17% in education. Carleton was second among all liberal arts colleges in graduates who earned Ph.D's in all fields between 1986 and 1995, the most recent figures available. For the same period, the College was first among liberal arts colleges in graduates who earned Ph.D's in all sciences and mathematics, first in physics and astronomy, first in the number of chemistry Ph.D's, first in Ph.D's in the geological sciences, first in Ph.D's in the biological sciences and fifth in the mathematical sciences. (Source: Doctorate Records File maintained by the National Research Council.)

In 1999-2000, 49% of Carleton's students came from the Midwest, 23% from the West, 22% from the East, 4% from the South and 2% from outside the United States. Approximately 16% are African American, Asian/Pacific Islanders, Hispanic or Native American. Approximately 51% of Carleton's students receive scholarship or grant assistance based on need, and about 73% work on campus. The student/faculty ratio is 10:1. The average class size is 17 (average lab size is 15); 35% of the classes have 12 or fewer students. Each year, students can choose from 1,000 courses in 34 majors and several interdisciplinary programs. More than 350 Carleton students participate every year in off-campus study programs in more than 40 countries.

Preparation for Professional Schools

The Carleton curriculum does not provide programs which are recommended for all students intending to enter a particular professional school upon completion of their B.A. degree. Contrary to the practice at some colleges, Carleton has no special programs designated as pre-law, pre-medicine, pre-ministerial, etc., although each year many College graduates continue their education in various professional schools. Rather, at Carleton a regular program of studies in one of the established major fields is generally recommended as the best preparation for further training. In consultation with their faculty advisor and department chair, students can arrange a program of studies which best suits their own needs and objectives, without restriction to one program which is adjudged the best for all circumstances and cases. However, the College does provide several combined plans to further professional preparation.

Engineering: A Combined Plan in Engineering is offered in cooperation with the Columbia University School of Engineering and Washington University (St. Louis, Missouri). Under this plan a student combines three years of study at Carleton with two years at one of the collaborating institutions. After completion of the five-year program, the student is awarded two degrees, a B.A. degree from Carleton and a B.S. degree from the engineering school.

Law: A Combined Plan in Law is offered in cooperation with the Columbia University School of Law. Under this plan a student combines three years of study at Carleton with three years at Columbia Law School. After completion of the six-year program, the student is awarded two degrees, a B.A. degree from Carleton and a J.D. degree from Columbia.

Nursing: Carleton is a participant in a cooperative 3-2 program with the Rush University College of Nursing and Allied Health Sciences in Chicago. Three years in the liberal arts and basic sciences at Carleton are followed by two years at the Rush-Presbyterian-St. Lukes Medical Center. A student who completes the requisite courses in the major and meets other graduation requirements earns a Carleton B.A. as well as a degree in nursing from Rush University.

Public Education: Programs leading to secondary teaching certificates are available at Carleton in the areas of art, English, language, mathematics, science and social studies. Elementary certificate programs are available in art. The teacher education program at Carleton College is fully accredited by the State of Minnesota Board of Teaching. Graduates are eligible for teaching certificates in most states.

During their junior year, Carleton students may apply to the Bank Street College of Education in New York for admission to its Master of Science program in elementary education. Following their junior year, students take two July summer session courses at Bank Street, then return to Carleton to complete their senior year. After receiving their B.A. from Carleton, they return to Bank Street to complete both their M.S. in education and the requirements for New York State elementary licensure.

Student Enrollment

Below is the total student enrollment for the past five years. The College intends to maintain student enrollment at approximately 1,840 in future years.

1995-96	1,909
1996-97	1,867
1997-98	1,858
1998-99	1,856
1999-00	1,880

Student enrollment for the 2000-2001 school year is estimated to be approximately 1,840.

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) promotion of faculty regionally and nationally as experts in their fields, and (6) cultivation of support by an alumni, parent and donor network of more than 26,000 people.

The admissions office reaches more than 130,000 secondary school students annually through a direct mail campaign, about one-third of whom become realistic prospects. More than 3,500 well-qualified prospects return applications each year. Admission staff members visit schools, represent the College at national college fairs and hold area receptions for prospects and their parents in about 35 states, including Hawaii and Alaska, and in Asia. An alumni admissions volunteer network of more than 1300 persons helps maintain contact, provides information and increases the College's visibility.

The College produces nearly 800 printed pieces annually including all admissions materials for prospective students and makes more than 3,000 contacts annually with print, TV and radio reporters and editors.

The alumni/parent/donor network is maintained through 40 active alumni clubs, the College magazine, "The Voice," 600 class agents and volunteers, and an annual class reunion that draws upwards of 1,000 alumni from around the country.

The President of the College supports the marketing effort by making more than 100 national and international public appearances annually, participating in media interviews, writing opinion pieces for news media, and making literary contributions to the alumni magazine.

The College is regularly referenced among the finest liberal arts colleges in the country by various publications. *U.S. News and World Report* ranks Carleton College among the top ten national liberal arts colleges, and in a 1995 special report, ranked the College first in the nation among national liberal arts colleges in its dedication to teaching.

Applications, Acceptances and Enrollments

Freshmen

Year	Applicants	Acceptances	Matriculants	Acceptance Ratio	Matriculation Ratio	Median SAT Score
1995	2,855	1,445	463	50.6%	32.1%	1,300
1996	2,962	1,467	474	49.5	32.3	**1,360
1997	3,102	1,578	484	50.9	30.6	1,360
1998	2,871	1,597	522	55.6	32.7	1,350
1999	3,457	1,606	510	46.6	31.8	1,380

**SAT scores recentered

Overlap Acceptance Institutions

The College's research finds that candidates for admission to Carleton also apply most frequently to the following institutions: Oberlin College, Macalester College, Wesleyan University, Northwestern University, Grinnell College, Williams College, Amherst College, Brown University, Swarthmore College, and Harvard University.

Geographic Distribution of Entering Freshmen

For the fall of 1999, the geographic distribution of entering freshmen is as follows:

Minnesota	103
Illinois	48
Wisconsin	37
California	29
New York	27
Massachusetts	22
Washington	20
Oregon	16
Texas	16
Other States	182
Foreign Countries	8
Total	508

Student Retention

Fall Semester	New Freshmen	Percent of Students Returning 2nd Year	3rd Year	4th Year	Percent of Graduates 4 Years	By 6th Year
1991	471	91.7	90.4	87.3	82.2	89.4
1992	494	94.7	89.9	87.7	81.4	87.9
1993	488	92.4	89.5	86.7	80.1	88.7
1994	524	95.2	90.8	87.4	84.2	
1995	463	94.8	90.1	90.3	84.9	
1996	473	92.8	86.9	83.1		
1997	484	94.6	89.9			
1998	521	95.2				

The percentages shown above are the retention levels each year of the new freshmen.

Tuition and Fees

	1995-96	1996-97	1997-98	1998-99	1999-00
Tuition and Fees	$20,171	$20,988	$21,750	$22,470	$23,325
Room	1,692	1,857	1,923	1,986	2,067
Full Board	2,433	2,433	2,517	2,598	2,694
Fees	129	132	135	141	144
Total	$24,425	$25,410	$26,325	$27,195	$28,230

1999-2000 Undergraduate Rate Comparison of Minnesota Private Colleges (Ranked by Comprehensive Fees)

College/University	Tuition and Fees	Room and Board	Comprehensive Fees
Carleton College	**$23,469**	**$4,761**	**$28,230**
Macalester College	$20,688	$5,760	$26,448
Minneapolis College of Art and Design	$18,266	$4,376	$22,642
St. Olaf College	$18,250	$4,320	$22,570
Gustavus Adolphus College	$17,480	$4,320	$21,800
University of St. Thomas	$16,340	$5,180	$21,520
College of Saint Benedict	$16,441	$5,025	$21,466
Saint John's University	$16,441	$4,930	$21,371
Hamline University	$15,574	$5,138	$20,712
Bethel College	$15,300	$5,410	$20,710
Augsburg College	$15,250	$5,240	$20,490
College of St. Scholastica	$15,510	$4,760	$20,270
College of St. Catherine	$15,578	$4,550	$20,128
Concordia University (St. Paul)	$13,840	$4,962	$18,802
Saint Mary's University of MN	$13,645	$4,420	$18,065
Concordia College (Moorhead)	$13,340	$3,760	$17,100
Average	$16,588	$4,807	$21,395

About 70 percent of Minnesota private college students receive financial aid to help pay for their tuition and fees. The average financial aid package (grants, work-study and loans) is more than $9,200, including more than $6,500 in grant aid that does not have to be repaid.

Charges apply to new entering students only. Several colleges have differential tuition for upper-level students, cost freezes for returning students or other policies that result in price variation.

Source: Minnesota Private College Council.

1999-2000 Total Cost Comparison of COFHE Colleges

The following table presents a comparison of 1999-2000 total costs, including tuition, room and board and mandatory fees, of the college members of the Consortium on Financing Higher Education (COFHE).

College	Total
Amherst	$31,801
Swarthmore	31,690
Wesleyan	31,630
Barnard	31,574
Williams	31,520
Bryn Mawr	31,460
Mount Holyoke	31,459
Trinity	31,380
Pomona	30,920
Wellesley	30,554
Oberlin	30,442
Smith	30,442
Carleton	**28,230**
Median	$31,459

Source: Consortium on Financing Higher Education.

Faculty and Staff

The teaching student-faculty ratio for 1999-2000 is 10 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 and Staff 1999-2000

Regular Faculty - Tenured	119
Regular Faculty - Tenure Track	35
Regular Faculty - Non-Tenured	14
Administrative Staff, adjunct and visiting faculty	235
Total	403

Of the regular faculty, 164 or 98% hold Ph.D.s or terminal degrees in their field, three hold Master's degrees and one (Physical Education Department) holds a Bachelor of Arts degree.

Faculty Compensation 1999-2000 (per American Association of University Professors report)

Academic Rank	Number of Faculty	Average Total Compensation
Professor	83	$103,078
Associate Professor	44	78,813
Assistant Professor	41	63,337

Pensions

The College has one contributory defined contribution retirement plan for academic and non-academic personnel. Contributions are based on a percentage of compensation. The cost of the retirement plan is paid currently and amounted to $2,459,663 for the Fiscal Year ended June 30, 1999.

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 125 employees, of which 50 are employees of Sodexho Marriott Services Corporation. The current contract expires July 1, 2000. This is the only bargaining unit at the College. The College is presently in negotiations to renew the contract with the union.

Financial Aid

Approximately 81% of the College's students receive some form of financial aid. Some financial aid programs apply to tuition and fees, whereas others provide for living expenses such as transportation, housing and personal expenses.

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

Year	1994-95	1995-96	1996-97	1997-98	1998-99
By source					
Carleton	11,610,731	12,138,991	11,991,446	12,051,255	11,912,035
Federal government	4,002,798	4,402,039	4,292,204	4,452,279	4,292,667
State of Minnesota'	1,142,795	1,169,262	1,167,571	1,256,090	1,501,074
Other	1,128,291	1,113,670	1,147,382	1,109,954	1,140,539
Totals	17,884,615	18,823,962	18,598,603	18,869,578	18,846,315
% of enrolled students aided	82%	81%	79%	79%	81%

Endowment and Annuity and Life Income Funds

Following is a five-year history of the ending market value of the College's Endowment, Annuity and Life Income Funds.

	Endowment	Funds functioning as endowment	Annuity and Life Income	Total
1994/95	202,984,915	49,571,510	16,201,541	268,757,966
1995/96	233,131,714	59,557,005	20,319,094	313,007,813
1996/97	262,300,043	93,908,324	26,467,549	382,675,916
1997/98	326,675,313	134,973,002	36,929,546	498,577,861
1998/99	387,894,114	163,125,495	42,825,356	593,844,965

The College's financial goal for its Endowment Funds is to preserve their inflation-adjusted purchasing power, after accounting for investment returns, spending and inflation, but excluding gifts. The performance of the overall Fund against this goal is evaluated over rolling ten-year periods. The primary investment objective for the Endowment is to earn, over the long term, an average annual real total return of 5.5%. This objective is measured over rolling ten-year periods.

According to a survey conducted by the National Association of College and University Business Officers (NACUBO), the College ranked 76th among 503 higher education institutions and foundations reporting on the total market value of total endowment assets at the end of Fiscal Year 1999.

Gifts and Grants

The following table reports gifts and grants revenues received for the past five years:

Year:	1994-95	1995-96	1996-97	1997-98	1998-99
Unrestricted	5,628,220	5,368,592	6,316,594	11,499,180	8,033,896
Temporarily restricted	4,967,201	5,840,863	10,905,325	10,802,136	10,080,888
Permanently restricted	1,486,407	3,311,235	3,028,976	5,524,985	4,274,866
Subtotals per financial statements:	12,081,828	14,520,690	20,250,895	27,826,301	22,389,650
Government grants	1,332,203	1,141,969	1,206,463	1,221,299	1,324,601
Annuity and life income	1,234,344	1,580,133	*	*	*
Totals:	14,648,375	17,242,792	21,457,358	29,047,600	23,714,251

* *Included in financial statements with all other "net changes in value of split-interest agreements"*

Fundraising

In 1998 the College completed a seven-year campaign that successfully raised funds for buildings, endowment, and operating support. The campaign was comprehensive in nature, involving both staff members and a cadre of volunteers, much larger than any group that had worked in service for the College in the past. The campaign secured commitments of $70 million for current capital projects and endowment, $36 million for current operating expenses, and $53 million in gifts with future payout (life-income gifts and bequest provisions) for a total of $159 million, the largest campaign in the history of Midwestern private colleges. (The College's last campaign, which ran from 1981 to 1986, exceeded its goal by raising $51 million, including $35.2 million in capital funds.)

The post-campaign fundraising objective is to consistently secure gifts in excess of $20 million each Fiscal Year. This was accomplished in 'Fiscal Year 1999 with gifts totaling $20.8 million, and estimates for 'Fiscal Year 2000 indicate a total between $20 and $25 million. In addition, the College can expect to see steady increases in matured planned gifts because of the significant increase in the use of planned gift charitable vehicles. During the campaign, maturities averaged $1.5 million per year. In 'Fiscal Year 2000 maturities will exceed $5 million.

Presentation of Financial Statements

For the year ended June 30, 1995, the College adopted two new Statements of Financial Accounting Standards (SFAS) issued by the Financial Accounting Standards Board. Together the new statements significantly alter the appearance and content of private college and university financial statements. These changes in presentation make it difficult to draw comparisons between the financial statement for the fiscal years ended prior to June 30, 1995, and the financial statements for 1995 and thereafter.

SFAS #116, *Accounting for Contributions Received and Contributions Made*, has two significant aspects. The first is a requirement to record certain specifically verifiable donor promises as revenues in the period the promises are received, and to reflect the promises as receivables of the College. This contrasts with the previous practice of recording contributions when the actual cash or property was received.

The second aspect of SFAS #116 is the requirement to record contributions into one of three classes of net assets: permanently restricted, temporarily restricted or unrestricted, based on the existence or absence of donor imposed restrictions.

SFAS #117, *Financial Statements for Not-for-Profit Organizations*, is intended to make financial statements of not-for-profit organizations more understandable to users of those statements, and requires that the financial statements of all not-for-profit organizations include a statement of position, a statement of activities and a statement of cash flows. Such financial statements focus on the College as a whole and present balances and transactions according to the existence or absence of donor imposed restrictions, and again classify fund balances and transactions into three classes of net assets: permanently restricted, temporarily restricted or unrestricted.

The College adopted SFAS #116 and SFAS #117 effective for the Fiscal Year ended June 30, 1995, and retroactively restated its beginning net assets for the year ended June 30, 1995 to conform to the new standards.

Appendix V sets forth the financial statements of the College for the year ended June 30, 1999, audited by PricewaterhouseCoopers L.L.P., Minneapolis, Minnesota and prepared in accordance with accounting principles generally accepted in the United States. 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 1995 through 1999

The table on page I-16 sets forth the College's statement of activities for the Fiscal Years ended June 30, 1995 through 1999.

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Carleton College
Statement of Activities
For the years ended June 30

	1995 as restated	1996	1997	1998	1999
Revenues and other additions:					
For operations:					
Tuition and fees	37,062,630	38,532,337	39,517,678	40,726,882	41,859,782
Room and board	5,712,813	6,011,409	6,033,953	6,278,529	6,472,281
less grant aid to students	(10,324,383)	(10,842,427)	(10,789,354)	(11,014,163)	(10,987,666)
Net student fee revenue	32,451,060	33,701,319	34,762,277	35,991,248	37,344,397
Bookstore, rents, other services	3,329,707	3,300,670	2,948,314	3,524,571	3,271,262
Investment income, net	6,925,310	7,220,262	7,615,925	7,964,116	10,381,196
Private gifts and pledges	12,081,828	14,520,690	20,250,895	27,826,301	22,389,650
Net gain on sale of investments	13,181,645	42,062,380	21,352,594	47,513,629	77,750,537
Unrealized gain on investments	22,513,306	101,483	32,790,936	54,382,351	14,236,383
Government reimbursements	740,015	727,984	725,330	884,101	903,698
Net changes in split interests	112,482	569,679	(804,846)	2,844,008	1,527,235
Totals	91,335,353	102,204,467	119,641,425	180,930,325	167,804,358
Expenses and other deductions:					
Operations:					
Instruction	21,301,242	21,805,330	24,089,608	26,216,057	27,479,485
Academic support					
Library	4,026,567	3,888,064	3,258,709	3,224,411	3,481,080
Other	3,268,541	3,677,190	3,646,374	4,398,674	4,324,163
Student services	5,456,233	5,846,663	6,557,468	6,654,036	7,196,527
Institutional support					
Administration	2,096,640	2,167,310	2,301,388	2,454,463	2,668,258
External Relations	2,211,300	2,405,155	2,748,426	2,455,886	2,911,587
Fund raising	1,896,427	2,337,189	2,702,091	2,584,613	2,341,426
General	3,574,112	2,805,599	3,093,760	3,045,074	3,667,391
Auxiliary enterprises	8,527,890	9,288,505	9,723,427	11,710,036	10,967,364
Total	**52,358,952**	**54,221,005**	**58,121,251**	**62,743,250**	**65,037,281**
Change in net assets	38,976,401	47,983,462	61,520,174	118,187,075	102,767,077
Net assets at beginning of year	276,896,183	315,872,584	363,856,046	425,376,220	543,563,295
Net assets at end of year	**315,872,584**	**363,856,046**	**425,376,220**	**543,563,295**	**646,330,372**

Source: audited financial statements of the College for the Fiscal Years 1995 - 1999.

Long-Term Debt of the College

1. $2,385,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series T, dated December 1, 1977; 5.625% interest rate; term maturity due March 1, 2007. The bonds are secured by (i) a first mortgage on Leighton Hall, Sayles-Hill and Willis Hall; (ii) the full faith and credit of the College; and (iii) debt service reserve of $2,625,000 or 110% of the outstanding principal, which may be reduced by the market value of Sinking Fund payments of $120,000 required to be deposited each March 1, commencing March 1, 1997 through March 1, 2006 and (iv) the Authority's General Bond Reserve. $1,905,000 is outstanding.

2. $24,300,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-L1, Three-L2 and Three-L3, dated October 1, 1992. The proceeds financed a portion of the cost of several construction, remodeling and equipment acquisition projects. The bonds are secured by the full faith and credit of the College. The $4,000,000 Series Three-L3 Bonds are fixed-rate, bear various rates of interest from 3.25% to 5.50% and mature serially November 1 each year through 2000; $575,000 is outstanding. The $10,000,000 Series Three-L1 Bonds and the $10,300,000 Series Three-L2 Bonds are variable rate and have term maturities of November 1, 2012. The Series Three-L1 Bonds are in a multi-monthly mode of 5.75% through the term of the bonds. The entire principal of the Series Three-L1 and Series Three-L2 Bonds is outstanding.

   Effective for 10 years commencing on July 1, 1998 and October 1, 1998, the College entered into two interest rate swap agreements with Norwest Bank Minnesota under which the College makes payment to Norwest whenever the floating PSA Municipal Swap Index (the Index) lies below the agreed-upon fixed interest rate and Norwest pays the College if ever the Index lies ahead the fixed rate. The notional amount of each agreement is $5,150,000, corresponding, in total, to the $10,300,000 outstanding Series Three L-2 variable rate bonds. Fixed rates are 4.47% and 4.12%, respectively, and the all-in interest rates of the College are expected to average 4.32% and 3.97% assuming that "spread" between the interest rate paid on the bonds continues to average 15 basis points less than the Index.

3. $24,440,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four N, dated November 1,1998. The proceeds financed a portion of the cost of several construction and remodeling projects. The bonds are secured by the full faith and credit of the College. The bonds bear interest at a fixed rate of interest ranging from 5.0% to 6.0%. Interest is payable semi-annually. Principal repayments began in 1999. The bonds mature November 1,2018.

As of May 1, 2000, the College's total long-term debt outstanding, adjusted to include the Bonds, is $70,220,000.

Annual Debt Service by Fiscal Year and Coverage Statement

The table on page I-19 shows (i) the estimated debt service for each of such Fiscal Years on the Bonds; (ii) the annual debt service of the College for each of the listed Fiscal Years ended June 30 with respect to all other outstanding long-term indebtedness; (iii) the combined total annual debt service for each of such Fiscal Years; and (iv) the amount of coverage for the combined annual debt service provided by the "income available for debt service" for the Fiscal Year ending June 30, 1999, as further described in footnote (b) of the table. Actual long-term debt of the College is expected to increase in the future as additional capital projects are undertaken.

combined annual debt service of the College after giving effect to the issuance of the Bonds based on an assumed interest rate schedule with respect to the Bonds and an assumed interest rate on the Three L-1 and Three L-2 bonds. The table is not intended and should not be considered a projection of future revenues, expenses, debt service or debt service coverage of the College. There is no assurance that the future revenues, expenses, debt service and debt service coverage of the College or the respective relationships thereof will correspond to the revenues, expenses and debt service or the respective relationships thereof reflected in the following table.

Any additional indebtedness will increase the debt service requirements of the College and may reduce the pro forma debt service coverage ratio shown by the table.

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Annual Debt Service by Fiscal Year and Coverage Ratio

Fiscal year Ending June 30,	Estimated Debt Service on Series Five-G (a)	Outstanding Long Term Debt Service	Combined Long Term Debt Service	Amount Available For Debt Service (b)	Projected Coverage (Times)
(1)	(2)	(3)	(4)	(5)	(6)
2000	$38,094	$3,878,404	$3,916,498	$[illegible]275,526	2.88
2001	914,250	3,258,904	4,17[illegible]154	11,275,526	2.70
2002	914,250	3,243,054	4,157,304	11,275,526	2.71
2003	914,250	3,233,954	4,148,204	11,275,526	2.72
2004	914,250	3,227,654	4,141,904	11,275,526	2.72
2005	914,250	3,221,016	4,135,266	11,275,526	2.73
2006	914,250	3,212,016	4,126,266	11,275,526	2.73
2007	914,250	4,275,654 (c)	5,189,904	11,275,526	2.17
2008	914,250	3,023,998	3,938,248	11,275,526	2.86
2009	914,250	3,025,973	3,940,223	11,275,526	2.86
2010	914,250	3,035,223	3,949,473	11,275,526	2.85
2011	914,250	3,044,748	3,958,998	11,275,526	2.85
2012	914,250	3,054,748	3,968,998	11,275,526	2.84
2013	914,250	23,365,185 (d)	24,279,435	11,275,526	0.46
2014	914,250	2,053,335	2,967,585	11,275,526	3.80
2015	914,250	2,064,630	2,978,880	11,275,526	3.79
2016	914,250	2,079,580	2,993,830	11,275,526	3.77
2017	914,250	2,089,130	3,003,380	11,275,526	3.75
2018	914,250	2,100,618	3,014,868	11,275,526	3.74
2019	914,250	2,111,000	3,025,250	11,275,526	3.73
2020	914,250	0	914,250	11,275,526	12.33
2021	914,250	0	914,250	11,275,526	12.33
2022	914,250	0	914,250	11,275,526	12.33
2023	914,250	0	914,250	11,275,526	12.33
2024	914,250	0	914,250	11,275,526	12.33
2025	914,250	0	914,250	11,275,526	12.33
2026	914,250	0	914,250	11,275,526	12.33
2027	914,250	0	914,250	11,275,526	12.33
2028	914,250	0	914,250	11,275,526	12.33
2029	23,914,250	0	23,914,250	11,275,526	0.47

(a) Estimated based on market rates for the twelve month period ended May 31, 2000.

(b)

Increase in Unrestricted Net Assets for Fiscal Year 6-30-99		$80,217,203
Plus:	Depreciation	4,016,388
	Debt Service Interest	2,468,559
Less:	Net gain on sale of investments	(62,835,241)
	Net unrealized gain on investments	(12,591,383)
Amount available for debt service:		$11,275,526

(c) Includes the $2,385,000 Series T Bonds due as a balloon payment for which the College has 110% collateralization and is making annual sinking fund payments. See discussion of the Series T Bonds under "Long Term Debt of the College."

(d) Assumes the Series Three-L1 Bonds and the Series Three-L2 Bonds principal will be paid when due on November 1, 2012. The interet rate on the Series Three-L1 Bonds is fixed through the term of the bonds at 5.75%. The Series Three-L2 Bonds are in a seven-day put mode; interest has been assumed at 4.00% for the term of the bonds.

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PROPOSED FORM OF LEGAL OPINION

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2200 NORWEST CENTER, 90 SOUTH SEVENTH STREET
MINNEAPOLIS, MINNESOTA 55402-3901
TELEPHONE 612-336-3000
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$__________
Minnesota Higher Education Facilities Authority
Variable Rate Demand Revenue Bonds, Series Five-G
(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 (initially book-entry) Variable Rate Demand Revenue Bonds, Series Five-G (Carleton College), in the aggregate principal amount of $__________ (the "Bonds"), dated June ___, 2000 and maturing November 1, 2029.

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 located in the City of Northfield, Minnesota (the "College"), in order to finance the acquisition, construction and improvement of certain new and existing facilities, all owned or to be owned and operated by the College and located on its campus in 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 Norwest Bank Minnesota, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"), each dated as of June 1, 2000, one or more opinions of Briggs and Morgan, Professional Association, 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 on 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 also have relied on the opinion of Briggs and Morgan, Professional Association, 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, good standing and powers of the College. We also have relied on the opinion of Schmitz, Ophaug and Dowd, as to title to the Project Site (as defined in the Loan Agreement and the Indenture), without examining the records of the College or original title records or abstracts of title. We also have relied on the opinions of Winthrop & Weinstine, P.A., counsel to Norwest Bank Minnesota, National Association (the "Liquidity Facility Provider"), as to the Standby Bond Purchase Agreement having been duly executed and delivered and being a valid and binding obligation of the Liquidity Facility Provider.

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 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 and are secured by thè assignment of the loan repayments payable by the College under the Loan Agreement 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 by the pledge of the funds and investments held by the Trustee under the Indenture and by the pledge of funds and rights to payment held by the Trustee under the Loan Agreement.

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 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. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Standby Bond Purchase Agreement, 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, June ___, 2000.

DEFINITION OF CERTAIN TERMS

Act: Sections 136A.25 to 136A.42, Minnesota Statutes, as amended.

Alternate Liquidity Facility: A Liquidity Facility obtained by the College meeting the conditions set forth in the Indenture, but not qualifying as a Substitute Liquidity Facility.

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

Authorized Authority Representative: The person at the time designated to act on behalf of the Authority by written certificate furnished to the Institution and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by its Chair, Secretary or Executive Director of any officer authorized to act on their behalf. Such certificate may designate an alternate or alternates.

Authorized Denominations: (a) $100,000 and any larger amount which is an integral multiple of $5,000 for Series Five-G Bonds in a Weekly Reset/Overnight Put Mode, a Multi-Monthly Mode or a Flexible Mode and (b) $5,000 and any integral multiple thereof for Series Five-G Bonds with respect to which a Conversion Date has occurred.

Authorized Institution Representative: The person at the time designated to act on behalf of the College by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the College by the Chair or the Secretary of its Board of Trustees or the President or any Vice President of the College. Such certificate may designate an alternate or alternates.

Authorized Investments: Investments authorized for moneys in the accounts created under Article VIII of the Indenture and described in Section 8.05 thereof.

Bank Bonds: Bonds registered in the name of the Liquidity Facility Provider or as otherwise directed by the Liquidity Facility Provider or with respect to any Bond registered in the name of the Depository, the principal portion thereof the Beneficial Owner of which is the Liquidity Facility Provider or other Beneficial Owner as directed by the Liquidity Facility Provider.

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 College, including the Executive Committee authorized to act for such board.

Bond and Interest Sinking Fund Account: The account established pursuant to the Indenture into which the Authority and Trustee shall deposit certain moneys for payment of principal of and interest on the Bonds.

Bond Purchase Agreement: The Bond Purchase Agreement, dated June 7, 2000, among the Authority, the Underwriter and the College.

Bond Purchase Fund: The trust fund created in the Indenture, including the General Account and the Liquidity Account, into which the Authority, the College or the Trustee shall deposit certain moneys for the payment of the Purchase Price of Bonds.

Bond Resolution: The Series Resolution of the Authority adopted on May 17, 2000, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bonds: The Series Five-G Bonds issued under the Indenture.

Bond Year: (a) The period from the Issue Date to the close of business on May 31, 2001 and (b) each succeeding 12-month period ending at the close of business on May 31 of each year in which the outstanding Series Five-G Bonds, if paid at their stated maturity dates, shall be outstanding.

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

Business Day: (i) When Bonds bear interest at a Variable Rate or a Flexible Rate, any day other than a day on which banking institutions located in the City of New York or in the city or cities in which the principal corporate trust offices of the Trustee or of the Tender Agent, or the principal offices of the Remarketing Agent or of the Liquidity Facility Provider are located are required or authorized by law to remain closed or other than a day on which the New York Stock Exchange is closed, and (ii) when Bonds bear interest at a Fixed Rate, any day other than a day upon which banks located in the city or cities in which the principal corporate trust offices of the Trustee are located are not required or authorized by law to remain closed.

College: Carleton College, a Minnesota nonprofit corporation, its successors and assigns.

College Bond: Any Bond (i) registered in the name of, or the Beneficial Owner of which is, or which the Trustee actually knows is owned or held by the College or the Authority or the Trustee or an agent of the Trustee for the account of the College or the Authority or (ii) with respect to which the College or the Authority has notified the Trustee, or which the Trustee actually knows, were purchased by another person for the account of the College or the Authority or by a person directly or indirectly controlling or controlled by or under direct or indirect common control with the College or the Authority.

Construction Account: The account established under the Indenture for the deposit of certain Bond proceeds and other funds to be used for the payment of Project Costs.

Conversion Date: The date as of which the interest rate on the Bonds converts from a Variable Rate or a Flexible Rate to a Fixed Rate as such date is established pursuant to the Indenture.

Depository: The Depository Trust Company in New York, New York, its successors or assigns, or any other person who shall be a Holder of all Bonds of any series directly or indirectly for the benefit of Beneficial Owners and approved by the Authority, College, Trustee and Remarketing Agent to act as the Depository; provided any Depository shall be registered or qualified as a "clearing agency" within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended.

Determination of Taxability: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a court of competent jurisdiction or an opinion of a nationally recognized bond counsel to the effect that the interest payable on the Bonds is includable in gross income for purposes of federal income taxation by reason of the application of the provisions of Section 103 of the Internal Revenue Code, related sections and regulations thereunder, 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.

Electronic Notice: Notice by telephone (if followed by written confirmation), telex, facsimile transmission, e-mail or other electronic transmission.

Event of Default: An Event of Default described in the Indenture, the Loan Agreement or the Original Standby Bond Purchase Agreement and summarized in the body of this Official Statement in the sections entitled "THE INDENTURE - Events of Default," "THE LOAN AGREEMENT - Events of Default" and "THE INITIAL LIQUIDITY FACILITY."

Expiration Date: The stated expiration date of the commitment under a Liquidity Facility to pay or provide funds to pay the Purchase Price, including any extensions thereof, or the immediately preceding Business Day if such date is not a Business Day.

Financial Journal: Northwest Financial Review, The Bond Buyer, Finance & Commerce 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 College's fiscal year, initially the 12-month period commencing on July 1 in each year.

Fixed Rate or Fixed Rates: The Fixed Rates established in accordance with the Indenture at the Conversion Date for Series Five-G Bonds.

Fixed Rate Interest Payment Date: The first May 1 or November 1 occurring at least 90 days after the Conversion Date with respect to Series Five-G Bonds, and each May 1 and November 1 thereafter prior to the last Maturity of any Bonds, and the date of such Maturity.

Fixed Rate Period: With respect to Series Five-G Bonds the period from and including the Conversion Date to and including the date of the last Maturity of any Bonds.

Flexible Mode: An Interest Mode established pursuant to the Indenture, with respect to Series Five-G Bonds and during which Mode such Bonds bear interest at Flexible Rates for Flexible Rate Periods and are subject to mandatory tender pursuant to the Indenture.

Flexible Rate: The interest rate, established in accordance with the Indenture, with respect to the Series Five-G Bonds in a Flexible Mode.

Flexible Rate Interest Payment Date: As to any Series Five-G Bond during any Flexible Rate Period, the first Business Day of each calendar month during such Flexible Rate Period and the Business Day immediately following the last day of such Flexible Rate Period.

Flexible Rate Period: As to any Series Five-G Bonds, the period between any two Business Days with respect to any Series Five-G Bond in the Flexible Mode having a duration not less than thirty (30) days nor more than 270 days, designated in accordance with the Indenture.

General Account: The account by that name established within the Bond Purchase Fund.

General Bond Reserve Account: The General Bond Reserve Account created pursuant to the General Bond Resolution adopted by the Authority on October 31, 1972.

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

Holder, Bondholder, or Owner: The person in whose name a Bond is registered.

Indenture: The Trust Indenture between the Authority and the Trustee, dated as of June 1, 2000, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Independent: 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 College or the Institution 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, the College or the Institution as an officer, employee or member of the Authority, the College or the Institution or the Board of Trustees of the College.

Indexing Agent: An Indexing Agent appointed pursuant to the Indenture, until a successor Indexing Agent is appointed pursuant to the Indenture, and thereafter Indexing Agent means such successor.

Institution: Carleton College, a Minnesota nonprofit institution of higher education located in the City of Northfield, Minnesota and owned and operated by the College.

Interest Accrual Period or Interest Period: The period from and including an Interest Payment Date to and including the day next preceding the next Interest Payment Date, except that the first Interest Period shall be the Weekly Reset/Overnight Put Mode from and including the Issue Date to and including July 3, 2000.

Interest Index: The rate determined by multiplying 1.14 minus the higher of the maximum marginal federal tax rate for individuals or corporations by the bond equivalent yield on the United States Treasury obligations maturing closest to the Rate Adjustment Date next following the immediately succeeding Rate Adjustment Date or the Stated Maturity, if no further Rate Adjustment Dates will occur, as such yield and maturity date is published in the Wall Street Journal, or, if not then published, in an equivalent financial journal, on the date six days before (or the next succeeding Business Day, if such date is not a Business Day) the Rate Adjustment Date or the Stated Maturity, as applicable.

Interest Mode: A Weekly Reset/Overnight Put Mode, a Multi-Monthly Mode or a Flexible Mode.

Interest Payment Date: (i) On and prior to the Conversion Date, each Variable Rate Interest Payment Date and each Flexible Rate Interest Payment Date, and (ii) after the Conversion Date with respect to Series Five-G Bonds, each Fixed Rate Interest Payment Date.

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

Issue: The Bonds.

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

Liquidity Account: The account by that name established within the Bond Purchase Fund.

Liquidity Facility: The Original Liquidity Facility or, if an Alternate Liquidity Facility is obtained, in accordance with the Indenture, or a Substitute Liquidity Facility is obtained in accordance with the Indenture, such Alternate Liquidity Facility or Substitute Liquidity Facility.

Liquidity Facility Provider: Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as the issuer of the Original Liquidity Facility, its successors in such capacity and its assigns until the Expiration Date or the Termination Date of the Original Liquidity Facility; upon the issuance of any Alternate Liquidity Facility or Substitute Liquidity Facility, "Liquidity Facility

Provider" shall mean the issuer of such Alternate Liquidity Facility or Substitute Liquidity Facility, its successors in such capacity and their assigns until the Expiration Date or the Termination Date of such Alternate Liquidity Facility or Substitute Liquidity Facility.

Loan Agreement: The Loan Agreement between the Authority and the Institution, dated as of June 1, 2000, as amended or supplemented from time to time.

Loan Repayments: Certain payments required to be made by the College to the Trustee pursuant to Sections 4.02 and 4.09 of the Loan Agreement.

Mandatory Tender Date: The meaning assigned thereto summarized in the body of this Official Statement in the section entitled "THE BONDS - Mandatory Tender".

Maturity: When used with respect to any Bond, means the date on which the principal of such Bond becomes due and payable whether at the Stated Maturity or by declaration of acceleration, call for redemption or otherwise.

Maximum Rate: The maximum rate, 15% per annum, borne by the Series Five-G Bonds before the Conversion Date.

Mode Change Date: Any date on which, pursuant to the Indenture, there is a change from one Interest Mode to a different Interest Mode for the Series Five-G Bonds.

Monthly Rate Period: As to any Series Five-G Bonds, the period beginning on a Rate Adjustment Date and ending on the day preceding the first Business Day of a subsequent calendar month with respect to the Bonds in the Multi-Monthly Mode and having a duration of one or more months designated in accordance with the Indenture.

Multi-Monthly Mode: An Interest Mode established pursuant to the Indenture with respect to the Series Five-G Bonds and during which Mode the Bonds bear interest at rates established in accordance with the Indenture for Monthly Rate Periods and are subject to optional and mandatory tenders pursuant to the Indenture.

Optional Tender Date: The meaning assigned thereto summarized in the body of this Official Statement in the section entitled "THE BONDS - Optional and Mandatory Tenders - Optional Tender".

Original Liquidity Facility: The bond purchase commitment furnished by the Liquidity Facility Provider to the College pursuant to the Original Standby Bond Purchase Agreement.

Original Standby Bond Purchase Agreement: The Standby Bond Purchase Agreement, dated as of June 1, 2000, between the Liquidity Facility Provider and the College, including any amendment thereof.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) easements (including reciprocal easement agreements and utility agreements), rights-of-way, covenants, consents, reservations, encroachments, variations and zoning and other restrictions, charges or encumbrances which do not interfere materially with the ordinary conduct of the business of the College or the use of or operations being conducted in the Project Facilities and which do not materially detract from the value of the property to which they attach, and (iii) those additional encumbrances set forth in Exhibit C to the Loan Agreement.

Project: The meaning assigned thereto in "THE PROJECT" herein.

Project Buildings: The buildings improved or constructed with proceeds of the Bonds, including the investment earnings, as part of the Project.

Project Costs: Costs properly payable from the Construction Account for the costs of acquiring, constructing, improving and equipping the Project.

Project Equipment: All furnishings, furniture, fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds, including investment income, and installed and located in or as part of the Project Buildings or elsewhere as part of the Project, generally as described in Exhibit B to the Loan Agreement.

Project Facilities: The Project Site, the Project Buildings, and the Project Equipment.

Project Site: The land on which the Project Buildings are or will be located, as described in Exhibit A to the Loan Agreement.

Proposed Conversion Date: The date on which the interest on the Series Five-G Bonds is to be converted to a Fixed Rate, as specified in the notice given by the College of its election to convert the interest rate on such Bonds to a Fixed Rate.

Purchase Price: When used with respect to the purchase of a Series Five-G Bond pursuant to the Indenture or the remarketing of a Series Five-G Bond on a Tender Date pursuant to the Indenture, an amount equal to the principal amount of such Bond to be so purchased or remarketed plus interest accrued and unpaid to, but not including, the applicable Tender Date; provided that, if such Tender Date is an Interest Payment Date for which moneys are available for the payment of such interest, accrued interest will not constitute a part of the Purchase Price but will be paid to the Holder in the ordinary manner.

Rate Adjustment Date: The date as of which any change in the Variable Rate becomes effective, which shall be (i) as to any Weekly Reset/Overnight Put Mode, Thursday of each week, except as to any Weekly Reset/Overnight Put Mode which begins on a Mode Change Date, in which case, the Rate Adjustment Date shall be the Mode Change Date, and (ii) as to any Multi-Monthly Mode, the first Business Day of each Monthly Rate Period, except as to any Monthly Rate Period which begins on a Mode Change Date, in which case the Rate Adjustment Date shall be the Mode Change Date.

Record Date: (i) With respect to each Variable Rate Interest Payment Date for the Bonds in the Weekly Reset/Overnight Put Mode and each Flexible Rate Interest Payment Date, the Business Day next preceding such Variable Rate Interest Payment Date or Flexible Rate Interest Payment Date, (ii) with respect to each Variable Rate Interest Payment Date for the Bonds in a Multi-Monthly Mode and each Fixed Rate Interest Payment Date, the 15th day of the calendar month next preceding such Variable Rate Interest Payment Date or Fixed Rate Interest Payment Date, as the case may be, regardless of whether such day is a Business Day.

Redemption Account: The Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the required reserve in the Reserve Account, and (iii) to redeem or prepay outstanding Bonds or to purchase outstanding Bonds for redemption and cancellation. Moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

Remarketing Agent: Wells Fargo Brokerage Services, LLC, or any successor or successors appointed and serving in such capacity pursuant to the Indenture.

Remarketing Agreement: The Remarketing Agreement, dated as of June 1, 2000, between the College and the Remarketing Agent, including any amendments thereto; and any other written agreement among the Authority and/or the College and any Remarketing Agent describing the responsibilities of the Remarketing Agent.

Reserve Account: The Reserve Account established under the Indenture.

Series Five-G Bonds: Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Five-G (Carleton College).

Standby Bond Purchase Agreement: The Original Standby Bond Purchase Agreement, or, if an Alternate Liquidity Facility or a Substitute Liquidity Facility is obtained in accordance with the Indenture, such other agreement between the College and the Liquidity Facility Provider pursuant to which such Alternate Liquidity Facility or Substitute Liquidity Facility is obtained.

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.

Substitute Liquidity Facility: A Liquidity Facility obtained by the College meeting the requirements set forth in the Indenture.

Tender Agent: The Tender Agent appointed in accordance with the Indenture (initially the Trustee), and any successor Tender Agent appointed hereunder.

Tender Date: Each Optional Tender Date and each Mandatory Tender Date.

Termination Date: The date, other than an Expiration Date, on which a commitment under a Liquidity Facility to pay or provide funds to pay the Purchase Price, terminates or expires for any reason.

Trust Estate: All the rights, interests and security given to the Trustee under the Indenture as security for the Bonds.

Trustee, Registrar, Paying Agent: Norwest Bank Minnesota, National Association, Minneapolis, Minnesota.

Underwriter: Wells Fargo Brokerage Services, LLC, as original purchaser of the Bonds.

Variable Rate: The variable interest rate established from time to time in accordance with the Indenture with respect to the Series Five-G Bonds in a Weekly/Reset Overnight Put Mode or Multi-Monthly Mode.

Variable Rate Interest Payment Date: (i) during a Weekly Reset/Overnight Put Mode, the first Business Day of each calendar month; and for a Multi-Monthly Mode the first day following the expiration date of such Multi-Monthly Mode, and the first Business Day of every calendar month prior thereto; and (ii) each Mandatory Tender Date described in the Indenture with respect to the Bonds subject thereto.

Variable Rate Period: As to the Series Five-G Bonds, the period from and including the Issue Date to and including the earlier of (i) the day next preceding the Conversion Date or (ii) the date of the last Maturity of any Bonds.

Weekly Rate Period: As to the Series Five-G Bonds, the period between Rate Adjustment Dates with respect to such Bonds in the Weekly Reset/Overnight Put Mode which begins on

Thursday of any week or on a Mode Change Date and ends on the following Wednesday or on a Mode Change Date.

Weekly Reset/Overnight Put Mode: An Interest Mode established pursuant to the Indenture with respect to Series Five-G Bonds and during which Mode such Bonds bear interest at weekly rates established in accordance with the Indenture for Weekly Rate Periods and are subject to optional and mandatory tenders pursuant to the Indenture.

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 III to this Official Statement.

Construction of Project

The College represents that construction, acquisition and installation of the Project will be substantially completed by no later than June 1, 2001 and all amounts in the Construction Account will be expended by no later than June 1, 2002, 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, 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 to such effects is furnished. The College agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs exceed the proceeds of the Bonds in the Construction Account.

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 on the Bonds when due. To provide for such payments the College covenants to pay for the account of the Authority in immediately available funds the following amounts:

(a) into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Bonds on the next succeeding Interest Payment Date and the amount payable as principal on the Bonds on the next succeeding principal payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits for amounts transferred under Sections 5.04, 5.07, 8.02, 8.03 and 8.05 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

(b) on and after the Conversion Date, into the Reserve Account forthwith any amounts then required to be deposited therein by Section 8.02 of the Indenture; and

(c) prior to a date established for the optional redemption and prepayment of the Bonds, 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

(d) to the Trustee the amounts to be disbursed to the Tender Agent to pay the Purchase Price of Bonds upon optional or mandatory tender; provided however that there shall be credited against such obligations the moneys made available under the Liquidity Facility; and

(e) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 8.06 of the Indenture (relating to arbitrage rebate).

There is reserved to the College the right to prepay all or part of the Loan and to redeem Bonds prior to their maturity in certain events as described summarized in the body of this Official Statement in the section entitled "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

The College agrees to use the Project Facilities as educational facilities, in compliance with all law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. The College agrees not to 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, the College will keep the Project Facilities in good repair and good operating condition at its own cost, making such repairs and replacements as are necessary so that the Project will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation. The College may lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities: so long as the tax-exempt status of the Bonds will not be affected thereby; such lease, sublease or use agreement shall not be inconsistent with the Loan Agreement, the Indenture or the Act; the College shall remain fully obligated under the Loan Agreement as if such lease, sublease or use agreement had not been made; and in the case of any lease to or occupancy by persons who are not students, employees or faculty of the College, an opinion of bond counsel is provided to the Trustee to the effect that tax exemption of the interest on the Bonds is not adversely affected.

Operating Expenses and Liens

Except for Permitted Encumbrances, the College will not permit any liens to be established or to remain against the Project Facilities including any mechanics liens for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements, provided the College may in good faith contest any liens filed or established against the Project Facilities and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest unless the Authority or Trustee shall notify the College that, in the opinion of Independent counsel, by nonpayment of any such items the Project Facilities will be subject to loss or forfeiture, in which event the College shall promptly pay all such items.

Taxes and Other Governmental Charges

The College will pay all taxes, special assessments, license fees and governmental charges of any kind that may at any time be lawfully assessed or levied against, or with respect to the operations of the College, or the Project Facilities or any improvements, equipment or related property installed or bought 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 charges and may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest 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, 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 up to $250,000.

(b) Comprehensive general public liability insurance against liability for personal injury in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $5,000,000 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.

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

The College is required to furnish to the Trustee policies or certificates or binders evidencing the required insurance. 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 thirty days before the cancellation or modification becomes effective.

Damage or Destruction

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

If the Bonds are redeemed, the available Net Proceeds or (if less) the prorata portion in respect of any Project Building shall be used for redemption or purchase of outstanding Bonds. For purposes of the provision, "prorata portion" shall mean the following percentages of the principal amount of outstanding Bonds: Sixty-six percent (66%) of the principal amount of outstanding Bonds in the case of the academic and dining hall to be constructed as part of the Project; and thirty-one percent (31%) of the principal amount of outstanding Bonds in the case of the student housing units to be constructed as part of the Project.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to any part of the Project Facilities, and site thereof, shall be taken in any proceeding involving the exercise of the right of eminent domain, there shall be no abatement in the Loan Repayments, and to the extent that the Net Proceeds of the award is not greater than $1,000,000, the College will promptly repair, rebuild or restore the property with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss exceeds $1,000,000, the College shall either redeem the Bonds in whole or in part or rebuild, restore or replace such facilities, as more fully provided in the Loan Agreement.

If the Bonds are to be redeemed, the available Net Proceeds (or if less, the prorata portion) in respect to any Project Building and site thereof which the College elects not to repair, rebuild, or restore shall be used for redemption or purchase of outstanding Bonds. For purposes of this provision, "prorata portion" shall be defined as set forth above under "Damage or Destruction."

Removal of Project Equipment and Building Equipment

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

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

(b) the College may release any equipment from the definition of Project Equipment (with or without the physical removal thereof) without substitution therefor, provided that the College pays a sum equal to the then value of such Project Equipment as determined by an Independent engineer selected by the College, to the Trustee for deposit in the Redemption Account; provided that if the depreciated book value of the equipment so released was less than $100,000, such release and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an Independent engineer upon such showing by the College as may be satisfactory to the Trustee;

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

In connection with (a), (b), and (c) above, if the depreciated book value of the Project Equipment or Building Equipment to be substituted, removed or released equals or exceeds

$100,000 the College will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the substitution, removal or release of such equipment will not materially impair the character or revenue producing significance of the Project Facilities.

Indemnification

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

The 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.

Existence and Accreditation of College and Institution

The College agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and will 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 or all or substantially all the assets of the Institution, or consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) If the surviving, resulting or transferee corporation or institution, as the case may be, is other than the College, such surviving, resulting or transferee corporation or institution shall assume in writing all of the obligations of the College in the Loan Agreement and shall 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 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.

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

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

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 that is exempt from income taxes under Section 501(a) of such Code.

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bonds is includable in gross income 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 during the Multi-Monthly Mode shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption as a whole or in part on the next date for which due notice can be given or any date thereafter and the redemption price shall be equal to par plus accrued interest (including 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, as more fully set forth in the Loan Agreement.

Financial Covenants

The College covenants and agrees, so long as the Bonds shall remain outstanding, to comply with the financial covenants described in the body of this Official Statement in the section entitled "SUMMARY OF SECURITY FOR THE BONDS". In addition, the Loan Agreement includes provisions requiring the College to satisfy a Revenue/Expenditure test and governing the calculation of Maximum Annual Debt Service covering, among other things, variable rate indebtedness, guarantees, balloon indebtedness, put indebtedness, refunded debt and subordinated debt.

Other Covenants

The College further agrees to provide financial statements and other information to the Authority and the Trustee; to comply with all applicable laws and regulations against discrimination, and not to discriminate on account of religion, race, color or creed in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the 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 and the Minnesota Higher Education Services Office, 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(f) 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 Section 7.01 of the Loan Agreement:

(a) If the College shall fail to make any Loan Repayment when due and either (i) the moneys on deposit in the Bond and Interest Sinking Fund Account, the Reserve Account or the Redemption Account, as the case may be, on a Bond principal or interest payment date are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (ii) such failure shall continue for 5 Business Days after notice from the Trustee or the Authority to the College that such payment has not been made; or

(b) If the College shall fail to comply with the provisions of Section 6.09(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or

(c) On or after the Conversion Date, if the College shall fail to maintain the balance in the Reserve Account with respect to the Series Five-G Bonds in the amount of the Reserve Requirement, provided failure to comply with such requirement shall not become an Event of Default unless the College fails to restore such deficiency within a period of thirty (30) days after written notice specifying such deficiency and requesting that it be remedied is given to the College by the Authority or the Trustee; or

(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 thirty (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 unless the Trustee shall agree in writing to an extension of such time prior to its expiration for such longer period as may be reasonably necessary to remedy such default so long as the College is proceeding with reasonable diligence to remedy the same; 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 ninety 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 ninety days from the date of assumption of such custody or control; or

(h) If the College fails to pay when due the amount of any Purchase Price required to be paid under the Loan Agreement.

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.

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 under and payable for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

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

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

Any amounts collected by the Trustee pursuant to action taken under the foregoing paragraphs shall be applied first to advances and expenses, second to payment of the Bonds as provided in Section 10.05 of the Indenture and third to the Liquidity Facility Provider to pay all obligations under the Standby Bond Purchase Agreement and any excess to the College.

Amendments

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

THE INDENTURE

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

Granting Clauses

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

(a) all right, title and interest of the Authority under the Loan Agreement and all Loan Repayments and other sums due under the Loan Agreement, except the Authority's annual fee and rights to indemnity and reimbursement;

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture, including the Bond Purchase Fund, (ii) 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 in behalf of them or with their written consent, to the Trustee.

Accounts

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

Trustee's Right to Payment

The Trustee shall have a lien, with right of payment prior to payment of interest on or principal of the Bonds, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and exercise and performance of the powers and duties of the Trustee under the Indenture, and the cost and expenses incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). The Trustee has no lien upon or right to receive payment of any fees, expenses or other amounts from the Bond Purchase Fund or amounts made available under the Liquidity Facility or the proceeds of remarketing the Bonds.

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; not to extend the maturity of any of the Bonds or the time of payment of any claims for interest; to take such action or cause and permit the Trustee to take such action as may be necessary and 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 arbitrage rebate requirements under Section 148(f) of the Code and regulations thereunder; to keep proper books, accounts and records; and not to issue or permit to be issued any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture and not to suffer or permit any default to occur under the Indenture. Under the Act, and it is expressly agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds for performing any of the conditions, covenants or requirements of the Indenture or from any funds other than Loan Repayments or moneys in the Accounts established by the Indenture.

Events of Default

The following are Events of Default under the Indenture:

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

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

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of sixty days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the 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; or

(e) If there is a default in the due and punctual payment of the Purchase Price of Bonds required to be purchased pursuant to Section 4.01 or Section 4.02 of the Indenture (relating to optional and mandatory tender of Bonds) when payment of such amount has become due and payable.

Remedies

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

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

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

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to its reference or prime rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment 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 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 capital, surplus and undivided profits of $10 million in event of merger, resignation, or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court. Provision is also made for removal of the Trustee by Bondholders or the Authority, at the request of the 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 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: First for the equal benefit of the Holders of all Bonds outstanding (other than College Bonds), and Second for the benefit of the Holders of the College Bonds.

The Trustee upon the written request of the Holders of a majority in principal amount of the Bonds at the time outstanding shall waive any default under the Indenture and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein or the Purchase Price; 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.

Payment, Defeasance and Release

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

(c) on or after the Conversion Date, deliver to the Trustee (1) proof that notice of redemption of all of such outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived, or that arrangements have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the College for the Authority under its official seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided, and shall also pay all other sums due and payable under the Indenture by the Authority, and shall also pay or provide for the payment of all unpaid fees and expenses of the Trustee and the rebate of all amounts due or to become due to the United States under Section 148(f) of the Internal Revenue Code and regulations thereunder, then 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 registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent, and 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 such Bonds), which shall then be held thereunder.

When the Authority or the College shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided, or left with it if previously so deposited, cash or direct obligations of the United States of America sufficient to pay the principal of the 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 Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be outstanding thereunder; and from and after such redemption date or maturity, interest on such Bonds so called for redemption shall cease to accrue.

Supplemental Indentures

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

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

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

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

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

(e) to modify the Indenture as authorized by Holders; and

(f) to modify or supplement provisions relating to procedures for drawing on the Liquidity Facility in connection with the issuance of an Alternate or a Substitute Liquidity Facility.

In addition and subject to the provisions set forth below, the Holders of not less than 51% in aggregate principal amount of the Bonds 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 such Bonds (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 the Loan Agreement as set forth in the Indenture.

Any supplemental indenture affecting the rights or obligations of the Liquidity Facility Provider, the Remarketing Agent or the Tender Agent shall not be effective without written consent of the party affected thereby.

Amendments to the Loan Agreement

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

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to 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.

No amendment to or other modification of the Loan Agreement or waiver of any provision thereof may be entered into or given without the prior written consent of the Bank. Any amendment to or other modification of the Loan Agreement which affects any of the rights or obligations of the Liquidity Facility Provider or the Tender Agent shall not be effective without the written consent of the party so affected.

Registration

The Bonds shall be fully registered as to principal and interest at the principal corporate trust office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for a new Bond or Bonds of the same series, aggregate principal amount, maturity and interest rate of any Authorized Denominations. Payment of principal will be at the principal corporate trust office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Trustee.

FINANCIAL STATEMENTS OF THE COLLEGE

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
650 Third Avenue South
Park Building
Suite 1300
Minneapolis MN 55402-4333
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Report of Independent Accountants

To the Board of Trustees
Carleton College:

In our opinion, the accompanying balance sheet and the related statements of activities and change in net assets, and cash flows present fairly, in all material respects, the financial position of Carleton College (the College) as of June 30, 1999, and the change in its net assets and its cash flows for the year ended June 30, 1999, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the College's management; our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the College's 1998 financial statements; and our report dated September 8, 1998, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

September 10, 1999

Carleton College
Balance Sheet
as of June 30, 1999, with comparative totals for June 30, 1998

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	1999 Totals	1998 Totals
Cash and cash equivalents	$ 7,067,129			$ 7,067,129	$ 2,587,937
Receivables	1,958,781			1,958,781	2,522,725
Inventories	631,727			631,727	767,126
Prepaid expenses and deferred charges	913,374			913,374	742,610
Pledges receivable, net		$ 7,571,872	$ 2,751,008	10,322,880	8,177,108
Loans to students	7,210,350			7,210,350	7,515,055
Deposits with bond trustee	11,632,702			11,632,702	18,439,544
Investments	424,501,209	102,904,549	80,440,737	607,846,495	511,476,408
Property, plant and equipment, net	75,950,400			75,950,400	66,431,731
Total assets	$ 529,865,672	$ 110,476,421	$ 83,191,745	$ 723,533,838	$ 618,660,244
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable	2,504,108			2,504,108	1,741,692
Accrued expenses	4,493,477			4,493,477	4,090,824
Deferred income and deposits	3,324,473			3,324,473	3,080,189
Annuities payable		13,771,369		13,771,369	12,428,347
Bonds payable	47,604,489			47,604,489	48,233,627
Government grants repayable	5,505,550			5,505,550	5,522,270
Total liabilities	63,432,097	13,771,369		77,203,466	75,096,949
Net assets	466,433,575	96,705,052	83,191,745	646,330,372	543,563,295
Total liabilities and net assets	$ 529,865,672	$ 110,476,421	$ 83,191,745	$ 723,533,838	$ 618,660,244

The accompanying notes are an integral part of the financial statements.

Carleton College
Statement of Activities and Change in Net Assets
for the year ended June 30, 1999, with comparative totals for June 30, 1998

	Unrestricted	Temporarily Restricted	Permanently Restricted	1999 Totals	1998 Totals
Revenues and other additions:					
Tuition	$ 41,859,782			$ 41,859,782	$ 40,726,882
Room and board	6,472,281			6,472,281	6,278,529
Less grant aid to students	(10,987,666)			(10,987,666)	(11,014,163)
Net student fee revenue	37,344,397			37,344,397	35,991,248
Bookstore, rents and other services	3,271,262			3,271,262	3,524,571
Investment income, net	4,231,058	$ 6,150,138		10,381,196	7,964,116
Private gifts and pledges	8,033,896	10,080,888	$ 4,274,866	22,389,650	27,826,301
Net gain on sale of investments	62,835,241	14,915,296		77,750,537	47,513,629
Net unrealized gain on investments	12,591,383	1,645,000		14,236,383	54,382,351
Government grants	903,698			903,698	884,101
Net change in value of split-interest agreements	79,062	1,448,173		1,527,235	2,844,008
Net assets released from restrictions	15,964,487	(15,964,487)			
Total revenues and other additions	145,254,484	18,275,008	4,274,866	167,804,358	180,930,325
Expenses and other deductions:					
Instruction	27,479,485			27,479,485	26,216,057
Academic support:					
Library	3,481,080			3,481,080	3,224,411
Other	4,324,163			4,324,163	4,398,674
Student services	7,196,527			7,196,527	6,654,036
Institutional support:					
Administration	2,668,258			2,668,258	2,454,463
External relations	2,911,587			2,911,587	2,455,886
Fund raising	2,341,426			2,341,426	2,584,613
General	3,667,391			3,667,391	3,045,074
Auxiliary enterprises	10,967,364			10,967,364	11,710,036
Total expenses and other deductions	65,037,281			65,037,281	62,743,250
Change in net assets	80,217,203	18,275,008	4,274,866	102,767,077	118,187,075
Net assets at beginning of year	386,216,372	78,430,044	78,916,879	543,563,295	425,376,220
Net assets at end of year	$ 466,433,575	$ 96,705,052	$ 83,191,745	$ 646,330,372	$ 543,563,295

The accompanying notes are an integral part of the financial statements.

Carleton College
Statement of Cash Flows
for the years ended June 30, 1999 and 1998

	1999	1998
Cash flows from operating activities:		
Change in net assets	$ 102,767,077	$ 118,187,075
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,016,388	3,783,860
Gain on investments	(91,986,920)	(101,895,980)
Private gifts for long-term investments	(9,507,138)	(10,386,596)
Bond discount amortized	15,862	15,862
Changes in operating assets and liabilities:		
Accounts receivable	563,944	(686,677)
Pledges receivable	(2,145,772)	(1,825,058)
Inventories	135,399	26,208
Prepaid expenses and deferred charges	(170,764)	(73,739)
Loans to students	304,705	246,390
Accounts payable and accrued expenses	1,165,069	(874,820)
Deferred income	244,284	(367,504)
Government grants repayable	(16,720)	(598,459)
Annuities payable	1,343,022	2,266,321
Net cash provided by operating activities	6,728,436	7,816,883
Cash flows from investing activities:		
Purchase of investments	(546,591,193)	(399,192,617)
Proceeds from sale of investments	542,208,026	373,591,887
Acquisition of land, buildings and equipment	(13,535,057)	(7,006,293)
Net cash used for investing activities	(17,918,224)	(32,607,023)
Cash flows from financing activities:		
Changes in deposits with bond trustee	6,806,842	5,729,876
Proceeds from private gifts for long-term investment	9,507,138	10,386,596
Principal payment	(645,000)	(625,000)
Net cash provided by financing activities	15,668,980	15,491,472
Net increase (decrease) in cash and cash equivalents	4,479,192	(9,298,668)
Cash and cash equivalents at beginning of the year	2,587,937	11,886,605
Cash and cash equivalents at end of the year	$ 7,067,129	$ 2,587,937

Additional disclosure:

The College paid $2,468,559 and $2,158,481 in interest during fiscal years 1999 and 1998, respectively.
The College capitalized $341,133 in interest during fiscal year 1999. No interest cost was capitalized in fiscal year 1998.

The accompanying notes are an integral part of the financial statements.

1. **Summary of Significant Accounting Policies:**

Accrual Basis:

The financial statements of Carleton College (the College) have been prepared on the accrual basis.

Basis of Presentation:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 1998, from which the summarized information was derived.

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 follows:

- Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.
- Temporarily restricted - Net assets whose use by the College is subject to donor-imposed stipulations that can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time.
- Permanently restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all 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 investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, 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. 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.

1. **Summary of Significant Accounting Policies, continued:**

Cash and Cash Equivalents:

Cash and cash equivalents include interest-bearing money market accounts and short-term investments with an original maturity of less than three months.

Investments:

Investments are stated at quoted market value or value provided by an external investment manager. Changes in quoted market value are recorded as unrealized gains or losses in the period of change.

Endowment and board-designated funds are invested on the basis of a total return policy to provide income and to realize appreciation in investment values. Under this policy, a portion of realized and unrealized gains accumulated, in addition to accumulated net investment income, are used to support operations. Any such gains used to support operations are utilized in accordance with the same restrictions, if any, imposed by donors on the use of income earned by the endowment and similar funds.

Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets (3 to 40 years). Expenditures for new construction, interest on construction, major renewals and replacements and equipment costing over $10,000 are capitalized. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the assets' estimated useful life.

Inventories:

Inventories are stated at the lower of cost, determined by the first-in, first-out method, or market.

Gift Annuity Contracts:

Annuities payable represent the College's liability under annuity contracts with donors. The liability is established at the time of the contribution using life expectancy actuarial tables and revalued annually. 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.

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 no obligation for unrelated business income tax. Accordingly, no provisions for federal or state income taxes is required.

1. Summary of Significant Accounting Policies, continued:

Use of Estimates:

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

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 changes in the values will occur in the near term and that such changes could materially affect the financial statements.

Concentration of Credit Risk:

At June 30, 1999, the College has cash and cash equivalents totaling approximately $6,856,127 concentrated in two institutions.

2. Long-Term Investments:

The long-term investments include funds traditionally considered the endowment of the College as well as assets of deferred gifts, funds designated for debt service and funds temporarily restricted for building projects.

Allocations at market value are as follows:

	1999	1998
Permanent endowment	$ 80,440,737	$ 76,742,581
Gains related to permanent endowment	307,453,377	249,932,732
Funds functioning as endowment	36,917,063	33,641,006
Gains related to funds functioning as endowment	126,208,432	101,331,996
	551,019,609	461,648,315
Deferred gifts	42,825,356	36,929,546
Other invested assets	14,001,530	12,898,547
Total long-term investments	$ 607,846,495	$ 511,476,408

Carleton College
Notes to Financial Statements, Continued

2. Long-Term Investments, continued:

The assets of the long-term investments include:

	June 30, 1999		June 30, 1998	
	Cost	Market Value	Cost	Market Value
Cash and short-term investments	$ 12,911,141	$ 12,911,141	$ 25,027,427	$ 25,027,427
Bonds	112,767,254	112,553,385	73,039,238	78,580,967
Marketable equity securities	290,646,866	432,658,498	241,068,165	369,464,862
Other, primarily nonmarketable equity securities	40,512,224	49,723,471	35,090,229	38,403,152
	$ 456,837,485	$ 607,846,495	$ 374,225,059	$ 511,476,408

The majority of the long-term investment assets are pooled on a market value basis with each individual fund subscribing to or disposing of shares on the basis of the market value per share at the beginning of the calendar quarter within which the transaction takes place. At June 30, 1999, the endowment and similar funds owned 33,441,116 shares and the annuity and life income funds owned 1,376,873 shares, each share having a market value of $16.47. In addition, included in investments is $14,933,181 and $18,800,474 of temporarily restricted deferred gifts primarily comprised of annuities, charitable remainder trusts and pooled income funds at June 30, 1999 and 1998, respectively, and $14,001,530 and $12,898,547 in other invested assets.

3. Investment Income:

The College utilizes the total return method of accounting for income from its investments. Under this method, a spending rate per share is established which is considered to be a prudent use of the return on investments, consisting of both yield (dividends and interest) and realized and unrealized appreciation. Each year, the spending rate per share is increased by 4.5% from the previous year, independent of the market value changes in investments. Effective September 1, 1998, the Board Trustees approved an increase in the draw on the endowment of $0.06237 per share for the fiscal year of 1999. For the year ended June 30, 1999, the spending amount per share was $.54.

Investment expense totaled $2,524,917 and $2,054,319 for the years ended June 30, 1999 and 1998, respectively, and is netted with investment income.

4. Property, Plant and Equipment:

Property, plant and equipment as of June 30, 1999 and 1998 are as follows:

	1999	1998
Land and real estate improvements	$ 1,136,103	$ 1,136,103
Buildings	95,133,155	84,393,009
Equipment and books	39,030,304	36,235,393
	135,299,562	121,764,505
Less accumulated depreciation	(59,349,162)	(55,332,774)
	$ 75,950,400	$ 66,431,731

5. Bonds Payable:

Bonds payable at June 30, 1999 and 1998 are as follows:

	1999	1998
Minnesota Higher Education Facilities Authority (MHEFA):		
First Mortgage Revenue Bond Series T	$ 2,025,000	$ 2,145,000
Variable and Fixed Rate Demand Revenue Bonds Series 3L1, 2	20,300,000	20,300,000
Revenue bonds Series 3L-3	1,125,000	1,650,000
Revenue bonds Series 4N	24,440,000	24,440,000
	47,890,000	48,535,000
Less unamortized discount	285,511	301,373
	$ 47,604,489	$ 48,233,627

The Series T bonds bear interest at 5.625% per annum payable semi-annually, and mature March 1, 2007. The financing was structured through leases with MHEFA under the terms of which the College has an option to purchase the facilities at the termination of the leases. The transactions have been accounted for as capitalized leases with the related assets and liabilities being reflected in the statement of financial position. The Series T bonds are collateralized by a first mortgage on the facilities for which the funds were used and first liens and pledge of the net revenues derived from the operations of these facilities.

The Series 3-L1, in the amount of $10,000,000, bear interest at a fixed rate of 5.75% and matures November 1, 2012. The Series 3-L2, in the amount of $10,300,000, bears a variable rate of interest and matures November 1, 2012. The interest rate was 3.5% at June 30, 1999. The proceeds from these bonds were used to finance construction projects.

5. Bonds Payable, continued:

The Series 3-L3 bear a fixed rate of interest for each year ranging from 3.25% to 5.50% and are repayable over eight years with interest payable semi-annually. The bonds were issued to pay off the Series O bonds bearing interest at 7% per annum payable semi-annually.

For all Series 3-L bonds, interest and principal payments are required to be deposited to a Bond and Interest Sinking fund as they become due.

Revenue Bonds, Series 4N (the bonds) bear interest at a fixed rate of interest ranging from 5.0% to 6.0%. Interest is payable semi-annually. Principal payments are due beginning in fiscal year 1999. The bonds mature November 1, 2018. The proceeds from these bonds were deposited with the bond trustee to be used to finance construction projects. As of June 30, 1999, $11,602,697 of such deposit was available.

The College has deposited $30,000 for Series T bonds in general bond reserve accounts of the MHEFA for the purpose of collateralizing the College's bonds issued by MHEFA. The series T issue contains a sinking fund requirement of $120,000 per year commencing in 1997 and continuing through 2006. The College must also maintain a debt service reserve account for Series T bonds with qualified reserve investments having market values equal at least to 110% of the principal amount of the bonds outstanding less any balances in the sinking funds. Such investments, whose market value aggregates $3,058,070 at June 30, 1999 have been recorded as unrestricted investments of the College.

The maturities of debt in each of the five years subsequent to June 30, 1999 are as follows:

2000	$ 1,370,000
2001	1,430,000
2002	890,000
2003	930,000
2004	975,000
Thereafter	42,295,000
	$ 47,890,000

Effective for 10 years commencing on July 1, 1998 and October 1, 1998, the College entered into two interest rate swap agreements with Norwest Bank Minnesota (the Bank) under which the College makes payment to the Bank whenever the floating PSA Municipal Swap Index (the Index) lies below the agreed-upon fixed interest rate and the Bank pays the College if ever the Index lies ahead the fixed rate. The notional amount of each agreement is $5,150,000, corresponding, in total, to the $10,300,000 outstanding MHEFA Series 3L-2 variable rate bonds. Fixed rates are 4.47% and 4.12%, respectively, and the all-in interest rates of the College are expected to average 4.32% and 3.97% assuming that "spread" between the interest rate paid on the MHEFA bonds continue to average 15 basis points less than the Index.

6. Retirement Plan:

Substantially all non-union employees of the College may elect to participate in an arrangement whereby the individuals and the College contribute to individual employee TIAA-CREF retirement funds to individual retirement benefits.

Expenses for the College's share of the contributions were $2,459,663 in 1999 and $1,626,722 in 1998.

7. Pledges Receivable:

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

Pledges receivable are summarized as follows at June 30, 1999 and 1998:

	1999	1998
Unconditional promises expected to be collected in:		
Less than one year	$ 5,390,828	$ 3,723,123
One year to five years	5,356,573	4,973,332
Over five years	950,700	650,570
Less discount	(1,375,221)	(1,169,917)
	$10,322,880	$ 8,177,108

8. Fair Value of 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 values of investments, which are the fair value, are based upon values provided by an external investment manager or quoted market values.

Student loans receivable consist primarily of loans made to students under U.S. government loan programs. The loans are stated at net realizable value in the accompanying statements. It is not practicable to estimate the fair value of these receivables since they contain federally-mandated interest rates and repayment terms subject to significant restrictions as to their transfer and disposition.

The 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.

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NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION

Norwest Bank Minnesota, National Association is a national banking association and is a significant banking subsidiary of Wells Fargo & Company, a registered bank holding company organized under the Bank Holding Company Act of 1956, whose principal office is located in San Francisco, California. The Standby Purchase Commitment is solely the obligation of Norwest and no assets of the parent corporation or any affiliate of Norwest will be pledged to, or available for, payment thereunder.

WELLS FARGO & COMPANY (NYSE: WFC) is a diversified financial services company -- providing banking, insurance, investments, mortgages and consumer finance through about 6,000 stores, the Internet and other distribution channels across North America. Wells Fargo is the product of 1,500+ mergers in 147 years including the 1998 merger of equals involving Norwest Corporation and Wells Fargo & Company. As a result of this merger, Wells Fargo is the premier banking franchise west of the Mississippi River. At the end of 1999, Wells Fargo was the 7th largest bank holding company in the country with $218 billion in assets.

The Consolidated Reports of Condition and Income of Norwest for prior years are on file with the Comptroller of the Currency and are available for inspection at the Federal Deposit Insurance Corporation Data Request Section, 1776 F Street N.W., Suite 2, Floor 1C, Washington, D.C. 20629. In addition, Norwest will provide without charge a copy to each person to whom this Official Statement is delivered, on the written or oral request of any such person, a copy of Norwest's 1999 Financial Report (unaudited) and the Consolidated Report of Condition and Income as of March 31, 2000. Written requests should be directed to Norwest Bank Minnesota, National Association, Norwest Center, MAC N9305-165, Sixth and Marquette, Minneapolis, Minnesota 55479, Attention: Investor Relations Telephone requests should be directed to (612) 667-8275.