OFFICIAL STATEMENT DATED MARCH 31, 1983

NEW ISSUE **Standard & Poor's Rating: AAA†**
(AMBAC Insured)

In the opinion of Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities and the interest to be paid on the Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes (other than Minnesota corporate franchise and bank excise taxes measured by income) according to present federal and Minnesota laws, regulations, rulings and decisions.

$3,055,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES TWO-F
(The Concordia College Corporation)

Dated: March 1, 1983

Principal Amount	Due October 1	Coupon	Principal Amount	Due October 1	Coupon
$ 75,000	1984	5.00%	$140,000	1994	8.00%
80,000	1985	5.50	150,000	1995	8.20
80,000	1986	6.00	165,000	1996	8.30
90,000	1987	6.25	180,000	1997	8.40
90,000	1988	6.50	190,000	1998	8.50
100,000	1989	6.75	210,000	1999	8.60
105,000	1990	7.00	230,000	2000	8.70
115,000	1991	7.25	245,000	2001	8.80
120,000	1992	7.50	270,000	2002	8.80
130,000	1993	7.75	290,000	2003	8.80

Reoffered at Par
(Accrued Interest to Be Added)

Interest shall be payable April 1 and October 1, commencing October 1, 1983. Both principal and interest will be payable at First Trust Company of Saint Paul ("First Trust"), Saint Paul, Minnesota.

The Bonds shall be special obligations of the Minnesota Higher Education Facilities Authority (the "Authority"), issued under a Trust Indenture between the Authority and First Trust (the "Trustee"), as Trustee, payable from payments made by or on behalf of The Concordia College Corporation (the "College") pursuant to a Lease between the Authority and the College or out of other amounts pledged therefor under the Indenture, as described herein. The College will also guarantee payment of the principal of and interest on the Bonds by a Guaranty Agreement between the College and the Trustee.

The Bonds shall be insured as to principal and interest under a policy of insurance issued by American Municipal Bond Assurance Corporation ("AMBAC").

The Bonds will be in the denomination of $5,000 in coupon form registrable as to principal, or as to principal and interest, and are subject to redemption on the dates and at the prices indicated (expressed as a percentage of par value), plus accrued interest, as follows:

Redemption Dates	Price	Redemption Dates	Price
October 1, 1993	103 %	April 1, 1997 and October 1, 1997	101 %
April 1, 1994 and October 1, 1994	102½	April 1, 1998 and October 1, 1998	100½
April 1, 1995 and October 1, 1995	102	Any Interest Payment Date After October 1, 1998	100
April 1, 1996 and October 1, 1996	101½		

The Bonds are also subject to redemption on any interest payment date in whole but not in part at a price of par and accrued interest, as described herein.

THE BONDS SHALL NOT BE LEGAL OR MORAL OBLIGATIONS OF THE STATE OF MINNESOTA NOR CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OR TAXING POWERS OF THE AUTHORITY OR THE STATE OF MINNESOTA ARE PLEDGED.

The Bonds are being offered when, as and if issued and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of certain matters by Bond Counsel, Faegre & Benson, Minneapolis, Minnesota. Certain legal matters will be passed upon for the College by its counsel, Gunhus, Grinnell, Jeffries, Klinger & Swenson, Moorhead, Minnesota and for the Underwriters by Dorsey & Whitney, Minneapolis, Minnesota. It is expected that the Bonds will be available for delivery in Minneapolis, Minnesota, on or about March 31, 1983. The Underwriters intend to effect secondary market transactions in the Bonds, subject to applicable securities laws. However, the Underwriters are not obligated to repurchase any Bonds at the request of the holder thereof. For information with respect to the Underwriters, see the caption "UNDERWRITING" herein.

DAIN BOSWORTH INCORPORATED **VAN KAMPEN MERRITT INC.**

†See "RATING"

No dealer, broker, salesman or other person has been authorized by the Authority, the College or the Underwriters, Dain Bosworth Incorporated and Van Kampen Merritt Inc., 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 any of the foregoing. The information contained herein, except as it relates to the Authority, has been obtained from the College or other sources but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters or 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 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. Copies of the Lease, Indenture, and Guaranty Agreement will be furnished upon request to the Authority.

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. 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.

In connection with this offering, the Underwriters may over-allot or effect transactions that 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. Although the Underwriters anticipate that they will maintain a secondary market for the Bonds, there is no assurance that such a market will develop or, if developed, will be maintained.

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DEFINITIONS OF CERTAIN TERMS

As used in this Official Statement the following words and terms when capitalized shall have the meaning stated, unless a different meaning clearly appears from the context or is stated in a separate document referred to herein:

Additional Bonds: Any parity bonds issued under the Indenture subsequent to the Bonds.

Additional Rent: The fees and expenses to be paid by or on behalf of the College to the Authority or the Trustee, for purposes other than the payment of Debt Service and amounts paid by the College for the account of the Authority for real estate taxes, special assessments and governmental charges payable with respect to the Project Facilities.

AMBAC: The American Municipal Bond Assurance Corporation, insurer of the Bonds as to payment of the principal thereof and interest thereon.

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

Authorized Authority Represenative: The Chairman, Vice Chairman, Secretary or Executive Director of the Authority, and also such other person at the time designated to act on behalf of the Authority.

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.

Base Rent: The rent payable by the College pursuant to the Lease for payment of Debt Service.

Bond and Interest Sinking Fund Account: The account established under the Indenture into which the Authority and Trustee shall deposit certain moneys for the payment of Debt Service.

Bond Closing: Delivery of the Bonds and payment therefor.

Bond Purchase Agreement: The agreement among the Authority, the College and the Underwriters, pursuant to which the Bonds will be sold to the Underwriters, and pursuant to which the College agrees to pledge certain security to the Authority.

Bonds: The $3,055,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-F (The Concordia College Corporation). (Reference to the Bonds may include reference to Additional Bonds where appropriate, except the term Project Bonds shall refer only to the Bonds and not to Additional Bonds.)

Building Equipment: The goods, equipment, furnishings, furniture, inventory, machinery or other tangible property owned by the College, located in the Project Building or elsewhere on the Leased Premises, and acquired with funds other than proceeds of the Bonds.

College: The Concordia College Corporation, also sometimes referred to as "Concordia College" and the "Institution."

Construction Account: The Account established under the Indenture for the deposit of certain Bond proceeds and from which Project Costs will be paid.

Debt Service: The payments due for the principal of and interest on the Bonds.

Debt Service Reserve Account: An account established under the Indenture for the security of the Bonds and any Additional Bonds.

Debt Service Reserve Account - Special Fund: A special fund of the Debt Service Reserve Account to which shall be credited unrestricted cash and investments of the College delivered to the Trustee by the College in the event of default in performance by the College of the covenants of paragraph (a), (b) or (c) of Section 4.13 of the Lease (see Appendix IV), which cash and investments shall be received, held and applied by the Trustee pursuant to the Indenture and paragraph (d) of Section 4.13 of the Lease.

Earnings Test A and Earnings Test B: Test A and Test B, respectively required by the provisions of Section 4.10 of the Lease. See Appendix IV.

Fiscal Year: The fiscal year of the College, initially May 1 through April 30.

General Bond Reserve Account: The General Bond Reserve Account established and maintained by the Authority under its General Bond Resolution adopted October 31, 1972 as a common security fund for certain bonds of the Authority, not including the Bonds.

Guaranty Agreement: The Guaranty Agreement dated March 1, 1983 between the College and the Trustee relating to the Bonds, and any amendments thereto.

Indenture: The Trust Indenture, dated March 1, 1983, between the Authority and the Trustee relating to the Bonds, and any amendments thereto.

Institution: The College.

Lease: The Lease, dated March 1, 1983, between the Authority and the College relating to the Bonds and the Project Facilities, and any amendments thereto.

Leased Equipment: The Building Equipment and the Project Equipment under the Lease.

Leased Premises: The Project Building and the site thereof under the Lease.

Leased Property: The Leased Equipment and the Leased Premises.

Operation and Maintenance Account: The account established by the Indenture for payment of current expenses of the Project.

Outstanding Mortgages: The mortgages, dated May 2, 1966, February 24, 1967, September 28, 1967 and December 3, 1970, between the College, as mortgagor, and Gate City Savings and Loan Association, Metropolitan Savings and Loan Association and Northwestern Savings and Loan Association, of Fargo, North Dakota, as mortgagees.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) the Lease and Indenture, (iii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Building or elsewhere on the Leased Premises, (iv) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities and do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Authority or the College and (v) certain other encumbrances described in the Indenture, including the Outstanding Mortgages and the Series Q Documents.

Project: The construction of improvements to Brown Hall, a student residence hall on the campus of the College, including necessary equipment, furnishings, utilities and site improvements.

Project Bonds: The Bonds, not including Additional Bonds.

Project Building: Brown Hall, a 270 student residence hall on the campus of the College.

Project Costs: The costs properly paid or payable in relation to the Project from the Construction Account.

Project Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery, or other tangible personal property to be acquired and installed in the Project Building or elsewhere on the Leased Premises with proceeds from the sale of the Bonds.

Project Facilities: The Project Building and the Project Equipment.

Qualified Investments: The following investments authorized for funds on deposit in or credited to the Debt Service Reserve Account - Special Fund: (i) direct obligations of or obligations fully guaranteed by the United States of America ("Government Obligations"), (ii) time deposits of or certificates of deposit issued by a bank or trust company (including the Trustee or any affiliate of the Trustee) which deposits are insured by the Federal Deposit Insurance Corporation or are fully secured by Government Obligations, (iii) securities issued by the following agencies of the United States: Federal Home Loan Banks, Intermediate Credit Banks, Federal Land Banks, and Banks for Cooperatives, (iv) shares of an investment company registered under the federal Investment Company Act of 1940 whose shares are registered under the federal Securities Act of 1933, and whose only investments are in securities previously described in clauses (i), (ii) and (iii) of this sentence, (v) bonds, notes and other obligations of corporations which are traded publicly on a regulated securities exchange or in over-the-counter markets and are rated "A" (or the equivalent) or better by Standard & Poor's Corporation or Moody's Investors Service, or (vi) preferred or common stocks listed on the New York Stock Exchange.

Redemption Account: The account established by the Indenture for deposit of (i) Revenues and Income and balances in the Revenue Fund Account not required to be deposited in other accounts, (ii) all funds received from the sale of Leased Property or Project Equipment, (iii) excess insurance proceeds, and (iv) excess proceeds of any taking or condemnation by eminent domain. 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 Debt Service Reserve Account, and (iii) to redeem or prepay outstanding Bonds on the next interest payment date, in inverse chronological order of stated maturity dates and by lot within a maturity date, or to purchase outstanding Bonds at prices not exceeding the redemption price applicable on the next interest payment date on which the Bonds are redeemable.

Revenue Fund Account: The account established by the Indenture to which shall be credited as received Base Rent and other income and revenue arising from operation of Leased Property.

Revenues and Income: All cash, rentals (including Base Rent but not Additional Rent under the Lease), charges and other income and revenue arising from operation or ownership of the Leased Property.

Series Q Bonds: The Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Q (The Concordia College Corporation), dated May 1, 1976 and issued in the original principal amount of $800,000.

Series Q Documents: The lease dated May 1, 1976 and the agreement dated February 24, 1976 between the Authority and the College, the mortgage trust indenture dated May 1, 1976 between the Authority and Northwestern National Bank of Minneapolis, as trustee, and the guaranty agreement dated May 1, 1976 between the College and Northwestern National Bank of Minneapolis, as trustee, and any amendments thereto, relating to the Series Q Bonds.

Underwriters: Dain Bosworth Incorporated and Van Kampen Merritt Inc. who pursuant to the Bond Purchase Agreement have agreed to purchase the Bonds.

Unrestricted Fund Balances: Unrestricted Fund Balances of the College's Current Fund, Quasi-Endowment and Similar Funds, and Plant Funds are (i) the amount of the Fund Balance of the Current Funds - Unrestricted, plus (ii) the amount of the Fund Balance of the Funds Functioning as Endowment - Unrestricted, plus (iii) the amount of the Fund Balance of the Plant Fund - Unrestricted (exclusive of Investment in Plant) computed on a basis consistent with the computations of such Fund Balances in the Concordia College, Balance Sheet, April 30, 1982, with Comparative Figures for 1981, in the audit report of Adrian S. Helgeson & Co. dated July 2, 1982 (the "1982 audit report") and (to the extent consistent with the 1982 audit report), in accordance with generally accepted accounting principles. See Appendix II.

Unrestricted Funds: As of any date, the sum of (i) cash, and market value of all marketable securities, constituting assets of the College's Current Funds - Unrestricted, and (ii) cash, and market value of all marketable securities, constituting assets of Endowment Funds and Plant Funds if and to the extent that the principal and interest is available for payment of Base Rent and not subject to any lien or similar encumbrance. (For purposes of the foregoing definition, "marketable securities" includes cash equivalents and Qualified Investments, but does not include mortgages and other instruments whose current market value is not readily ascertainable.)

OFFICIAL STATEMENT
OF
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and The Concordia College Corporation (the "College") in connection with the sale of the Authority's $3,055,000 aggregate principal amount Revenue Bonds, Series Two-F (the "Bonds").

The Bonds are issued pursuant to 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 issued by the Authority to provide funds which will be used for the Project. See "THE PROJECT."

At or prior to Bond Closing the College will convey to the Authority the site of the Project. By the Lease the Authority will then lease the Project to the College. The title of the Authority to the Project Building and Project site is subject to the Outstanding Mortgages securing indebtedness of the College payable in installments of principal and interest until April, 1992 which installments the College has agreed to pay when due and in full.

Pursuant to the Lease the payments by the College shall be in a sufficient amount to pay Debt Service as the same shall become due.

The Bonds are issued pursuant to and secured by the Indenture between the Authority and First Trust Company of Saint Paul, Saint Paul, Minnesota, as Trustee (the "Trustee"). By a Guaranty Agreement between the College and the Trustee, the College unconditionally guarantees prompt and full payment of Debt Service. In addition, the Bonds are insured by American Municipal Bond Assurance Corporation ("AMBAC") as to both principal and interest and are also secured by the funds and investments on deposit in certain Accounts under the Indenture. The Bonds are subject to the Series Q Documents, the Outstanding Mortgages and other Permitted Encumbrances.

The foregoing introductory statement is only a summary stated in general terms. See the following pages and Appendices of this Official Statement for more specific explanations.

THE BONDS

The Bonds will be dated March 1, 1983. The maturities of the Bonds and the interest rates per annum which the Bonds bear are as set forth on the cover page. The Bonds will be in coupon form, in the denomination of $5,000 each. Interest will be payable April 1 and October 1, commencing October 1, 1983. Except as to bonds registered as to both principal and interest, principal and interest will be payable at the principal office of the Trustee.

The Bonds may be registered with the Trustee as to principal, or as to principal and interest. Interest on a Bond registered as to principal and interest shall be paid by check or draft of the Trustee mailed to the registered owner at his address set forth on the registration books maintained by the Trustee.

The Bonds are subject to optional prior redemption in inverse chronological order of maturity dates, and by lot within a stated maturity date, on the following dates at the prices indicated (expressed as a percentage of par value), plus accrued interest.

Redemption Dates	Price
October 1, 1993	103 %
April 1, 1994 and October 1, 1994	102½%
April 1, 1995 and October 1, 1995	102 %
April 1, 1996 and October 1, 1996	101½%
April 1, 1997 and October 1, 1997	101 %
April 1, 1998 and October 1, 1998	100½%
Any Interest Payment Date After October 1, 1998	100 %

The Bonds are also subject to redemption at par and accrued interest on any interest payment date, as a whole but not in part in case (i) the College exercises its option to purchase the Project in certain cases of damage, destruction, taking or change of law or interest on the Bonds shall be determined to be includable in the gross income of the holders for federal income tax purposes (see "THE LEASE - Option to Purchase Leased Property"), or (ii) the College shall merge with or consolidate into or transfer substantially all of its assets to another nonprofit or public institution of higher education and as a result thereof the then rating of the Bonds shall be withdrawn or lowered and the holders of 51% or more in aggregate principal amount of the Bonds shall request that the Bonds be called (see "THE LEASE - Institution to Maintain its Existence and Accreditation"); all as required by the Indenture and the Lease.

Notice of redemption shall be given by publication in a financial journal published in Minneapolis or Saint Paul, Minnesota or New York, New York, at least once not less than 30 nor more than 60 days before the redemption date. A similar notice shall be mailed by the Trustee to the holders of Bonds registered as to principal or as to principal and interest.

ADDITIONAL BONDS

In addition to the Bonds the Authority in its discretion may issue Additional Bonds to (i) complete the Project or to refund all the then outstanding Bonds, and (ii) provide funds for improvements or additions to or alterations, repairs or replacement of Project Facilities or Fjelstad Hall, provided that no such Additional Bonds shall be issued under the Indenture on a parity with the Bonds unless all of the conditions therefor of the Indenture are met including that the College shall have furnished evidence to the Trustee that the College is, and upon issuance of the Additional Bonds will be, in compliance with the provisions of the Lease relating to additional long-term debt and that a supplementary policy of municipal bond insurance shall have been issued.

ESTIMATED USES OF FUNDS

Construction	$2,454,000.00	
Furnishings	46,000.00	
		$2,500,000
Debt Service Reserve Account		320,850
Costs of Issuance:		
Underwriter Discount	$ 84,012.50	
Other Costs of Issuance	150,137.50	
		234,150
Total		$3,055,000

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable from payments made by or on behalf of the College as required by the Lease or out of other amounts pledged therefor under the Indenture and will be secured by a pledge of the Base Rent payments under the Lease and other interests under the Lease (except the Authority's annual fee and rights to indemnity and reimbursement), subject to the Outstanding Mortgages and the Series Q Documents. *The Bonds will not be secured by the Authority's General Bond Reserve Account or by a mortgage lien on or security interest in the Project Facilities.* The Outstanding Mortgages are a first mortgage lien on a substantial part of the land and buildings of the College, including the Leased Premises. With respect to the Series Q Bonds the College has pledged the gross revenues of certain student residence facilities, including the Project Building, for the payment of the interst on and principal of the Series Q Bonds. The latest scheduled maturity date of the Outstanding Mortgages is April, 1992, however, each is subject to optional prepayment without penalty at any time. As of January 2, 1983 the aggregate outstanding principal amount of: (i) the Outstanding Mortgages was $1,133,389, and (ii) the Series Q Bonds was $675,000.

The Series Q Bonds have a final scheduled maturity date of April 1, 1994, however, all of the Series Q Bonds maturing after April 1, 1988 are subject to optional redemption on April 1, 1988 and any subsequent interest payment date in inverse order of serial numbers at a price of par and accrued interest.

It is the College's expectation that net revenues derived from operation of its student residence facilities will be sufficient to pay the principal of and interest on the Series Q Bonds and also the Bonds, however, the College is obligated to make such payments from all available funds of the College. The College, pursuant to the Guaranty Agreement, will directly guarantee to the Trustee the full and prompt payment of Debt Service of the Bonds, and by the terms of the Lease will make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay Debt Service as it becomes 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 taxing powers of the Authority or the State of Minnesota are pledged.

Bond Insurance

AMBAC has committed to issue, effective as of the date on which the Bonds are issued, a policy of insurance guaranteeing the payment when due of principal of and interest on the Bonds. The insurance extends for the life of the Bonds and cannot be cancelled by AMBAC.

Reference is made to the form of policy attached as Appendix III for a description of the bondholders' rights thereunder. The following is necessarily a general description of the policy and, in all cases, the specific provisions of the policy govern.

In the event any portion of a payment of principal of and interest on the Bonds is not made when due, a claim may be submitted to AMBAC for payment of such amount. AMBAC is obligated to make payment of such unpaid amounts within ten days following submission of a claim.

Payment will be made by AMBAC to United States Trust Company of New York (the "Insurance Trustee"), as Insurance Trustee, and will be conditioned on receipt by the Insurance Trustee of the Bonds and coupons for which AMBAC makes a claim payment. Upon disbursement of such payment by the Insurance Trustee, AMBAC will become the owner of the surrendered Bonds and coupons and will be fully subrogated to all the bondholder's rights to payment. The policy does not cover failure to pay principal, except on its stated maturity date, without regard to redemption, acceleration or other advancement of maturity, and does not cover failure to pay interest except when the stated date for its payment has been reached. The policy will not insure against nonpayment of principal or interest caused by the insolvency or negligence of any paying agent or the Insurance Trustee.

AMBAC is a New York domiciled insurance company, regulated by the Insurance Department of the State of New York (the "Insurance Department"), and licensed to do business in various states, with a total policyholders' surplus of $52,265,496 as of June 30, 1982. AMBAC is a wholly-owned subsidiary of MGIC Investment Corporation, a financial holding company which is a wholly owned subsidiary of Baldwin-United Corporation, a financial services company.

The information relating to AMBAC contained herein has been furnished by AMBAC. Financial information with respect to AMBAC is available upon request to AMBAC, at its corporate headquarters, One State Street Plaza, New York, New York 10001. No representation is made as to the accuracy or adequacy of information contained herein concerning AMBAC or as to the absence of material adverse changes in such information subsequent to the date hereof.

Financial Covenants

Section 4.13 of the Lease provides certain financial covenants to be observed by the College, a copy of which section is contained in Appendix IV. In summary, the College agrees as follows:

(a) In each Fiscal Year current fund revenues must exceed current fund expenditures (including mandatory transfers except for debt service) in an amount at least equal to 110% of all long-term debt service requirements. However, for this purpose, the College is allowed to add to current fund revenues the balance of an operating reserve (initially $500,000). If the College fails to meet this requirement in any two of three successive years, the College must cure the default as mentioned in (d) of this paragraph.

(b) The College cannot expend or grant a security interest in the College's Unrestricted Funds if, as a result thereof, either (i) the amount of the College's Unrestricted Funds (after deducting the operating reserve) shall be less than 60% of the original principal amount of the Bonds or (if less) 75% of the principal amount of the outstanding Bonds or (ii) the total amount of Unrestricted Fund Balances of the College's current fund, quasi-endowment and similar funds, and plant fund (after deducting the operating reserve) shall be less than 60% of the original principal amount of the Bonds or (if less) 75% of the principal amount of outstanding Bonds.

(c) If current fund revenues are only 85% or less of current fund expenditures and mandatory transfers in any Fiscal Year, and, if the total amount of Unrestricted Funds or (if less) Unrestricted Fund Balances of the current fund, quasi-endowment and similar funds and plant fund at the end of the Fiscal Year is less than 60% of the original principal amount of the Bonds or (if less) 75% of the principal amount of outstanding Bonds, then the College shall be in default of its financial covenants regardless of other provisions of (a) and (b) of this paragraph.

(d) Defaults under (a), (b) and (c) of this paragraph may be cured by redeeming the outstanding Bonds or by the College's transferring to the Debt Service Reserve Account - Special Fund all its Unrestricted Funds, both cash and investments, but not exceeding the lesser of 60% of the original principal amount of the Bonds or 75% of the outstanding Bonds. If the amount available for transfer does not meet this maximum requirement, the College is required to make further transfers, from time to time, and the Trustee is required to retain investment earnings in the Debt Service Reserve Account - Special Fund until the maximum requirement is met.

(e) The Trustee is permitted to return funds and investments of the Debt Service Reserve Account - Special Fund to the College after the maximum requirement and certain other conditions have been met, including that the covenant in (a) of this paragraph has been met in three (under certain circumstances, two) successive Fiscal Years.

(f) The computations shall be made in accordance with generally accepted accounting principles and the audit report attached hereto as Appendix II.

(g) An Authorized Institution Representative must furnish a certificate annually showing compliance with the financial covenants and allocations of current fund transfers to the operating fund and charges against the operating fund, together with a report of an independent accountant.

(h) Quarterly reports as to the amounts of Unrestricted Funds must be provided by the Institution.

Reference is made to the complete provisions of Section 4.13 of the Lease set out in Appendix IV.

ACCOUNTS

Summary

The Indenture provides for the creation of certain trust accounts into which the proceeds from the sale of the Bonds, funds of the College and revenues received by the Trustee as Base Rent under the Lease or by the Trustee from operation or ownership of the Project Facilities are to be deposited. These accounts include a Construction Account, a Revenue Fund Account, a Bond and Interest Sinking Fund Account, a Debt Service Reserve Account and Debt Service Reserve Account - Special Fund, an Operation and Maintenance Account, and a Redemption Account. From the proceeds of the Bonds, deposits will be made to the Bond and Interest Sinking Fund Account, to the Construction Account, and to the Debt Service Reserve Account. At Bond Closing unrestricted funds of the College will be credited to the General Bond Reserve Account; however, the Bonds will not be secured by the General Bond Reserve Account. Thereafter, amounts received by the Trustee from the College in payment of Base Rent or from operation and ownership of the Project Facilities are to be initially deposited to the Revenue Fund Account and used as hereinafter described. Earnings on the Bond and Interest Sinking Fund Account are to be retained in that account, and earnings of the Debt Service Reserve Account, and the Redemption Account are to be transferred to the Bond and Interest Sinking Fund Account to the extent necessary to pay Debt Service. Earnings on the Construction Account and General Bond Reserve Account will be retained in the respective accounts.

Construction Account

There shall initially be deposited in the Construction Account approximately $2,500,000 of the proceeds from the sale of the Bonds. Upon receipt of proper documentation the Trustee will reimburse the College for prior expenditures in connection with the Project and will pay costs and expenses associated with completion and equipping of the Project. When the Project Building has been completed and the Project Equipment has been installed, any balance in the Construction Account shall be deposited into the Debt Service Reserve Account, or, to the extent not required to establish the necessary reserves in such account, to the Redemption Account.

Debt Service Reserve Account and Debt Service Reserve Account - Special Fund

At Bond Closing the Authority shall deposit to the credit of the Debt Service Reserve Account the sum of $320,850 from Bond proceeds. In the event there is not a sufficient amount in the Bond and Interest Sinking Fund Account to pay Debt Service when due, the Trustee shall apply the moneys in the Debt Service Reserve Account for that purpose.

Under certain circumstances described under the foregoing caption "SUMMARY OF SECURITY FOR THE BONDS - Financial Covenants" the College shall transfer to the Debt Service Reserve Account - Special Fund unrestricted cash or investments in an amount as required by the Financial Covenants, which cash or investments shall also be available to the Trustee for application to payment of Debt Service but only if there are not other moneys in the Debt Service Reserve Account available therefor. See Section 4.13 of the Lease, Appendix IV and Section 5.04 of the Indenture, Appendix V.

Bond and Interest Sinking Fund Account

There shall initially be deposited into the Bond and Interest Sinking Fund Account accrued interest (if any) paid at Bond Closing with respect to the Bonds which is to be used to pay part of the interest on the Bonds on the first interest payment date. Additional deposits shall be made to the Bond and Interest Sinking Fund Account from earnings on the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account and the Redemption Account established under the Indenture and from Base Rent payments made by the College and originally deposited in the Revenue Fund Account as described below. The moneys and investments in the Bond and Interest Sinking Fund Account are irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of Debt Service as and when such Debt Service shall become due and payable and for those purposes only.

Revenue Fund Account

All funds received by the Trustee from the College (or from any other sources) as Base Rent and any amounts received by the Trustee from operation and ownership of the Project Facilities shall be deposited into the Revenue Fund Account, subject to the pledge of revenues pursuant to the Series Q Documents. See "SUMMARY OF SECURITY FOR THE BONDS." Amounts deposited into the Revenue Fund Account are to be expended and used, as required, in the following order of priority.

First: To the Bond and Interest Sinking Fund Account
Second: To the Debt Service Reserve Account
Third: To the Redemption Account

However, in the event the Authority or Trustee takes possession of the Project Facilities by reason of the College's default under the Lease, the second priority will be to the Operation and Maintenance Account for payment of current expenses of the Project Facilities, and the Debt Service Reserve Account and the Redemption Account will have third and fourth priority, respectively.

Operation and Maintenance Account

No payments will be made to this account so long as the College shall not be in default under the Lease. But, in the event the Authority or Trustee assumes operation of the Project Facilities, revenues remaining after Debt Service will be paid into this account to meet operational costs.

Redemption Account

Any amounts received which are not otherwise committed will be paid into this account. Funds in this account will be available to maintain required balances in other accounts and to purchase or redeem Bonds. No specific amounts are required.

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 bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution ("common fund bonds"). As of January 7, 1983, the

General Bond Reserve Account secured all bonds issued by the Authority, except the Series Two-C Bonds, the Series Two-D Bonds, the Refunding Series 1982-1 Bonds, and the Series Two-E Bonds and had a balance of $2,770,814, par value, in investments and cash. Under the General Bond Resolution, General Bond Reserve Account moneys may be invested in direct obligations of the United States of America, certificates of deposit or time deposits secured by direct obligations of the United States of America, and such other securities as are eligible for investment of public funds of the State or municipalities of the State. Investment earnings accumulate in the General Bond Reserve Account unless they are needed to make advances to pay debt service on common fund bonds, or they are rebated to the institution as hereinafter described. Investments must be limited if necessary for compliance with the Arbitrage Regulations under Section 103(c) of the Internal Revenue Code. Under the General Bond Resolution, whenever the principal of or interest on any common fund bonds shall become due and there is not sufficient money (cash and investments) on deposit with the trustee for the bond series for payment of such principal and interest, the Authority pledges that it will advance to the trustee from the General Bond Reserve Account amounts sufficient to pay such principal and interest. The Authority is permitted to make an advance from the General Bond Reserve Account prior to a due date to prevent a default and is permitted, but not required, to pay principal due by reason of a call for redemption, acceleration upon event of default or any other reason. Advances from the General Bond Reserve Account bear interest at the rate of 8% per annum until repaid by the institution or from moneys received by the trustee as part of the trust estate. Whenever all principal of and interest on a bond series has been paid or provided for, the institution is entitled to a rebate of the principal contribution to the General Bond Reserve Account made for that series of bonds and a pro rata share of the earnings of the General Bond Reserve Account for the period of the deposit, less a pro rata share of any unreimbursed advances made to pay common fund bonds; thereafter, the institution is entitled to receive a proportionate share of any collections of advances made and charged against the subaccount of the institution. Under the General Bond Resolution, bonds of the Authority may be secured by the General Bond Reserve Account only if certain conditions are met. Among other conditions, a contribution must be made to the General Bond Reserve Account of not less than 20% of the probable average annual debt service for the bond series, and a first mortgage lien on the project facilities financed by the bond series must be granted by the Authority to the trustee for the bond series. The General Bond Resolution permits the Authority, in its discretion, to issue bonds ("special series bonds") not secured by the General Bond Reserve Account; however, it is the policy of the Authority that it shall nevertheless require a deposit to be made into the General Bond Reserve Account for all special series bonds, except those special series bonds which have a final maturity of three years or less from the date of issue. Special series bonds for which a deposit is made shall not be secured by the General Bond Reserve Account; however, deposits made into the General Bond Reserve Account for an issue of special series bonds shall be placed in a subaccount which shall be used to pay debt service of common fund bonds pro rata with all other subaccounts for special series bonds, but only after money in the subaccounts into which deposits have been made on account of common fund bonds has been exhausted. The amount of the deposit for special series bonds shall be 20% of the probable average annual debt service of any issue having a final maturity ten years or more from the date of issue; for issues with a final principal maturity less than ten years and more than three years from the date of issue the amount of the deposit shall range from 2% to 17%, depending upon the final maturity from the date of issue. An institution may request that bonds which the Authority proposes to issue as special series bonds be common fund bonds, provided they qualify as common fund bonds, and the Authority in its discretion may grant such request, in which event, regardless of the final maturity from date of issue, the deposit to the General Bond Reserve Account will be 20% of the probable average annual debt service. In the event any bonds, whether common fund or special series, do not have mandatory annual principal payments which with interest on the bonds are expected to cause approximately equal annual debt service payments, for the purpose of determining the probable average annual debt service of such bonds the Authority shall estimate what the probable average annual debt service of the bonds would be if the bonds were amortized so as to have approximately equal annual payments of principal and interest. Special series bond subaccounts shall be invested with common fund bond subaccounts and the earnings therefrom shall be pro rated to each of the subaccounts from which investments are made (in some instances subaccounts of either common fund bonds or special series bonds may be segregated and the yield of their investment limited in order to comply with arbitrage regulations). When special series bonds have been fully paid the balance, including investment earnings, in the subaccount created therefor shall be rebated to the institution for which the subaccount was created in the same manner as rebates are made for common fund subaccounts.

At Bond Closing the College will deposit $63,650 of unrestricted College funds into the General Bond Reserve Account. However, the Bonds will not be secured by the General Bond Reserve Account.

Permitted Investments

By the provisions of the Indenture the Trustee shall, upon request of the College or, if the Lease is not in effect, of the Authority, invest moneys on deposit in the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account or the Redemption Account in (i) direct obligations of or obligations fully guaranteed by the United States ("Government Obligations"), or (ii) time deposits of or certificates of deposit issued by a bank or trust company (including the Trustee or any affiliate of the Trustee) which deposits are insured by the Federal Deposit Insurance Corporation or are fully secured by Government Obligations, or (iii) securities issued by the following agencies of the United States: Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, or Banks for Cooperatives, or (iv) shares of an investment company registered under the federal Investment Company Act of 1940 whose shares are registered under the federal Securities Act of 1933 and whose only investments are in securities described in clauses (i), (ii) and (iii) of this sentence. Investments shall be deemed at all times to be a part of the respective Account but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to such Account. Except as provided in Section 5.04 of the Indenture with respect to earnings of the Debt Service Reserve Account - Special Fund (see Section 5.04 of the Indenture, Appendix V), interest and income accruing on and any profit realized from investment of moneys in the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account and the Redemption Account shall be credited against Base Rent and the amounts to be deposited by the College under the Lease, if the Lease is in effect, otherwise to the Revenue Fund Account. See "ACCOUNTS - Revenue Fund Account." Any such interest or other investment income not credited to Base Rent and deposits therefor under the Lease, and not needed to provide payments on the Bonds, shall be used as promptly as possible and in integral multiples of $5,000 for the redemption of Bonds on the next redemption date or for the purchase of Bonds at prices not exceeding the next applicable redemption price. Any such investment made by the Trustee may be purchased from the Trustee or any affiliate of the Trustee. The Trustee shall redeem or sell, at the best price obtainable, any obligations so purchased, whenever it shall be necessary to do so in order to provide moneys to meet any payment from the respective Account. Neither the Trustee nor the Authority shall be liable for any loss resulting from any such investment. Moneys on deposit in the Construction Account shall at the written request of the College be invested or reinvested by the Trustee in: (i) direct obligations of the United States, (ii) certificates of deposit or time deposit obligations of banks or trust companies, including the Trustee or any affiliate of the Trustee, which deposits are insured by the Federal Deposit Insurance Corporation or are secured by direct obligations of or obligations fully guaranteed by the United States, and (iii) the agencies of the United States (and registered shares of registered investment companies investing in such securities) which are permitted investments for the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account and the Redemption Account, any of which shall be payable in such amounts and at such times not later than the time or times when such moneys will be needed to pay Project Costs and mature or may be redeemed at not less than the purchase price no later than 18 months from the date of investment. All investments are limited by arbitrage provisions of the Internal Revenue Code and regulations thereunder. However, other investments transferred by the College to the Debt Service Reserve Account - Special Fund as required by the financial covenants in Section 4.13 of the Lease (see Appendix IV) need not be converted into Qualified Investments except if necessary to meet arbitrage restrictions.

Moneys in the Debt Service Reserve Account - Special Fund shall be invested only in Qualified Investments. See the caption "DEFINITIONS OF CERTAIN TERMS - Qualified Investments," Section 4.13 of the Lease, Appendix IV and Section 5.04 of the Indenture, Appendix V.

THE PROJECT

The proceeds of the Bonds will be used primarily to fund the cost of constructing improvements to Brown Hall, a student hall (built in 1946) for approximately 270 students, with appurtenant equipment, furnishings and site improvements. Construction was commenced in 1980 and is substantially completed. Interim financing was provided by College funds.

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 six members appointed by the Governor with the advice and consent of the Senate and a seventh member who is the Executive Director of the Minnesota Higher Education Coordinating Board and is designated as the Secretary of the Authority.

Dr. Joseph E. LaBelle has been the Executive Director of the Authority since its inception.

Originally the Authority was given power to issue revenue bonds in a total amount not to exceed $45 million. The 1973 Legislature increased this limit to an aggregate of $62 million of principal outstanding at any time. In 1978 the amount was increased to $100 million. With the Bonds the Authority has had 35 issues totaling $96,485,000, of which $81,290,000 was outstanding and not discharged as of January 2, 1983. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payments. 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 include nonprofit educational institutions authorized to provide a program of education beyond the high school level. Sectarian institutions are not eligible for assistance; however, the fact that 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 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 (an "institution").

It has been the policy of the Authority that a project for which bonds are issued by the Authority becomes the property of the Authority for as long as such bonds remain outstanding. Thereafter it may be subject to repurchase options. The project is leased by the Authority to the institution for operation. The revenues which are the primary security for the bonds are provided according to the terms of the lease between the Authority and the institution. The Authority with respect to all bond issues, except the Series Two-D and the Refunding Series 1982-1, has entered into a mortgage trust indenture with a trustee who administers the funds which, together with land, buildings or other pledged properties, are security for the payment of the bonds, except the funds of the General Bond Reserve Account which are under the exclusive supervision of the Authority.

In connection with certain types of projects, the Authority has under consideration a policy allowing the institution to retain ownership of the project and to finance improvements under a loan agreement with the Authority.

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.

In Minnesota Higher Education Facilities Authority v. Hawk, filed August 8, 1975, the Minnesota Supreme Court affirmed the constitutionality of the issuance of tax-exempt bonds by the Authority to refinance debts incurred by Minnesota private colleges in the construction of facilities used solely for nonsectarian education purposes. In the opinion of bond counsel, this decision also confirms the legality of bonds issued by the Authority to finance original construction, improvement, and remodeling projects.

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 Authority is financed solely from fees paid by the institutions. At the time of issuance, and usually from bond proceeds, the Authority is paid a percentage, currently .35%, of the principal amount of the issue. Thereafter, commencing as of the date of issue and payable at the beginning of each year thereafter during the life of the bonds, the Authority receives an annual fee, currently .2%, of the original principal amount of the issue for its original term, regardless of whether the issue is prepaid, unless the Authority waives its rights to such payment.

Bond issuance costs, including fees of bond counsel, the financial advisor and trustee, are paid by the institution. The fees of bond counsel and the financial advisor usually are paid from bond proceeds.

As a general policy, the Authority requires that the proceeds of each issue include a sum equal to approximately one year's debt service, after deduction of any interest subsidy grants, for the creation of debt service reserves. Of this sum, 80% is deposited with the trustee in a series reserve account; the remaining 20% is deposited by the Authority in the General Bond Reserve Account pledged to the payment of all bonds issued by the Authority for which such deposit has been made. The College will make a contribution to the General Bond Reserve Account with respect to the Bonds, however the Bonds will not be secured by the General Bond Reserve Account. See "ACCOUNTS - General Bond Reserve Account."

Members of the Authority

Member	Principal Activity
Maxwell O. Ramsland, Jr.,* Chairman	President, Ramsland & Vigen, Inc., Real Estate Appraisers, Duluth
Herbert M. Stellner, Jr., Vice Chairman	Senior Vice President, Marquette Bank and Trust Company, Rochester
Dr. Clyde R. Ingle, Secretary	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul
Frederick J. Bentz*	President, Bentz-Thompson & Associates, Inc., Architects, Minneapolis
Earl R. Herring*	Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota
Peter H. Seed	Member, Briggs and Morgan Professional Association, Lawyers, Saint Paul and Minneapolis
Leonard J. Rogge	Retired, formerly Vice President for Business Affairs, College of St. Thomas, Saint Paul

* Term has expired, but will continue to serve until a successor has been named.

THE LEASE

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

Term of Lease

The Lease shall be for a term commencing March 1, 1983 and expiring October 1, 2003.

Construction of the Project

In the Lease, the Authority has authorized the College to make all contracts and do all things necessary for the construction of the Project; the College has agreed that it will, with all reasonable dispatch, cause the Project to be constructed and equipped (the Project is substantially completed); costs of the Project shall be paid from the Construction Account. See "ACCOUNTS - Construction Account."

Rental Payments

Until the principal of and interest on the Bonds (and any Additional Bonds) have been fully paid or provision for the payment thereof has been made in accordance with the Indenture, the College agrees to pay or provide for the payment of the following rental payments ("Base Rent"):

(a) at least 15 business days prior to October 1, 1983 and each April 1 and October 1 thereafter an amount equal to the interest due on such interest payment date, after crediting any accrued interest then held in the Bond and Interest Sinking Fund Account and available to make such interest payment; and

(b) at least 15 business days prior to October 1, 1984 and prior to April 1 and October 1 of each year thereafter a sum equal to (i) the amount payable as to principal of the Bonds maturing on such semi-annual interest payment date, plus (ii) the amount payable as (not otherwise provided to the Trustee for payment of) principal of the Bonds which have become due on or prior to such semi-annual interest payment date by call for redemption, plus (iii) the redemption premium, if any, due on the Bonds on such semi-annual interest payment date; and

(c) in the event the College shall have made payments of Base Rent with respect to a semi-annual interest payment date, but the funds on deposit in the Bond and Interest Sinking Fund Account (after crediting thereto any funds on deposit in the Debt Service Reserve Account) are nevertheless insufficient to pay such principal, premium (if any) and interest on the Bonds then due or to become due on such semi-annual interest payment date, the amount of such deficiency at least two business days before such semi-annual interest payment date; and

(d) unless the funds and investments in the Debt Service Reserve Account equal the sum of $349,000*, plus the amount (if any) required to be on deposit in the Debt Service Reserve Account - Special Fund forthwith such sum as may be necessary to restore the Debt Service Reserve Account to such sum.

There is reserved to the College the right to prepay all or any part of the Base Rent payments described in (a) and (b). Such prepayments, if made, will not, however, permit the Authority to redeem Bonds prior to their maturity, except in certain events as described under "THE BONDS."

As Additional Rent, the College agrees to pay the annual fee of the Authority, fees and expenses of the Trustee and any paying agent and certain other expenses.

Use of Project Facilities

The College agrees to use the Project Facilities as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. It agrees not to permit use of the Project Facilities in such manner or to such an extent as would result in a loss of the tax-exemption for interest on the Bonds under Section 103 of the Internal Revenue Code.

Net Lease

The Lease is a net lease, and the Authority is not required, except from Bond proceeds and funds made available by the College, to make any expenditures in connection with the Lease or Leased Property or to make any repairs to or maintain the Leased Property.

Limitation on Additional Long-Term Debt

Pursuant to the provisions of the lease, dated August 1, 1979 between the Authority and the College, relative to the Minnesota Higher Education Facilities First Mortgage Revenue Bonds, Series Z (The Concordia College Corporation) (the "Series Z Bonds") the College has agreed that until April 1, 1989, or (if earlier) until there are no longer any Series Z Bonds outstanding the College will not incur any long-term debt (more than 12 months) except (i) indebtedness outstanding at May 22, 1979, (ii) indebtedness for base rent and additional rent for payment of the Series Z Bonds, (iii) indebtedness for improving and renovating student residence facilities, provided that the College charges room rents and fees for student residence facilities sufficient to pay all operating expenses thereof and debt service relating thereto, and (iv) indebtedness incurred in connection with refunding indebtedness referred to in clauses (i), (ii) and (iii) of this sentence. In addition, the College covenants and agrees that, so long as the Project Bonds are outstanding, the College will not incur or suffer to exist any long-term debt of the College except (a) indebtedness outstanding at April 30, 1982, (b) indebtedness for Base Rent and Additional Rent and for payment of the Project Bonds pursuant to the Guaranty Agreement, (c) indebtedness for acquiring, constructing or improving self-liquidating facilities (including student residence facilities, food service facilities and other facilities of the College which generate specific revenue flows), provided that the revenues of the facilities and College meet Earnings Test A described in Section 4.10 of the Lease (see Appendix IV), (d) indebtedness for acquiring, constructing and improving non-self-liquidating facilities (facilities of the College not described in clause (c) of this sentence), provided that the revenues of the College meet Earnings Test B described in Section 4.10 of the Lease (see

Appendix IV), and (e) indebtedness incurred in connection with refunding indebtedness referred to in clauses (a), (b), (c) and (d) of this sentence.

Compliance With Outstanding Mortgages

The College agrees that it will perform all covenants and conditions of the Outstanding Mortgages and pay all installments of indebtedness secured thereby and interest thereon when due. In the event of any default or violation of any terms or conditions of any of the Outstanding Mortgages, the College shall forthwith give to the Trustee and the Authority notice thereof and of the action which the College intends to take with respect thereto to cure the default or to contest the same by appropriate proceedings.

Maintenance of Leased Property

The College agrees that during the term of the Lease it will keep the Leased Property, including all appurtenances thereto and the equipment and machinery therein in good repair and good operating condition at its own cost, and upon the expiration or termination of the Lease, unless it shall have exercised its option to purchase the Leased Premises (see "THE LEASE - Option to Purchase Leased Property" and "THE LEASE - Option to Purchase After Bonds Paid"), it will surrender the Leased Property to the Authority in as good condition as prevailed at the time the Lease was executed, loss by fire or other casualty covered by insurance, ordinary wear and tear, obsolescence and acts of God excepted.

Alterations

Subject to the Outstanding Mortgages, the College may remodel the Project Building or make alterations to the Leased Premises, the cost of which shall be paid by the College. If the alterations cost $60,000 or more, prior approval of the Authority and a performance bond are required. Such additions or improvements shall be included under the terms of the Lease as part of the Leased Property.

Liens

Except for Permitted Encumbrances, the College will not permit any liens to be established or remain against the Leased Property, including any mechanic 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 Leased Property and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest so long as the lien of the Indenture will not be materially endangered and the Leased Property will not be subject to loss or forfeiture.

Taxes and Other Governmental Charges

The College will pay all taxes, special assessments and governmental charges of any kind that may at any time be lawfully assessed or levied against or with respect to the Leased Property or any furnishings, equipment or other property installed or brought by the College therein or thereon, and all claims for rent, royalties, labor, materials, supplies, utilities and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Leased Property.

Subject to the Outstanding Mortgages, the College may, at its expense, in good faith contest any such taxes, assessments and other charges and may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest unless the lien of the Indenture will be materially endangered thereby or the Leased Property will be subject to loss or forfeiture.

Insurance

The College is to obtain and maintain, so long as any Bonds are outstanding, the following insurance:

(a) fire and extended coverage insurance on all buildings, structures and improvements, fixtures, equipment, furniture and furnishings constituting the Leased Property in amounts sufficient to comply with the provisions of the Outstanding Mortgages and in any case to provide for not less than full recovery whenever the loss from causes covered by such insurance does not exceed 80% of the full insurable value of the property so insured, which insurance may be provided under a blanket insurance policy;

(b) boiler insurance covering any boilers servicing the Project, in a minimum amount of $50,000;

(c) public liability insurance in minimum amounts of $10 million for bodily injury or death for each occurrence in connection with the Leased Property and $100,000 for property damage for any occurrence in connection with the Leased Property, except that provision is made for adjustments in liability insurance coverage if such coverage is not reasonably commercially available in the opinion of the Trustee or an independent insurance consultant;

(d) worker's compensation coverage to the extent required by law; and

(e) use and occupancy insurance in a minimum amount of $700,000.

Damage, Destruction and Loss of Title

If the Leased Property is destroyed or damaged or title to the Leased Property is taken under the exercise of the power of eminent domain, the College may, under certain conditions, purchase the Leased Property (see "THE LEASE - Option to Purchase the Leased Property") and direct the Authority to call the Bonds; otherwise, the College shall use the net proceeds of the insurance or award to repair, rebuild or restore the Leased Property.

If the net proceeds are not sufficient to repair, replace or restore the Leased Property to substantially the same condition as before the damage, destruction or taking, unless certain conditions exist and the College elects to call the Bonds or purchase the Leased Property, it shall, nevertheless, repair or restore the Leased Property and pay the costs thereof in full.

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 Leased Property or 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 the information furnished to the Authority by the College in connection with the sale of the Bonds.

Institution to Maintain its Existence and Accreditation

The College agrees that during the term of the Lease it will maintain its existence as a nonprofit corporation and a nonprofit institution of higher education under the laws of Minnesota and its accreditation as an institution of higher education by recognized accrediting agencies and that it will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another institution except upon the conditions provided in the Lease. The conditions are that such consolidation, merger or transfer shall not violate the Outstanding Mortgages and the following: (i) if the surviving, resulting or transferee corporation, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Lease, and shall be either a state university or college or a nonprofit corporation and a nonprofit 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 Lease against discrimination and requiring that the institution be nonsectarian; (ii) the College shall furnish to the Trustee an opinion of bond counsel that such consolidation, merge or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1954, as amended, and regulations thereunder; and (iii) if the Bonds are rated by a nationally recognized rating agency immediately prior to such merger, consolidation or transfer and if such rating is withdrawn or reduced by any such rating agency as a result of the merger, consolidation or transfer, the Trustee, upon request of the holders of 51% or more in outstanding principal amount of the Bonds shall call the Bonds for redemption and prior payment on the next interest payment date for which notice of redemption can be given under the Indenture, and the surviving, resulting or transferee institution shall purchase the Leased Property and the Authority shall sell the Leased Property.

Assignment and Subleasing by College

The Lease may be assigned in whole or in part, and the Leased Property may be subleased as a whole or in part, by the College only upon obtaining the consent of the Authority and the Trustee, and upon such conditions and requirements as they may impose, including those necessary to the objectives of Minnesota Statutes, Sections 136A.25 to 136A.42, and to the security of the bondholders, which shall include certain conditions set forth specifically in the Lease.

Notwithstanding those provisions, however, the consent of the Authority or of the Trustee shall not be required for (i) rentals or other authorizations of use of the Leased Property or parts thereof to others by the College if such rental or authorization does not involve use of the Leased Property for more than 90 consecutive days, or (ii) rentals or other authorizations of use of particular rooms to students, faculty members, or student or faculty groups, provided in either case that such rentals or authorizations of use shall in all respects be subject to certain covenants contained in the Lease.

Release of Certain Land

The Lease grants to the College the option to purchase any unimproved part of the Leased Premises and permits the Authority, at the request of the College, to grant easements, licenses, rights-of-way and other rights or privileges in the nature of easements with respect to the Leased Premises or to release existing easements, licenses, rights-of-way and other rights or privileges.

Removal of Leased Equipment and Alterations

Subject to the Outstanding Mortgages:

(a) The College shall have the privilege from time to time of substituting furnishings, equipment and related property for any Leased Equipment, provided that such property so substituted shall not impair the character or significance of the Project Facilities as revenue producing educational facilities. Any such substituted property shall become the property of the Authority and be included under the terms of the Lease, and the replaced Leased Equipment shall become the property of the College;

(b) The College may remove from the Project Building any Building Equipment which is not Project Equipment without substitution therefor provided no default exists and that the College delivers to the Trustee a certificate that its removal will not impair the character or revenue producing significance of the Project Facilities; and

(c) The College shall also have the privilege of removing any Project Equipment without substitution therefor, provided that no default exists and that the College pays to the Authority a sum equal to the then value of said Project Equipment as determined by an independent engineer selected by the College if and so long as any of the Bonds remain outstanding, provided that if the original cost of any such item of equipment was less than $10,000, such removal without substitution 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.

College to Maintain Furnishings and Movable Equipment

The College is to provide and maintain all furnishings and movable equipment necessary to permit the full use, operation and occupancy of the Project Facilities for use as revenue producing educational facilities. All movable personal property installed by the College shall, however, become the property of the Authority, and be included under the terms of the Lease and be subject to the lien of the Indenture.

College to be Nonsectarian

The College agrees that it will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect.

Federal Income Tax Status

The College and the Authority agree that it is the intention of the parties that interest paid on the Bonds will not be included in the gross income of the recipients of said interest by reason of application of the provisions of the Internal Revenue Code as in effect at the date of the Lease and regulations thereunder. The College agrees to provide such certificates, opinions of counsel and other evidence as may be necessary or requested by the Authority or the Trustee to establish the exemption of the Bonds and the absence of arbitrage expectation under the Code and to file the information or statements with the Internal Revenue Service required to establish or preserve such exemption.

In the event a determination of taxability is made that the Bonds are subject to federal income taxation under the provisions of the Internal Revenue Code as in effect at the date of the Lease and regulations thereunder, the Bonds shall be subject to redemption at the option of the College on the next practicable and each succeeding interest payment date following the determination of taxability, and the Bonds shall bear additional interest from the date of taxability to the dates of payment of the Bonds at an additional rate equal to the basic rate, for an aggregate rate of interest two times the basic rate, payable by the College as additional Base Rent. Additional interest, if any, is payable semiannually on April 1 and October 1, commencing the first interest payment date following the determination of taxability, provided that no Bond shall bear additional interest during any period for which the statute of limitations is a bar to the assertion or collection of a federal income tax deficiency from the holder. Additional interest from the date of taxability to the first interest payment date following the determination of taxability shall be payable to the holders of the Bonds (or with respect to Bonds paid or redeemed after the date of taxability, to the persons who were the holders at the respective dates of payment and redemption) on the first interest payment date following the determination of taxability.

The determination of taxability described above shall be established by a ruling from the National Office of the Internal Revenue Service or a final decision of a court of competent jurisdiction obtained on the question of taxability, and the date of taxability shall be that date as of which interest on the Bonds shall be so determined to be includable in the gross income of the holders. The Bonds shall not bear additional interest, and the College shall have no obligation to pay additional Base Rent or option to cause the Bonds to be called for prior redemption, if interest on the Bonds shall become subject to federal income taxation by reason of amendments to the Internal Revenue Code adopted after the Bonds have been issued.

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 maintain for the Authority and Trustee a list of names and addresses of last known bondholders;

and to observe all applicable State and federal regulations, including those of the Authority and the Minnesota Higher Education Coordinating Board, subject to the right of contest.

Events of Default

Following are events of default under the Lease:

(a) failure of the College to make timely payment of any rental payment and as a result the Bond and Interest Sinking Fund Account contains insufficient funds to pay principal of or interest on the Bonds (and any Additional Bonds) then due or to become due within 15 days;

(b) failure of the College to make timely payment, after two days notice, of Base Rent or Additional Rent, or of Project operational expenses or other obligations of the College, or of any insurance premium pursuant to the Lease;

(c) default under the Outstanding Mortgages giving the holder the right to accelerate any indebtedness secured thereby or to foreclose any of the Outstanding Mortgages, unless such default has been cured or is waived by the holders of the Outstanding Mortgages;

(d) occurence of any event of default under any of the Series Q Documents (as such term is defined therein) unless such event of default has been cured or is waived by the holders of the Series Q Bonds or by the indenture trustee under the Series Q Documents;

(e) failure of the College, after 30 days notice, punctually to perform any of the other covenants, conditions, agreements and provisions contained in the Lease; and

(f) certain events of insolvency or bankruptcy relating to the College.

The provisions of subparagraph (e) above are subject to force majeure and are subject to the further limitation that if the default can be remedied but not within a period of 30 days after notice and if the College has taken all action reasonably possible to remedy such default within such 30-day period, the default shall not become an event of default for so long as the College shall diligently proceed to remedy the default and in accordance with any directions or limitations of time made by the Authority.

Remedies on Default

Whenever any event of default shall have happened, the Lease provides that any one or more of the following steps may be taken:

(a) the Authority or the Trustee may declare all or any installments of rent payable for the remainder of the term of the Lease to be immediately due and payable;

(b) the Authority, the Trustee or a receiver may reenter and take possession of the Leased Property without terminating the Lease, holding the College liable for the difference in the net income derived from such possession and the rents and other amounts payable by the College under the Lease;

(c) the Authority, the Trustee or a receiver may terminate the Lease, exclude the College from possession of the Leased Property and use its best efforts to again lease or sell the Leased Property in accordance with applicable law, but holding the College liable for all rent and other payments otherwise due under the Lease up to the effective date of such new leasing or sale; and

(d) the Authority or Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the College under the Lease.

Any amounts collected pursuant to action taken as described above shall be applied first to advances, expenses and payment of the Bonds (principal, interest and premium, if any) as provided in the Indenture and then to any Additional Rent payable to the Authority under the Lease, and any excess to the College.

Option to Terminate

The College shall have the option to cancel or terminate the Lease when all the Bonds (and any Additional Bonds) shall have been paid and discharged under the provisions of the Indenture.

Option to Purchase Leased Property

The College has the option to purchase the Leased Property prior to the expiration of the term of the Lease and prior to the full payment of the Bonds (and any Additional Bonds), if any of the following have occurred:

(a) the Project Facilities have been damaged or partially or totally destroyed by fire, flood, windstorm or other casualty (i) to such extent that they cannot be reasonably restored within a period of six months; (ii) to such extent that the College is prevented from carrying on its normal use and operations for a period of six months; (iii) to such extent that the cost of restoration would exceed by more than $100,000 the net proceeds of insurance carried thereon; or (iv) the Project Facilities have been destroyed or damaged and the holders of the indebtedness secured by the Outstanding Mortgages shall apply or require the application of more than $100,000 of the Net Proceeds of the insurance to the payment of such indebtedness;

(b) title to, or the temporary use for more than six months of all or substantially all of the Leased Property shall have been taken under the exercise of the power of eminent domain;

(c) as a result of any changes in the Minnesota or United States Constitutions or of legislative or administrative action or by final decree, judgment or order of any court or administrative body, the Lease becomes void or unenforceable, or if unreasonable burdens or excessive liabilities shall have been imposed upon the Authority or the College, with respect to the Leased Property; or

(d) a determination of taxability is made that interest on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code presently in effect and regulations thereunder. (See "THE LEASE - Federal Income Tax Status.")

The purchase price payable by the College, upon its exercise of the option, shall be the sum of the following:

(1) An amount which, when added to the moneys held in the Bond and Interest Sinking Fund Account, Debt Service Reserve Account and Redemption Account, will be sufficient to pay all outstanding Bonds of the series (and any Additional Bonds), plus

(2) An amount equal to any Additional Rent, payable to the Authority and Trustee and any paying agent's fees and expenses under the Indenture, plus

(3) The sum of $250.00 to the Authority.

Option to Purchase After Bonds Paid

In addition, the College has an option to purchase the Leased Property for $500.00 at the expiration of the term of the Lease or at any prior time that full payment of the Bonds of the series (and any Additional Bonds) has been made.

Amendments

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

THE GUARANTY AGREEMENT

The following constitutes a summary of the Guaranty Agreement for the Bonds. This summary does not purport to be complete and reference is made to the full text of the Guaranty Agreement for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS."

Guaranty to Trustee

Pursuant to the Guaranty Agreement, the College unconditionally guarantees to the Trustee for the benefit of the holders of the Bonds and of the interest coupons appertaining thereto (a) the full and prompt payment of the principal of the Bonds when due, and (b) the full and prompt payment of the interest on the Bonds when due.

Unconditional Agreement

The obligations of the College under the Guaranty Agreement are absolute and unconditional and are to remain in full force and effect until the entire principal of and interest on the Bonds has been paid or funds sufficient for such payment shall have been deposited with the Trustee in trust for such purpose.

No Set-Offs

The Guaranty Agreement states that no set-off, counter-claim, reduction, or diminution of any obligation, or any defense of any kind or nature which the College has or may have against the Authority or Trustee shall be available under the Guaranty Agreement to the College against 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."

Granting Clauses

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

(1) all right, title and interest of the Authority as Lessor under the Lease including all Base Rent and all other sums due under the Lease (except the Authority's annual fee and rights to indemnity and reimbursement) and the security interest granted to the Authority by the College pursuant to the Bond Purchase Agreement to secure payment of Base Rent other than in the Leased Equipment;

(2) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture, (ii) the net revenues and income of the Project, 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

(3) 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;

subject however to the Outstanding Mortgages and the Series Q Documents.

Accounts

Bond proceeds, moneys deposited by the College with the Trustee at Bond Closing, and revenues derived under the Lease or Indenture shall be deposited into accounts held by the Trustee as described in "ACCOUNTS."

Repairs and Reconstruction

In the event of any loss or damage to or destruction of any Project Building or Leased Equipment, or of any taking of less than all or substantially all the Leased Property under the power of eminent domain, the College if the Lease is in effect, otherwise the Authority, will cause to be repaired, reconstructed or restored the damaged or destroyed portion thereof, and apply the available net proceeds of the fire and extended coverage insurance or of any condemnation award solely for that purpose.

In the event the net proceeds of insurance or condemnation received by the Trustee, together with all other moneys legally available for such purpose, are insufficient to complete the repair, reconstruction or restoration of the damaged or destroyed property, such proceeds shall (subject to the provisions of the Outstanding Mortgages) be deposited with and held by the Trustee as security for the Bonds (and any Additional Bonds) and for the ratable benefit of the holders thereof; provided, however, that if the Authority and the College shall request and the holders of not less than 51% of the then outstanding Bonds and any Additional Bonds under the Indenture and AMBAC shall so agree in writing, the Trustee shall permit to be applied to such repair, reconstruction or restoration all securities or moneys in the Bond and Interest Sinking Fund Account, Debt Service Reserve Account and Redemption Account held by it under the Indenture.

Any amounts held by the Trustee or by the Authority and remaining at the completion of, and payment for, such repair, reconstruction or restoration shall be deposited in the Bond and Interest Sinking Fund Account, Debt Service Reserve Account, or Redemption Account, as appropriate.

In the event the College pursuant to its rights under the Lease, or the Authority, shall elect not to repair, reconstruct, or restore the damaged or destroyed property, or in the event title to all or substantially all the Leased Property shall be taken under the power of eminent domain, all of the outstanding Bonds shall forthwith be retired and the insurance or condemnation proceeds shall be applied for that purpose. In such event all of such Bonds shall be subject to redemption on the next interest payment date.

Trustee's Right to Payment

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

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; not to extend the maturity of any of the Bonds or the time of payment of any of the coupons or claims for interest; that it will cause the Project Facilities to be maintained, kept in good repair and insured against fire and extended coverage and boiler perils; that except for the Lease or pursuant to the Lease and the Bond Purchase Agreement, that it will not sell or encumber the Project Building or the site thereof, except for Permitted Encumbrances; that it will establish and maintain necessary regulations, rental rates and charges for the use of the Project Facilities; that it will keep proper books of account and records; and that it will not discriminate in operating the Project Facilities because of race, creed or national origin.

Events of Default and Remedies

Events of Default

The following are events of default under the Indenture:

(a) failure to make payment of principal on the Bonds outstanding under the Indenture when due and payable; or

(b) failure to make payment of interest on any Bond when due and payable, or within 30 days thereafter; or

(c) failure by the Authority to punctually perform any of its covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, and continuance of such default for a period of 60 days after written notice, specifying such default and requiring the same to be remedied, has been given to the Authority and, if the Lease is in effect, to the College; or

(d) any event of default on the part of the College as that term is defined under the Lease; or

(e) the Authority sells, mortgages or otherwise acts to assign or encumber the Leased Property or any part thereof contrary to the provisions of the Lease and the Indenture; or

(f) the establishment of any lien or encumbrance or enforcement of any lien or encumbrance by a final decree or judgment or any court of competent jurisdiction against the Authority's title to or interest in any Project Building or the site thereof; or

(g) certain events of insolvency or bankruptcy relating to the Authority.

Remedies

Upon the occurrence of an event of default, the Trustee may, and upon written request of the holders of a majority in aggregate principal amount of Bonds outstanding or AMBAC shall, declare the principal of all Bonds then outstanding and the interest thereon immediately due and payable, subject, however, to the right of the holders of a majority in aggregate principal amount of Bonds then outstanding or AMBAC 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, and all arrears of interest and the reasonable charges of the Trustee and all other indebtedness (except the principal of any bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last payment date) shall be paid.

In the case of the breach of any of the covenants or conditions of the Indenture or the Lease, the Trustee 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 Lease as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care, subject to its first being indemnified.

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

Subject to rights under the Outstanding Mortgages, if one or more of the events of default shall happen and be continuing, the Trustee may, with the consent of the Authority, pursuant to the request in writing by AMBAC or the owners of at least a majority in the aggregate principal amount of the Bonds and any Additional Bonds outstanding under the Indenture, enter and take and hold possession of the Leased Property, or appoint a receiver therefor to use, manage and control the Leased Property and conduct the business of the Authority with respect thereto in such manner as in its discretion it shall deem to be to the best advantage of the holders of such Bonds.

The Trustee is permitted to file proofs of claim and otherwise act for the bondholders without having possession of the Bonds.

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 8% per annum, which advances are given priority of payment. The Trustee also has a first lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses 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 addition of an individual co-trustee if necessary or convenient and 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 of outstanding Bonds, or in the event of disability, by the Authority or a court.

Concerning the Bondholders and AMBAC

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 Lease or the Guaranty 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 AMBAC or 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 proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the holders of all Bonds outstanding.

The Trustee, upon the written request of AMBAC or the holders of a majority in principal amount of the Bonds at the time outstanding, shall waive any default under the Indenture and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that a default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee or 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, AMBAC 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.

Whenever an event of default shall occur and the holders of outstanding Bonds or AMBAC or both shall have rights to permit or require the exercise of remedies by the Trustee pursuant to the Indenture, the Lease or the Guaranty Agreement, the Trustee shall recognize and give effect to the consent or direction of AMBAC whether or not the holders of outstanding Bonds shall execute a similar consent or direction, and shall not give effect to any consent or direction of holders of outstanding Bonds unless AMBAC has given a similar consent or direction; provided that if and so long as (i) AMBAC shall fail to perform any obligation or covenant under its insurance policy with respect to payments of Debt Service of the Bonds, or (ii) AMBAC shall be subject to any bankruptcy, insolvency, liquidation or reorganization order or proceeding, the Trustee shall recognize and give effect to the consent and direction of the holders of a majority in aggregate principal amount of outstanding Bonds whether or not AMBAC shall have executed a similar consent or direction, and shall not give effect to any consent or direction of AMBAC.

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

Defeasance

If the Authority shall:

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

(b) provide for the payment of principal and interest thereon 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 thereon for principal and interest to maturity of all said Bonds outstanding, or

(c) deliver to the Trustee (1) proof that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived, or that arrangements have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the 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 and coupons, if any, thereto appertaining for which payment is not so provided, and shall also pay all other sums due and payable under the Indenture by the Authority,

then, at the request of the Authority, the entire estate, right, title and interest of the Trustee, and of the bearers and registered owners of such Bonds and coupons in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds and coupons 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, all cash and deposited securities, if any (except that held for the payment of the Bonds and coupons), which shall then be held thereunder.

When the Authority shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided, or left with it if previously so deposited, cash or direct obligations of the United States of America sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, and to pay all interest with respect thereto at the due date of such interest or to the date fixed for redemption, for the use and benefit of the holders thereof, then upon such deposit all such Bonds and appurtenant coupons 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 and coupons 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:

(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 of the series and any Additional 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 to make such other provisions in regard to matters or questions arising under the Indenture as the Authority may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture and which shall not impair the security of the same; and

(e) To provide for Additional Bonds.

In addition and subject to the provisions set forth below, the holders of not less than 65% in aggregate principal amount of the Bonds and any Additional Bonds under the Indenture then outstanding and AMBAC 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 and Additional Bonds outstanding and AMBAC (a) an extension of the maturity of any Bond or Additional Bond, or (b) a reduction in the principal amount of any Bond or Additional Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of property, funds, investments or 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 or Additional Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds and Additional Bonds the holders of which are required to consent to such supplemental indenture.

ABSENCE OF LITIGATION

The Authority and the College are unaware of any pending or threatened 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.

ARBITRAGE

The College and the Authority have covenanted to comply in all respects with the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and all applicable Department of Treasury regulations relating to arbitrage.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Faegre & Benson, Minneapolis, Minnesota, Bond Counsel, whose approving opinion will be printed on the Bonds. Certain legal matters will be passed upon for the College by Gunhus, Grinnell, Jeffries, Klinger & Swenson, Moorhead, Minnesota, including delivery of a title opinion as to the Authority's title to the Leased Property subject only to Permitted Encumbrances, and for the Underwriters by Dorsey & Whitney, Minneapolis, Minnesota.

TAX EXEMPTION

In the opinion of Faegre & Benson, Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities and the interest to be paid on said Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes (other than Minnesota corporate franchise and bank excise taxes measured by income) according to present federal and Minnesota laws, regulations, rulings and decisions. Under the provisions of Section 136A.39, Minnesota Statutes, any bonds issued by the Authority under the provisions of Section 136A.25 to 136A.42, Minnesota Statutes, their transfer and the income therefrom, including any profit made on the sale thereof, shall be exempt from taxation of every kind by the State and its municipalities and other political subdivisions of the State. Under some interpretations of this provision, interest income from the Bonds received by corporations and banks may be exempt from State of Minnesota corporation franchise taxes measured by income, including bank excise taxes, but no opinion is being expressed nor is any representation being made in that respect.

RATING

The Authority, the College and the Underwriters have been advised that Standard & Poor's Corporation ("S & P") assigns its "AAA" rating to bond issues insured by AMBAC, a subsidiary of MGIC Investment Corporation which is a subsidiary of Baldwin-United Corporation. See "SUMMARY OF SECURITY FOR THE BONDS - Bond Insurance."

Such rating reflects only the views of S & P and any explanation of the significance of the rating may only be obtained from S & P. There is no assurance that such rating will be maintained for any given period of time or that it may not be changed by S & P if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the market price of bonds insured by AMBAC.

UNDERWRITING

The Underwriters, Dain Bosworth Incorporated and Van Kampen Merritt Inc., have agreed to purchase the Bonds at an aggregate purchase price of $2,970,987.50 plus accrued interest to the date of delivery, pursuant to a Bond Purchase Agreement entered into among the Authority, the College, and the Underwriters.

The College has agreed to indemnify the Underwriters and the Authority against certain liabilities relating to the Official Statement, including liabilities under the Securities Act of 1933 and the Securities Exchange Act of 1934, or contribute to payments the Underwriters may be required to make with respect thereof. The obligations of the Underwriters to accept delivery of the Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters are obligated to purchase all of the Bonds if they purchase any of the Bonds.

CONSENT

The Authority has consented to the use of this Official Statement.

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CONCORDIA COLLEGE

Concordia College is a non-profit, co-educational four-year liberal arts college owned and operated by The Concordia College Corporation. The College was founded in 1891 as an academy by the Northwestern Lutheran College Association. A complete college department was organized in 1913; baccalaureate degrees were first granted in 1917. The College is accredited by the (i) North Central Association of Colleges and Secondary Schools, (ii) National Council for Accreditation of Teacher Education, (iii) National Association of State Directors of Teacher Education and Certification, and (iv) National Association of Schools of Music.

Concordia College has determined that certain figures in this Appendix I to the Official Statement are not correct, including those in the tables on pages I-6 (faculty and other payroll), I-10 (financial aid), I-13 (five-year gift and grant support), I-16 (1978 Other Transfers and Additions -- Unrestricted) and I-21 (fiscal years of loan repayments), but the correct figures do not vary by more than 7% from the figures shown. In addition, the original cost of Old Main at page I-12 is understated, Hoyum Hall is omitted as a facility securing the 1964 bonds described at page I-17, and the actual interest rates vary from those shown for long-term leases and certificates of indebtedness at pages I-18 and I-19 by up to 1%. Exact figures, if desired, may be obtained from the College.

GOVERNANCE

Concordia is owned and operated by The Concordia College Corporation, members of which coincide with the membership of The American Lutheran Church (ALC) of northern Minnesota, North Dakota, and Montana east of the continental divide; these congregations number almost 1,000, with a total membership of 350,000. Regents of the College are elected at an annual corporate meeting of delegates of the various congregations and serve two, four-year terms.

Following is a list of the members of The Board of Regents and their principal business or professional activity as of December 1, 1982:

Chairman: *Dr. Norman M. Lorentzsen
Burlington Northern, Inc.
St. Paul, MN

Vice-Chair: *Mrs. Beverly Clayburgh
Country Kitchens
East Grand Forks, MN
B.J.C. Enterprises
Grand Forks, ND

Secretary: *Mr. Robert D. Engelstad
Architect and Developer
Moorhead, MN

Mr. John C. (Mike) Barrett
Barrett Mobile Home Transport, Inc.
Moorhead, MN

Mr. David Birkeland
National Bank of South Dakota
Sioux Falls, SD

Mrs. Margaret Christianson
American Lutheran Church Women
Eastern North Dakota District
Cummings, ND

*Mr. Calvin Larson
C.R. Larson Co. (Insurance)
Fergus Falls, MN

*Dr. Gilbert Lee
Northern Minnesota District
The American Lutheran Church
Moorhead, MN

Mrs. Ruth Lee
American Lutheran Church Women
Northern Minnesota District
Baudette, MN

Mr. James Eidsvold
Henry Candy Co.
Morris, MN

Dr. Mary Lee Enfield
Bloomington Public Schools
Bloomington, MN 55431

Mr. Paul Fedje
Alco Inc.
Grafton, ND
Fedje Enterprises
Hoople, ND

Dr. Roy Gilbertson
Western North Dakota District
The American Lutheran Church
Bismarck, ND

Mrs. Bertha Grundstad
American Lutheran Church Women
Western North Dakota District
Ambrose, ND

Mr. Richard Hegrenes
Industrial Abrasives for 3M
3M Center
St. Paul, MN

Mr. Bruce Howe
Reichert, Howe, Hardy, Galloway and Jorgensen Law Firm
Dickinson, ND

Rev. Milan Ingman
Pella Lutheran Church
Sidney, MT

Mr. J. Harry Johnson
J.D. Farms, Inc.
Sidney, MT

Dr. Ronald Matthias
Division for College & University Services
The American Lutheran Church
Minneapolis, MN

Mr. Earl B. Olson
Jennie-O Foods, Inc.
Wilmar, MN

*Mr. P. James Onstad
GM Enterprises, Inc.
Fargo, ND

Mrs. Beverly Peterson
American Lutheran Church Women
Rocky Mountain District
Billings, MT

*Dr. Nelson Preus
Eastern North Dakota District
The American Lutheran Church
Fargo, ND

Mr. Chester Reiten
KXMC-TV, Minot and other communication properties
Minot, ND

*Rev. Raymond Siegle
Sharon Lutheran Church
Grand Forks, ND

*Mr. Mel Skarphol
Twin City Construction Co.
Fargo, ND

Rev. Lloyd Wallace
American Lutheran Church
Sun City, AZ

Dr. Norman Wick
Rocky Mountain District
The American Lutheran Church
Great Falls, MT

* Indicates members of the Executive Committee of the Board. The Executive Committee is empowered to act on behalf of the Board between regularly scheduled meetings.

ADMINISTRATION

The principal administrative officers of the college are as follows:

President

Dr. Paul J. Dovre is the eighth President of Concordia College and has held that position since 1975. Dr. Dovre received his B.A. from Concordia College in 1958, his M.A. from Northwestern University in 1959 and his Ph.D. from Northwestern University in 1963. Prior to this position, he served as Academic Dean and Vice President for Academic Affairs at Concordia.

Academic Dean and Vice President for Academic Affairs

Dr. David M. Gring has been Academic Dean of Concordia since 1979. Prior to that, Dr. Gring served as Associate Academic Dean at Concordia and as Assistant Professor of Biology at Lebanon Valley College. Dr. Gring holds a B.A. degree from Franklin and Marshall University, and M.A. and Ph.D. degrees from the University of Indiana.

Treasurer and Vice President for Business Affairs

Mr. Clyde Allen assumed duties as Treasurer and Vice President for Business Affairs on February 1, 1983. Mr. Allen previously served for four years as Commissioner of Revenue, State of Minnesota. Mr. Allen holds a B.A. degree from Yale University.

Vice President for Planning and Development

Dr. Loren J. Anderson has been Vice President for Planning and Development since 1976. Dr. Anderson received his B.A. degree from Concordia in 1967, his M.A. from Michigan State University in 1968, and his Ph.D. from the University of Michigan in 1971. Prior to this position, Dr. Anderson served as Director of Institutional Research and Assistant to the President at Concordia.

ACADEMIC INFORMATION

Concordia College offers the degrees of Bachelor of Arts and Bachelor of Music.

Majors and Minors

Concordia's curriculum is based on the traditional liberal arts and includes 36 major programs.

Special programs offered by Concordia include: the CREDO Honor program (a program for exceptional students); courses at North Dakota State University and Moorhead State University; cooperative education; overseas study programs; a Washington semester with American University; an intercultural (college) exchange program; an Israeli Archeological Expedition; and additional programs for specially qualified students.

The Consortium of Concordia College, Moorhead State University and North Dakota State University allows students to take advantage of the interchange of classes among all three institutions under the Tri-College University (TCU) program. TCU offers master's and specialist's degrees in educational administration as well as the individual courses which apply to the degrees granted by each institution. TCU also offers the additional services of student exchange, bus service, library services, special programs and parking.

Twenty percent of the 1982 graduates immediately entered post-graduate and professional study; within five years of graduation, 40% of graduates have done some graduate work.

Library

Concordia College's library houses 250,000 volumes. Students also have access to the libraries of Moorhead State University and North Dakota State University.

Faculty and Staff

The faculty-student ratio for the 1981-82 school year was approximately one to sixteen. Although an estimated 63.1% of the faculty is Lutheran-affiliated, there is no religious or denominational prerequisite nor any participatory religious requirement for faculty membership.

1981/82 HIGHEST EARNED DEGREES OF FACULTY

	Doctorate		Master's		Bachelor's		Total	
	Number	%	Number	%	Number	%	Number	%
1. Full-Time Faculty								
Professor	26	76.5%	8	23.5%	-		34	23.0%
Associate Professor	30	65.2%	15	33.6%	1	2.2%	46	31.1%
Assistant Professor	24	50.0%	22	45.8%	2	4.2%	48	32.4%
Instructor	1	5.0%	18	90.0%	1	5.0%	20	13.5%
TOTAL	81	54.7%	63	42.6%	4	2.7%	148	100.0%
2. Part-Time Faculty								
Professor	1	33.3%	1	33.3%	1	33.4%	3	6.7%
Associate Professor								
Assistant Professor								
Instructor	1	2.4%	14	34.2%	26	63.4%	41	91.1%
Lecturer					1	100.0%	1	2.2%
TOTAL	2	4.4%	15	33.3%	28	62.3%	45	100.0%

For the 1981-82 school year, the number of employees and payroll totals were:

Full-Time Faculty	148
Part-Time Faculty	45
Other Staff	309
TOTAL	502
Faculty Payroll	$4,395,500
Other Payroll	3,566,068
TOTAL	$7,961,568

Faculty turnover is low, and the average length of service for all faculty is 15 years. Approximately two-thirds of the faculty are tenured. The College has a program of sabbatical leaves every seven years for its tenured staff. Usually a staff member on sabbatical leave receives 60% of salary for a full year plus fringe benefits.

The College pays one-half of the premium for a major medical policy and also provides disability insurance. A tuition discount is available to family members of College faculty and staff.

The College does not maintain a pension and retirement plan. It does make contributions to the Teachers Insurance and Annuity Association (TIAA) and to the College Retirement Equities Fund (CREF), which contributions are matched by individual contributions (5% employee, 7% College).

As of the present time the employees of Concordia College have not been organized and are not represented by unions.

Admissions Information

Selection Criteria: To qualify for admission, students must have adequate scholastic preparation as judged by the admissions committee; take an entrance examination and provide character references. Admissions procedures are non-discriminatory and all qualified students are accepted regardless of sex, race, color, age, religion, cultural background or physical handicap.

Entrance Exam Scores: For freshmen entering in the fall of 1982 the average American College Test (ACT) score was 22.0 (national average 18.0). The mean Scholastic Aptitude Test (SAT) scores of the freshmen who took the test were: verbal, 496, math 536.

Rank in Class: 34% of the entering freshmen the fall of 1982 were in the top 10% and 62% were in the top 25% of their high school classes.

Student Enrollments

The 1982-83 fall enrollment of the College was 2,553 (head count) or 2,529 (full-time equivalent). The College expects enrollments for 1983-84 to be 2,538 (head count).

Past and projected enrollments for Concordia are:

Academic Year	Head Count	Full-Time Equivalent
1972/73	2,439	2,462
1973/74	2,482	2,475
1974/75	2,402	2,409
1975/76	2,570	2,563
1976/77	2,595	2,594
1977/78	2,647	2,680
1978/79	2,667	2,664
1979/80	2,607	2,603
1980/81	2,625	2,610
1981/82	2,586	2,571
1982/83	2,553	2,529
Projected Enrollments:		
1983/84	2,538	2,500
1984/85	2,500	2,470
1985/86	2,450	2,410
1986/87	2,420	2,400

Enrollment Development

The Admissions Staff consists of eight persons. The majority of students come from the area of northern Minnesota, western Wisconsin, northern Iowa, the Dakotas and Montana. Lutheran congregations of the American Lutheran Church in northern Minnesota, North Dakota and Montana east of the continental divide, are the most constant suppliers of students. The direction of the Church and College is toward closer ties. The American Lutheran Church annually contributes approximately $270,000 to Concordia.

College recruitment programs are assisted by an extensive network of volunteers. These volunteers, generally alumni and parents, work with staff members to encourage prospective student interest in the College. Over 500 volunteers assist the College through these programs.

The Admissions Staff annually visits high schools, pastors, alumni organizations and churches for the purpose of interesting students to attend Concordia. The programs of the Language Village operated by the College each summer introduce about 2,200 potential students to the College.

Concordia competes for students in its immediate geographical area with the public institutions of Moorhead State University and North Dakota State University (Fargo, North Dakota); it also competes with St. Olaf College at Northfield, Minnesota, Gustavus Adolphus College at St. Peter, Minnesota and Augsburg College at Minneapolis for much the same pool of students.

The College's enrollment strategy is two-fold: (1) to expand its marketing effort with a goal of maintaining a stable enrollment of 2,400+ qualified students; and, (2) to develop contingency plans which will allow the College to adjust to enrollment fluctuations.

The College retained 85% of underclassmen from the 1981-82 term.

Tuition and Fees

The fees for the total of two terms of the academic year will be and were as follows:

	1983/84	1982/83
Tuition	$5,260	$4,760
Room and Board	1,795	1,645
Student Activity Fee	45	45
	$7,100	$6,450

The College has historically charged lower tuition and fees than competing private colleges. This pricing policy has assisted the College in maintaining its enrollment base.

Financial Aid To Students

The College maintains a significant financial aid program, and has increased college-funded aids in response to state and federal aid reductions.

Concordia College Financial Aid
1977/78 to 1981/82

	1981/82	1980/81	1979/80	1978/79	1977/78
National Direct Student Loan	$ 955,165	$ 951,324	$ 986,805	$ 862,432	$ 879,895
Federal Work Study (Gross Earnings)	204,932	276,926	193,852	188,838	202,418
State Work Study (Gross Earnings)	63,870	83,472	33,929	31,922	34,650
Supplemental Educational Opportunity Grant	510,411	545,509	510,412	450,040	448,431
Basic Educational Opportunity Grant (PELL)	713,569	961,398	1,070,211	596,945	464,061
Minnesota Scholarships/ Grants	1,045,574	1,290,991	967,291	862,826	767,120
*Concordia Scholarships/Grants	2,098,093	1,862,598	1,674,077	1,553,599	1,419,223
TOTAL	$5,591,614	$5,972,218	$5,436,577	$4,546,602	$4,215,798

*In the opinion of the College the ratio of College scholarships to total tuition revenues is larger than for comparable schools.

CAMPUS/PHYSICAL PLANT

The 120-acre campus is located within a residential section in Moorhead, Minnesota. Facilities include thirty major buildings, of which one-half have been built since 1955. Except for renovation and maintenance, the only major capital need is for an art building. A list of campus facilities, including their age, original and replacement costs, and occupancy levels for residence halls follows (see page 12). The College provides housing for about 1700 (out of 2553) students. Freshmen and sophomores are required to live on campus. Other students commute from their homes or live in apartments and homes near campus.

The College also owns and operates an 800-acre Language Village with two miles of lake frontage on Turtle River Lake near Bemidji, Minnesota. Included within this 800-acre property is Buck Lake, with 1½ miles of lake frontage. Facilities include nine cabins accommodating approximately 120 students, a commons building and an administration building. Some 2,200 children, 8-17 years of age, attend summer language-camp programs sponsored by the College at the Village and at rented camps. The Village is also used for a variety of educational programs during the school year.

EXISTING FACILITIES

Facility	Use	Age (years)	Dorm Capacity	Original Cost	Replacement* Cost
President's Res.	President's Home	68		$ 17,921	$ 180,763
Old Main	Classroom, Office	77		148,079	2,202,000
Berg Art Center and Garage	Classroom, Office Maint. Garage	67		96,354	470,725
Home Economics	Classroom, Office	44		17,033	150,000
Heating Plant	Heating Plant	25		342,699	615,000
Memorial Auditorium	Classroom, Office, Multi-purpose Aud., Swimming Pool	28		1,672,060	3,259,000
Education Building	Classroom, Office	27		25,369	60,000
Ylvisaker Library	Library, Classroom, Office	26		1,382,139	3,169,000
TV Building	Audio-Visual Serv.	22		22,541	57,000
Hvidsten Music	Classroom, Office, Practice Studios, Recital Hall	18		616,920	1,474,000
Administ. Bldg.	Office	17		538,915	1,445,000
Science Center	Classroom, Office	15		1,717,358	3,808,000
Stadium	Stadium, Locker Rm.	15		372,440	922,000
Humanities Bldg.	Theatre, Classroom Office	13		1,087,214	2,278,000
Science South	Classroom, Office	2		5,608,000	5,709,000
Knutson Center	Post Office, Office, Multi-purpose room	7		1,217,000	
Cafeteria, Bishop Whipple, Grose Hall Academy Hall Complex	Food Service, Classroom, Office Residence	96	44	616,345	4,062,084
Home Mgmt. Bldg.	Resid. for Home Econ. Majors	72	10	16,000	95,000
Fjelstad Hall	Residence, Classroom, Office	44	143	196,455	2,005,000
Brown Hall	Residence	36	276	**536,530	2,736,000
Park Region Hall	Residence	24	197	652,461	1,930,000
Livedalen Hall (include Normandy)	Residence, Snack Bar, Bookstore	19	231	933,309	2,725,000
Hoyum Hall	Residence	17	231	782,499	2,200,000
East Complex (incl. Grant Center)	Residence, Food Service	14	462	2,654,409	6,024,000
Bogstad Hall	Residence	9	124	596,201	824,000
TOTAL			1,718	$21,866,251	$48,400,572
Bemidji Language Village	Residence, Food Service, Classroom Recreation		120	450,000	688,750
GRAND TOTALS				$22,316,251	$49,089,322

*Based upon an independent, professional appraisal which has been updated by the Construction Price Index.

**Plus renovation costs in process of approximately $2,500,000.

GIFT AND GRANT SUPPORT

The College maintains an active development program seeking gift and grant support from private donors, foundations, corporations, churches and government agencies. The following table summarizes gift and grant support for fiscal years 1978 to 1982.

	1982	1981	1980	1979	1978
Individuals	3,048,102	1,943,103	1,816,850	2,014,905	847,872
Corporations	488,739	514,402	415,438	301,363	201,238
Foundations	561,255	845,546	600,196	195,060	268,654
Church	326,756	326,037	352,962	311,749	236,204
Government	1,187,019	1,550,381	1,467,077	1,488,615	1,459,608
Other	19,160	6,472	3,692	5,505	4,872
TOTALS	$5,631,031	$5,185,941	$4,656,216	$4,317,197	$3,018,448

Gift income is allocated among current, endowment, plant and deferred gift funds. For most of the past three decades, brick and mortar needs have been the top priority. In recent years, the emphasis has shifted to current operations and endowment. Gifts allocated for current operations have increased as follows:

	Gift Support for Current Operations
1976-77	$ 700,000
1977-78	800,000
1978-79	900,000
1979-80	1,000,000
1980-81	1,100,000
1981-82	1,300,000
1982-83 (projected)	1,500,000

In addition, the College's endowment and deferred gift fund balances as of the end of the last five fiscal years are as shown below:

Fiscal Year	Endowment Funds	Deferred Gift Funds
1977-78	$2,818,000	$2,244,000
1978-79	3,697,000	2,375,000
1979-80	4,075,000	2,843,000
1980-81	4,434,000	3,780,000
1981-82	5,795,000	6,804,000

C-400 Club

The College sponsors a fund-raising organization known as the Concordia College C-400 Club. Originally, the Club sold memberships to 400 subscribers for $1,000 each to help finance the construction of a library.

The C-400 Club has grown to over 7,700 members and provides more than $500,000 per year in support of college building and scholarship programs. Since 1955, the Club has supported nine major capital projects and is currently raising money for student financial aid.

Founders Fund II

From 1978 to 1981 the College conducted a major fund drive with a goal of $10,750,000 that raised over $12,000,000. In September 1982, the College launched Founders Fund II, a four-year effort to raise $21,500,000 for current operations and endowment. Commitments to this new fund drive now exceed $4,000,000.

FINANCES

The College has a tradition of operating with a balanced operating budget. Over the past five years, the college has followed a plan of contributing $200,000 a year to operating reserves. In addition, the college has, as a result of energy savings, developed a $200,000 energy reserve. Furthermore, assets totaling $1,543,000 and $3,220,000 have been transferred to the Endowment and Retirement of Indebtedness funds respectively. These reserve funds have minimized the college's need for short-term borrowing and provide a safety net in the event of any unexpected budget reversals.

The College's general operating budget is outlined below:

GENERAL OPERATING BUDGET

	Approved FY 1982	Actual 1982 (In Thousands)	Approved FY 1983
Revenue			
Tuition	$10,215	$10,484	$11,425
Fees	275	130	250
Government Grants	575	427	400
Private Gifts and Grants	1,300	1,845	1,500
Endowment Income	175	200	200
Other (including Auxiliary Activities)	335	584	375
	$12,875	$13,670	$14,150
Expenditures and Transfers			
Salaries, Wages and Benefits	$ 7,468	$ 7,401	$ 8,000
Services/Supplies and Capital	2,088	2,191	2,220
Debt	353	291	379
Non-Mandatory	306	1,217	266
Utilities	710	495	735
Financial Aid	1,750	1,860	2,350
	$12,675	$13,455	$13,950
Excess Revenue Over Expenditures (Planned addition to current reserves)	$ 200	$ 215	$ 200

NOTE: Although the final revenues and expenditures for the fiscal year ending 4-30-83 are not yet available, it has been determined that the revenues over expenditures will exceed the $200,000 budgeted for by the College.

CONCORDIA COLLEGE

Comparative Statement of Current Funds Revenue, Expenditures and Other Changes
Fiscal Years Ended 1977-1982

(These figures were drawn directly from Audits and were compiled for the purpose of this Official Statement, but were not reviewed by the College auditors. They are intended to be used for comparison purpose only.)

	1982	1981	1980	1979	1978	1977
Revenues						
Unrestricted	$18,974,009	$17,144,150	$15,090,528	$14,514,759	$12,374,416	$11,182,868
Restricted	1,153,840	1,333,133	1,157,312	1,020,147	1,052,607	1,006,244
Total	$20,127,849	$18,477,283	$16,247,840	$15,534.906	$13,427,023	$12,189,112
Expenditures & Mandatory Transfers (Before Debt Service)						
Unrestricted	$16,712,064	$14,450,986	$13,381,018	$12,665,004	$11,164,293	$10,522,737
Restricted	1,153,840	1,333,134	1,157,312	1,020,147	1,052,608	1,006,244
Total	$17,865,904	$15,784,120	$14,538,330	$13,685,151	$12,216,901	$11,528,981
Excess of Revenues Over Expenditures & Mandatory Transfers (Before Debt Service)						
Unrestricted	$ 2,261,945	$ 2,693,163	$ 1,709,510	$ 1,849,755	$ 1,210,122	$ 660,131
Restricted	---	---	---	---	---	---
Total	$ 2,261,945	$ 2,693,163	$ 1,709,510	$ 1,849,755	$ 1,210,122	$ 660,131
Other Transfers & Additions (Deductions)						
Unrestricted	($ 1,576,814)	($ 1,863,984)	($ 885,461)	($ 1,008,613)	($ 338,000)	($ 86,000)
Restricted	77,205	(223)	29,195	61,891	122,518	(6,486)
Total	($ 1,499,609)	($ 1,864,207)	($ 856,266)	($ 946,722)	($ 265,481)	($ 92,486)
Debt Service 1/						
Unrestricted	$ 470,505	$ 518,294	$ 619,250	$ 630,996	$ 599,365	$ 572,457
Restricted	---	---	---	---	---	---
Total	$ 470,505	$ 518,294	$ 619,250	$ 630,996	$ 599,366	$ 572,457
Net Increase (Decrease) in Fund Balance						
Unrestricted	$ 214,626	$ 310,885	$ 204,798	$ 210,146	$ 222,756	$ 1,673
Restricted	77,205	(223)	29,195	61,891	122,518	(6,486)
Total	$ 291,831	$ 310,662	$ 233,994	$ 272,037	$ 345,275	$ (4,812)

1/ Debt Service includes Principal and Interest on Plant Debt and on Auxiliary Enterprise Facilities (Residence Halls, Dining Facilities, Bookstore).

LONG-TERM DEBT
(Not Including the Bonds)

Indebtedness	Original Amount	Balance Outstanding April 30, 1982	Rate	Final Maturity
1. Bonds				
a. Concordia College Auxiliary Facilities Construction and Refunding Bonds, Series A, B and C of 1964 held by the United States Government and secured by a first mortgage on four dormitories (Livedalen, Park Region, Academy and Bishop Whipple) and a dining hall (adjoining Academy Hall) as well as a first lien on the net revenues of those facilities and a pledge of the full faith and credit of the College	$2,272,000	$1,494,000	2.75% to 3-5/8%	2003
b. Dormitory Bonds of 1967 held by the United States Government and secured by a first mortgage on two dormitories and a food service building (East Campus Dormitory Complex) as well as a first lien on the net revenues of those facilities and a pledge of the full faith and credit of the College	$2,520,000	$2,180,000	3.00%	2017
c. Academic Building bonds of 1967 held by the United States Government and secured by a first mortgage upon the Humanities Building Complex and a pledge of the full faith and credit of the College	$ 354,000	$ 249,000	3.00%	1997

Indebtedness	Original Amount	Balance Outstanding April 30, 1982	Rate	Final Maturity
2. Mortgages				
a. Four mortgages held by the Gate Gate Savings and Loan Association of Fargo, North Dakota and Associates secured by a first mortgage on most of the land and buildings of the College's campus at Moorhead, except for the Biology-Home Economics Building, other campus land and buildings, Bogstad Manor and the land and buildings which are security for the bonds held by the United States Government	$2,100,000 $ 340,000	$ 981,455 $ 232,835	5.50% 9.50%*	1991 1990
b. A mortgage held by two individuals jointly secured by a mortgage upon property of the College's Language Village at Bemidji, Minnesota.	$ 45,000	$ 14,740	4%	1986
c. A mortgage held by the First National Bank of Bemidji, Minnesota and secured by a mortgage upon property of the College's Language Village at Bemidji, Minnesota	$ 45,000	$ 23,058	9.25%	1986
3. Long-Term Leases				
a. A lease with option to purchase from the Authority of Bogstad Manor, a student residence, secured by a first mortgage on the property, a first lien on the gross revenues of Bogstad Manor, Brown and Fjelstad Halls (dormitories) and the full faith and credit of the College	$ 800,000	$ 675,000	4.00% to 6-3/8%	1994

*Reduced to an effective 3% by an interest subsidy grant from the United States Government.

b. A lease with option to purchase from the Minnesota Higher Education Authority of the Biology-Home Economics Building, a classroom building, secured by a first mortgage on the property and the full faith and credit of the College. The lease also contains a convenant that the College will not incur additional financing of non-revenue producing property until 1989.	$6,500,000	$6,500,000	6.0% to 6.7%	2006
4. <u>Eight Certificates of Indebtedness Held by individuals</u> with stated terms of one to five years but subject to withdrawal upon 60 day's notice secured by the guarantee of the College	$ 34,700	$ 34,700	6.50% to 8.50%	Various
TOTALS	$15,010,700	$12,384,788		

LESS:

Reserves with Trustee for 1964 Auxiliary Facilities Construction and Refunding Bondsas of 4-30-82:	
Book Value of Investments	$ 288,780.67
Cash	81.74
Total	$ 288,862.41
Reserves with Trustee for 1967 Dormitory Bonds as of 4-30-82:	
Book Value of Investments	$ 124,651.32
Cash	449.82
Total	$ 125,101.14
Reserve with Trustee for 1967 Academic Facilities Bonds as of 4-30-82:	
Book Value of Investments	$ 42,025.22
Cash	243.44
Total	42,268.66
Reserve with Trustee for Bogstad Manor as of 4-30-82:	
Book Value of Investments	$ 74,000.00
Cash	197.40
Total	$ 74,197.40

Reserve with Trustee for Biology and Home Economics Building as of 4-30-82:		
Book Value of Investments	$ 474,187.50	
Cash	6,173.44	
Total	$ 480,360.94	
Retirement of Indebtedness Funds held by the College as of 4-30-82:		
Book Value of Investments	$ 3,030,003.00	
Cash Equivalent	97,175.00	
Total	$ 3,127,178.00	
		$ 4,137,968.55
TOTAL		$ 8,246,819.45

CONCORDIA COLLEGE LONG-TERM DEBT AMORTIZATION SCHEDULE
(Not Including the Bonds)

Fiscal Year Ending April 30	Total Principal Payments	Science Hall Loan	Library Addition Loan	Humanities Building Loan	Language Village Loan	Certificates	1964 Dormitory Bonds	1967 Dormitory Bonds	1976 MHEFA Series Q (Bogstad Manor)	MHEFA Series Z Biology Building
1983	$ 399,343	$ 104,630	$ 17,510	$ 12,000	$ 7,503	$ 34,700	$ 63,000	$ 30,000	$ 30,000	$ 100,000
1984	388,611	110,384	19,174	13,000	8,053		63,000	40,000	35,000	100,000
1985	400,101	116,456	20,995	13,000	8,650		66,000	40,000	35,000	100,000
1986	415,145	122,860	22,990	13,000	9,295		67,000	40,000	40,000	100,000
1987	447,090	129,619	25,174	14,000	4,297		69,000	40,000	40,000	125,000
1988	438,583	112,018	27,565	14,000			75,000	40,000	45,000	125,000
1989	454,363	118,179	30,184	15,000			76,000	40,000	50,000	125,000
1990	496,730	124,678	33,052	15,000			79,000	40,000	55,000	150,000
1991	419,822	42,631	36,191	16,000			80,000	40,000	55,000	150,000
1992	354,000			16,000			88,000	40,000	60,000	150,000
1993	396,000			17,000			89,000	50,000	65,000	175,000
1994	524,000			17,000			92,000	50,000	165,000	200,000
1995	360,000			18,000			92,000	50,000		200,000
1996	363,000			18,000			70,000	50,000		225,000
1997	364,000			19,000			70,000	50,000		225,000
1998	391,000			19,000			72,000	50,000		250,000
1999	407,000						72,000	60,000		275,000
2000	439,000						79,000	60,000		300,000
2001	440,000						55,000	60,000		325,000
2002	446,000						36,000	60,000		350,000
2003	473,000						38,000	60,000		375,000
2004	463,000						3,000	60,000		400,000
2005	495,000							70,000		425,000
2006	1,620,000							70,000		1,550,000
2007	70,000							70,000		
2008	70,000							70,000		
2009	70,000							70,000		
2010	80,000							80,000		
2011	80,000							80,000		
2012	80,000							80,000		
2013	80,000							80,000		
2014	90,000							90,000		
2015	90,000							90,000		
2016	90,000							90,000		
2017	90,000							90,000		
2018	100,000							100,000		
	$12,384,788	$ 981,455	$ 232,835	$ 249,000	$ 37,798	$ 34,700	$1,494,000	$2,180,000	$ 675,000	$6,500,000

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CONCORDIA COLLEGE

MOORHEAD, MINNESOTA

REPORT ON AUDIT

YEAR ENDED APRIL 30, 1982

ADRIAN S. HELGESON & CO.
CERTIFIED PUBLIC ACCOUNTANTS
MINNEAPOLIS

C O N T E N T S

ADRIAN S. HELGESON & CO.
CERTIFIED PUBLIC ACCOUNTANTS
3710 IDS CENTER, 80 SOUTH EIGHTH STREET
MINNEAPOLIS, MINNESOTA 55402

July 2, 1982

To The Board for College and University Services
The American Lutheran Church
Minneapolis, Minnesota

We have examined the balance sheet of Concordia College as of April 30, 1982 and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Concordia College at April 30, 1982 and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Adrian S. Helgeson & Co
Certified Public Accountants

EXHIBIT A
Sheet 1

CONCORDIA COLLEGE

BALANCE SHEET

APRIL 30, 1982

WITH COMPARATIVE FIGURES FOR 1981

ASSETS	1982	1981
Current Funds		
Unrestricted		
Cash	$ 135,152	$ 40,168
Savings Accounts and Certificates	3,880,076	1,936,691
Short-Term Investments Held in Special Agency Account	764,141	3,435,756
Student Notes Receivable (Less Allowance for Doubtful Notes of $200,000 and $150,000)	684,945	555,072
Contract for Deed Receivable	23,896	16,964
Other Receivables	188,881	142,090
Other Investments	5,533	92,759
Inventories	254,840	226,461
Real Estate	133,974	30,000
Prepaid Expenses (May Seminars and Summer School)	364,371	445,204
Prepaid Expenses (Language Camps)	341,140	348,440
Due from College Loan Funds	76,726	
Due from National Direct Student Loan Fund	119,780	30,000
Due from Investment in Plant	541,214	638,704
	7,514,669	7,938,309
Restricted		
Cash	966	5,509
Government Grants Receivable	79,755	113,908
Due from Unrestricted Current Fund	510,726	390,992
	591,447	510,409
Totals	$ 8,106,116	$ 8,448,718

LIABILITIES AND FUND BALANCES	1982	1981 (Restated)
Current Funds		
Unrestricted		
Accounts Payable	$ 300,377	$ 315,523
Accrued Salaries and Related Benefits	1,681,001	1,389,254
Accrued Vacation Benefits	127,785	114,508
Deposits	271,435	208,649
Deferred Compensation Payable	2,052	3,090
Deferred Revenue (May Seminars and Summer School)	444,382	472,301
Deferred Revenue (Language Camps)	310,239	380,547
Accrued Unemployment Compensation Benefits	9,200	9,200
Due to Restricted Current Funds	510,726	390,992
Due to Unexpended Plant Funds	418,609	1,936,239
Due to Endowment Funds	77,275	610,586
Due to Deferred Gift Funds	2,061,303	1,071,441
Due to Renewal and Replacement Funds	155,370	108,816
Due to Retirement of Indebtedness Funds	93,278	4,541
Due to Agency Funds	25,497	111,108
Total Liabilities	6,488,529	7,126,795
Fund Balance	1,026,140	811,514
	7,514,669	7,938,309
Restricted		
Accounts Payable	3,833	
Fund Balances	587,614	510,409
	591,447	510,409
Totals	$ 8,106,116	$ 8,448,718

CONCORDIA COLLEGE

EXHIBIT A
Sheet 2

BALANCE SHEET

APRIL 30, 1982

WITH COMPARATIVE FIGURES FOR 1981

ASSETS - Continued	1982	1981
Loan Funds		
College Loan Funds		
Deposit - United Student Aid Funds, Inc.	$ 29,149	$ 29,149
Student Notes Receivable	9,287	5,847
Due from National Direct Student Loan Fund	363,438	248,438
	401,874	283,434
National Direct Student Loan Fund		
Cash	728	104
Student Notes Receivable (Less Allowance for College Portion of Doubtful Notes of $50,469 and $31,578)	6,678,760	6,283,957
Due from U.S. Government	57,965	27,630
	6,737,453	6,311,691
Totals	$ 7,139,327	$ 6,595,125
Endowment Funds		
Cash		$ 931
Certificates of Deposit	$ 30,000	
Stocks and Bonds (Market Value $18,476 and $19,536)	19,678	19,678
Funds Held in Trust (Market Value $359,800 and $427,523)	355,279	363,958
Funds Held by Manufacturer's National Bank (Market Value $953,500)	794,000	
Funds Held by Managing Agent		
Cash	10,010	8,634
Stocks and Bonds (Market Value $2,416,813 and $2,484,433)	2,373,865	2,367,416
Unlisted Stock at Gift Value	384,000	384,000
Notes Receivable (Less Allowance for Doubtful Notes of $1,126 in 1981)	82,850	111,967
Real Estate	385,465	253,639
Due from Unrestricted Current Fund	77,275	610,586
Due from Unexpended Plant Funds	951,862	
Due from Plant Funds for Investment in Institutional Property	330,485	313,108
Totals	$ 5,794,769	$ 4,433,917

LIABILITIES AND FUND BALANCES - Continued	1982	1981
Loan Funds		
College Loan Funds		
Due to Unrestricted Current Fund	$ 76,726	
Fund Balances - Restricted	325,148	$ 283,434
	401,874	283,434
National Direct Student Loan Fund		
Due to College Loan Funds	363,438	248,438
Due to Unrestricted Current Fund	119,780	30,000
Fund Balances		
U.S. Government Grants Refundable	5,881,176	5,641,983
College Fund Balance - Restricted	373,059	391,270
	6,737,453	6,311,691
Totals	$ 7,139,327	$ 6,595,125
Endowment Funds		
Fund Balances		
Endowment	$ 4,039,740	$ 3,002,024
Term Endowment	212,393	204,197
Funds Functioning as Endowment - Unrestricted	1,542,636	1,227,696
Totals	$ 5,794,769	$ 4,433,917

EXHIBIT A
Sheet 3

CONCORDIA COLLEGE

BALANCE SHEET

APRIL 30, 1982

WITH COMPARATIVE FIGURES FOR 1981

ASSETS - Continued	1982	1981
Deferred Gift Funds		
Annuity Contracts		
Cash	$ 204	$ 1,201
Bonds (Market Value $21,692 and $21,446)	45,480	45,480
Funds Held in Special Agency Account		
Cash	548	1,210
Certificates of Deposit	270,000	270,000
Stocks and Bonds (Market Value $333,369 and $331,908)	391,888	393,787
Investment and Loan Certificates - The A.L.C.	30,000	30,000
Notes Receivable	13,000	25,000
Real Estate Mortgages and Contracts for Deed	271,144	289,236
Real Estate	525,245	557,518
Due from Unrestricted Current Fund	1,912,966	1,062,966
	3,460,475	2,676,398
Life Income Contracts		
Funds Held in Special Agency Account		
Cash and Savings Account	10,737	9,670
Notes Receivable	4,444	5,218
Stocks and Bonds (Market Value $50,664 and $44,767)	56,703	56,704
Real Estate	313,000	427,558
Due from Unrestricted Current Fund	5,141	3,400
	390,025	502,550
Unitrust Agreements		
Cash	64,618	521
Unlisted Stock at Gift Value		1,197,613
Funds Held in Special Agency Account		
Cash and Savings Accounts	15,522	15,727
Short-Term Investments	61,427	71,027
Stocks and Bonds (Market Value $395,080 and $395,330)	405,358	403,155
Note Receivable	2,181,159	504,429
Real Estate	4,495,190	438,500
Other Investments	40,500	40,500
Prepaid Expenses	4,700	4,000
Due from Unrestricted Current Fund	226,000	70,000
	7,494,474	2,745,472
Annuity Trust Agreements		
Cash		2,131
Bonds (Market Value $437,060)	442,010	
Mutual Fund Shares (Market Value $191,627 and $198,731)	176,280	150,809
Funds Held in Special Agency Account		
Cash	220	234
Short-Term Investments	19,173	19,174
Stocks and Bonds (Market Value $24,156 and $24,303)	24,784	24,784
Accrued Interest Receivable	14,282	
	676,749	197,132
Totals	$12,021,723	$ 6,121,552

LIABILITIES AND FUND BALANCES - Continued	1982	1981
Deferred Gift Funds		
Annuity Contracts		
Notes Payable	$ 38,680	$ 49,535
Annuities Payable	963,471	923,141
Total Liabilities	1,002,151	972,676
Fund Balances	2,458,324	1,703,722
	3,460,475	2,676,398
Life Income Contracts		
Income Payable	786	
Fund Balances	389,239	502,550
	390,025	502,550
Unitrust Agreements		
Accounts Payable	1,731	
Accrued Interest Payable	2,080	
Notes Payable	2,700,014	
Annuities Payable	1,123,687	1,117,706
Funds Held for Others	106,289	98,106
Total Liabilities	3,933,801	1,215,812
Fund Balances	3,560,673	1,529,660
	7,494,474	2,745,472
Annuity Trust Agreements		
Annuities Payable	197,788	88,462
Due to Unrestricted Current Fund	82,804	64,925
Total Liabilities	280,592	153,387
Fund Balances	396,157	43,745
	676,749	197,132
Totals	$12,021,723	$ 6,121,552

EXHIBIT A
Sheet 4

CONCORDIA COLLEGE

BALANCE SHEET

APRIL 30, 1982

WITH COMPARATIVE FIGURES FOR 1981

ASSETS - Continued	1982	1981
Plant Funds		
Unexpended		
Held by Trustee		
Cash and Savings Accounts	$ 450,549	$ 583,331
Unlisted Stock at Gift Value	65,955	60,844
Notes Receivable	8,000	8,000
Construction in Progress	7,066,569	6,336,731
Due from Unrestricted Current Fund	418,609	1,936,239
	8,009,682	8,925,145
Renewal and Replacement		
Held by Trustee		
Cash	1,571	2,002
U.S. Government Securities (Market Value $244,785 and $261,912)	265,820	291,129
Due from Unrestricted Current Fund	155,370	108,816
	422,761	401,947
Retirement of Indebtedness		
Cash	5,801	
Held by Trustee		
Cash	7,151	2,544
Savings Certificates	171,170	9,894
U.S. Government Securities (Market Value $938,161 and $1,075,219)	929,645	1,180,473
Bonds (Market Value $2,931,875)	3,030,003	
General Bond Reserve Deposit	159,234	151,184
Due from Unrestricted Current Fund	93,278	4,541
	4,396,282	1,348,636
Investment in Plant		
Land	584,806	584,806
Improvements Other than Buildings	349,537	349,537
Buildings	18,212,485	18,212,485
Equipment	6,057,832	5,569,546
	25,204,660	24,716,374
Totals	$38,033,385	$35,392,102

LIABILITIES AND FUND BALANCES - Continued	1982	1981
Plant Funds		
Unexpended		
Accounts Payable	$ 46,962	$ 62,998
Lease Obligation Payable	6,500,000	6,500,000
Due to Endowment Funds	951,862	
Total Liabilities	7,498,824	6,562,998
Fund Balances		
Unrestricted	90,186	1,310,817
Restricted	420,672	1,064,433
Deficits from Completed Projects		(13,103)
	8,009,682	8,925,145
Renewal and Replacement		
Accounts Payable	268	
Fund Balances		
Restricted	192,470	188,073
Unrestricted	230,023	213,874
	422,761	401,947
Retirement of Indebtedness		
Accrued Interest Payable	90,238	90,178
Fund Balances		
Restricted	1,085,589	1,258,458
Unrestricted	3,220,455	
	4,396,282	1,348,636
Investment in Plant		
Auxiliary Facilities Construction and Refunding Bonds of 1964, Series A, B and C Payable	1,494,000	1,556,000
Dormitory Bonds of 1967 Payable	2,180,000	2,210,000
Academic Building Bonds of 1967 Payable	249,000	261,000
Mortgages Payable - Campus Buildings	1,214,290	1,332,247
Lease Obligation Payable	675,000	705,000
Mortgages Payable - Language Camp	37,799	44,965
Investment and Loan Fund Certificates Payable	34,700	36,200
Certificates of Investment Payable		3,000
Due to Unrestricted Current Fund	541,214	638,704
Due to Endowment Funds for Investment in Institutional Property	330,485	313,108
Total Liabilities	6,756,488	7,100,224
Net Investment in Plant	18,448,172	17,616,150
	25,204,660	24,716,374
Totals	$38,033,385	$35,392,102

EXHIBIT A
Sheet 5

CONCORDIA COLLEGE

BALANCE SHEET

APRIL 30, 1982

WITH COMPARATIVE FIGURES FOR 1981

ASSETS - Continued	1982	1981
Agency Funds		
Cash	$ 43,362	$ 22,400
Accounts Overdrawn	53,662	48,907
Accounts Receivable	20,537	29,435
Due from Unrestricted Current Fund	25,497	111,108
Totals	$ 143,058	$ 211,850

LIABILITIES AND FUND BALANCES - Continued	1982	1981
Agency Funds		
Deposits Held in Custody for Others	$ 143,058	$ 103,839
Deposits Held for Colonial Hotel		108,011
Totals	$ 143,058	$ 211,850

See accompanying Notes to Financial Statements.

CONCORDIA COLLEGE

EXHIBIT B
Sheet 1

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 1982

	Current Funds		Loan Funds	Endowment Funds	Deferred Gift Funds	Plant Funds			
	Unrestricted	Restricted				Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant
Revenues and Other Additions									
Unrestricted Current Fund Revenues	$18,974,009								
Governmental Grants - Restricted		$ 757,387						$ 14,389	
Private Gifts and Grants - Restricted		425,279	$ 700	$1,040,112	$2,367,879	$ 270,211			$ 6,064
Investment Income - Restricted						89,644	$ 30,423	236,633	
Endowment Fund Income - Restricted		150,686	40,845	17,787					
Realized Gains on Sale of Investments				1,495			811	2,470	
Other Income - Restricted		6,232							
Interest on Loans Receivable			77,889						
U.S. Government Advances			233,065						
Expended for Plant Facilities (Including $483,463 Charged to Current Funds Expenditures)									518,631
Capitalized Interest Paid by Retirement of Indebtedness Funds						176,170			
Retirement of Indebtedness									383,623
Service Cancellation Recoveries			30,335						
Adjustment of Actuarial Liability for Annuities Payable					699,251				
Total Revenues and Other Additions	18,974,009	1,339,584	382,834	1,059,394	3,067,130	536,025	31,234	253,492	908,318
Expenditures and Other Deductions									
Educational and General Expenditures	12,327,020	1,071,911							
Auxiliary Enterprises Expenditures	3,340,127	76,351							
Independent Operations Expenditures	991,167	5,578							
Indirect Cost Recoveries Earned		33,432							
Refunded to Grantors		1,432							
Transfer to Agency Accounts		71,028							
Loan Cancellations and Write-Offs			46,333						
Provision for Doubtful Notes			18,891						
Administrative and Collection Costs			54,914						
Excess Distribution Over Income				2,443					
Realized Losses on Sale of Investments				1,699			540		
Expended for Plant Facilities (Including Noncapitalized Expenditures of $292,279)						2,500	324,947		
Retirement of Indebtedness								383,623	
Interest on Indebtedness								677,414	
MHEFA Fee								13,000	
Disposal of Plant Assets									76,296
Matured Deferred Gifts					42,414				
Total Expenditures and Other Deductions	16,658,314	1,259,732	120,138	4,142	42,414	2,500	325,487	1,074,037	76,296

EXHIBIT B
Sheet 2

CONCORDIA COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 1982

	Current Funds					Plant Funds			
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Deferred Gift Funds	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant
Transfer Among Funds - Additions (Deductions)									
Mandatory									
Principal and Interest	($ 470,505)							$ 470,505	
Renewals and Replacement	(53,750)						$ 53,750		
Nonmandatory									
Unrestricted Current Fund to									
Restricted Current Funds	(2,953)	$ 2,953							
Funds Functioning as Endowment	(300,000)			$ 300,000					
Unexpended Plant Funds	(90,186)					$ 90,186			
Renewal and Replacement Funds	(266,175)						266,175		
Retirement of Indebtedness Funds	(917,500)							917,500	
Restricted Current Funds to Endowment Funds		(5,600)		5,600					
Renewal and Replacement Funds to Retirement of Indebtedness Funds							(5,126)	5,126	
Unexpended Plant Funds to Retirement of Indebtedness Funds						(2,475,000)		2,475,000	
Total Transfers	(2,101,069)	(2,647)		305,600		(2,384,814)	314,799	3,868,131	
Net Increase (Decrease) for Year	214,626	77,205	$ 262,696	1,360,852	$3,024,716	(1,851,289)	20,546	3,047,586	$ 832,022
Fund Balance at April 30, 1981 (as Restated)	811,514	510,409	6,316,687	4,433,917	3,779,677	2,362,147	401,947	1,258,458	17,616,150
Fund Balance at April 30, 1982	$ 1,026,140	$ 587,614	$6,579,383	$5,794,769	$6,804,393	$ 510,858	$422,493	$4,306,044	$18,448,172

See accompanying Notes to Financial Statements.

EXHIBIT C
Sheet 1

CONCORDIA COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE YEAR ENDED APRIL 30, 1982

WITH COMPARATIVE FIGURES FOR 1981

	1982				1981	
	Unrestricted	Restricted	Total	Percentage	Total	Percentage
Revenues						
Tuition and Fees	$11,215,325		$11,215,325	72.9%	$ 9,812,313	68.8%
Governmental Grants	335,998	$ 630,241	966,239	6.3	1,338,757	9.4
Private Gifts and Grants	1,844,570	389,396	2,233,966	14.5	2,206,937	15.5
Endowment Income	73,729	126,632	200,361	1.3	205,047	1.4
Sales and Services of Educational Activities	71,788		71,788	.5	81,812	.6
Other Sources	648,895	7,571	656,466	4.2	580,335	4.1
Matured Deferred Gifts	42,414		42,414	.3	31,685	.2
Total Revenues Before Auxiliary Enterprises and Independent Operations	14,232,719	1,153,840	15,386,559	100.0%	14,256,886	100.0%
Sales and Services of Auxiliary Enterprises	3,690,529		3,690,529		3,358,397	
Sales and Services of Independent Operations	1,050,761		1,050,761		862,000	
Total Revenues	18,974,009	1,153,840	20,127,849		18,477,283	
Expenditures and Mandatory Transfers						
Educational and General						
Instruction	5,347,862	105,984	5,453,846	40.0%	4,778,784	39.3%
Public Service	366,255		366,255	2.7	338,739	2.8
Academic Support	631,321	56,036	687,357	5.1	635,611	5.2
Student Services	1,292,859	31,164	1,324,023	9.7	1,173,638	9.7
Institutional Support	1,890,497	56,210	1,946,707	14.3	1,678,763	13.8
Operation and Maintenance of Plant	1,323,959	16,576	1,340,535	9.9	1,189,399	9.8
Scholarships and Grants	1,474,267	805,941	2,280,208	16.7	2,079,324	17.1
Educational and General Expenditures	12,327,020	1,071,911	13,398,931	98.4	11,874,258	97.7
Mandatory Transfers for Principal and Interest	224,712		224,712	1.6	278,187	2.3
Total Educational and General	12,551,732	1,071,911	13,623,643	100.0%	12,152,445	100.0%

CONCORDIA COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE YEAR ENDED APRIL 30, 1982

WITH COMPARATIVE FIGURES FOR 1981

	1982 Unrestricted	1982 Restricted	1982 Total	1982 Percentage	1981 Total	1981 Percentage
Expenditures and Mandatory Transfers (Continued)						
Auxiliary Enterprises						
Expenditures	$ 3,340,127	$ 76,351	$ 3,416,478		$ 3,039,873	
Mandatory Transfers for						
Principal and Interest	238,879		238,879		233,193	
Renewals and Replacements	53,750		53,750		53,750	
Total Auxiliary Enterprises	3,632,756	76,351	3,709,107		3,326,816	
Independent Operations						
Expenditures	991,167	5,578	996,745		816,239	
Mandatory Transfers for						
Principal and Interest	6,914		6,914		6,914	
Total Independent Operations	998,081	5,578	1,003,659		823,153	
Total Expenditures and Mandatory Transfers	17,182,569	1,153,840	18,336,409		16,302,414	
Excess of Revenues Over Expenditures and Mandatory Transfers	1,791,440		1,791,440		2,174,869	
Other Transfers and Additions (Deductions)						
Unrestricted Current Fund To						
Restricted Current Funds	(2,953)	2,953				
Funds Functioning as Endowment	(300,000)		(300,000)			
Unexpended Plant Funds	(90,186)		(90,186)		(1,290,000)	
Renewal and Replacement Funds	(266,175)		(266,175)		(450,571)	
Retirement of Indebtedness Funds	(917,500)		(917,500)		(123,412)	
Restricted Current Funds to						
Agency Funds		(71,028)	(71,028)		(55,061)	
Endowment Funds		(5,600)	(5,600)		(4,494)	
Refunded to Grantors		(1,432)	(1,432)		(1,151)	
Excess of Restricted Receipts Over Transfers to Revenues		152,312	152,312		60,483	
Net Increase in Fund Balances	$ 214,626	$ 77,205	$ 291,831		$ 310,663	

See accompanying Notes to Financial Statements.

CONCORDIA COLLEGE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1982

Note 1. Significant Accounting Policies

Concordia College is a four-year liberal arts college of The American Lutheran Church. The accounting policies of the College reflect practices common to colleges and universities and conform to generally accepted accounting principles. The more significant accounting policies are summarized below:

Accounting Basis - The financial statements of Concordia College have been prepared on the accrual basis except that depreciation is not recognized as explained under Physical Plant and Equipment. The statement of Current Funds Revenues, Expenditures and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) as transfers of a nonmandatory nature for all other cases.

Fund Accounting - In accordance with generally accepted accounting principles for educational institutions, the accounts of the College are segregated into six groups or funds - current, loan, endowment, deferred gift, plant and agency. Each group is treated as a separate entity, having its own assets, liabilities and fund balances to be used for the purpose for which it is designated.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by action of the Governing Board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the Governing Board retains full control to use for any institutional purpose.

Revenues - All gains and losses arising from the sale, collection or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables and the like is accounted for in the fund owning such assets, except for income from investments of endowment funds, which is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in the unrestricted current fund.

Note 1. Significant Accounting Policies (Continued)

Revenues (Continued) - Income from pooled endowment funds investments (all investments except those which are specifically assigned to certain endowment funds) is distributed to each participating fund. Gains and losses on the sale of investments are credited or debited to a net adjusted gains or losses on investments account, which is part of the principal of the fund.

All other unrestricted revenue (including gifts, grants and bequests) is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Investments - Investments are recorded at cost, except those items received as gifts, which are valued at fair market value on the date acquired.

Physical Plant and Equipment - Physical plant assets are stated at cost at date of acquisition. Depreciation on physical plant and equipment is not recorded, in accordance with generally accepted accounting principles for educational institutions. Normal repair and maintenance expenses and equipment replacement costs are charged to current funds operations as incurred.

Inventories - Bookstore inventories are valued at a percentage of retail value, which approximates cost. Other inventories are valued at cost.

Pension Plans - The College has certain contributory pension plans for academic and nonacademic personnel. The cost of the retirement plans is paid currently and amounted to $292,649 for the year ended April 30, 1982.

Unemployment Compensation - Educational institutions have the option of paying state unemployment tax at the rate in effect for the year on the applicable compensation of all employees or paying unemployment claims as they arise. The College has elected the second option. A reserve of $9,200 has been provided for this purpose.

Note 2. Bonds Payable - U.S. Government

Concordia College Auxiliary Facilities Construction and Refunding Bonds Series A, B and C of 1964 - Under an indenture dated July 1, 1964 the College issued its Auxiliary Facilities Construction and Refunding Bonds, Series A and B of 1964, in the aggregate amount of $1,497,000 in exchange for Dormitory Construction and Refunding Bonds of 1961 Series A of $581,000 and Series B of $916,000 and sold an additional $775,000 of Series C Bonds to the U.S. Government to finance a new women's dormitory. At April 30, 1982 the indebtedness on the bonds had been reduced to $1,494,000. Interest at 2 3/4% on the Series A, 3 1/2% on the Series B and 3 5/8% on the Series C bonds is payable semiannually on January 1 and July 1. The bonds mature in amounts from $63,000 to $99,000 annually until the year 2003.

The College must make deposits into a bond and interest sinking fund sufficient to meet the interest due on the next interest date, one half of the principal due within the succeeding twelve months and maintain a reserve of $200,000. On June 30 of each year, transfers of up to $30,000 must be made to a repair and replacement fund. The College made deposits into the bond and interest sinking fund as instructed by the trustee.

The Auxiliary Facilities Construction and Refunding Bonds, Series A, B and C of 1964, are secured by the general obligation of the College and additionally secured by a first mortgage on Hoyum Hall, Livedalen Hall, Park Region Hall, Academy Hall, the dining hall adjoining Academy Hall, and Bishop Whipple Hall and the respective sites thereof and a first lien on and pledge of the net revenues derived from these properties excluding the post office located in Livedalen Hall.

Dormitory Bonds of 1967 - Dormitory Bonds of 1967 in the amount of $2,520,000 were sold to the U.S. Government under a trust indenture dated July 1, 1967 to finance the East Campus Dormitory Complex. At April 30, 1982 the indebtedness on the bonds was $2,180,000. The bonds bear interest at 3% and mature in amounts from $30,000 to $100,000 on July 1 until the year 2017.

The bonds are secured by the general obligation of the College and a lien on and pledge of the net revenues derived from the operation of the East Campus Dormitory Complex.

The College must make semiannual deposits into a bond and interest sinking fund sufficient to meet the interest on the outstanding bonds due on the next interest date and one half of the principal amount due on the bonds within the succeeding twelve months and maintain a debt service reserve of $105,000, after which transfers of lesser amounts will have to be made to a repair and replacement reserve account.

Academic Building Bonds of 1967 - Academic Building Bonds of 1967 in the amount of $354,000 were sold to the U.S. Government under a trust indenture dated October 1, 1967 to partially finance the Humanities Building Complex. The unpaid balance at April 30, 1982 was $249,000. The bonds bear interest at 3% and mature in amounts from $12,000 to $19,000 on October 1 each year until 1997.

Note 2. Bonds Payable - U.S. Government (Continued)

The bonds are secured by a first mortgage on the Humanities Building and site thereof.

The College must make semiannual deposits sufficient to meet the principal of and interest on the outstanding bonds due on the next interest payment date. The College must also maintain a debt service reserve fund of $20,000.

Note 3. Mortgages Payable - Campus Buildings

The College has entered into two agreements with Gate City Savings and Loan Association of Fargo, Northwestern Savings and Loan Association of Fargo, and Metropolitan Savings and Loan Association of Fargo for mortgage loans with terms as follows:

	No. 1	No. 2
Date	May 2, 1966	December 3, 1970
Original Amount	$2,100,000	$340,000
Due	25 Years Payable Monthly Installments of $13,117 Including Interest	20 Years Payable in Monthly Installments $3,172 Including Interest
Interest Rate	5 1/2%	9 1/2% (Less Federal Subsidy)
Security	Various Campus Land and Buildings	Various Campus Land and Buildings
Balance Owing April 30, 1982	$981,455	$232,835
Distributed as Follows:		
Gate City Savings and Loan Association of Fargo	$703,675	$160,725
Northwestern Savings and Loan Association of Fargo	172,181	38,829
Metropolitan Savings and Loan Association of Fargo	105,599	33,281
	$981,455	$232,835

Note 4. Long-Term Lease Payable - Bogstad Manor

On May 1, 1976 the College entered into a lease agreement with the Minnesota Higher Education Facilities Authority whereby the Authority would acquire a site for and construct a thirty-three unit student apartment building at Concordia College. Under a trust indenture dated May 1, 1976 the Authority sold its First Mortgage Revenue Bonds Series Q (Concordia College) totaling $800,000 in order to finance the project. The bonds bear interest at rates varying from 4.7% to 6.375% and mature in amounts from $30,000 to $165,000 annually on April 1 until the year 1994. The balance remaining April 30, 1982 totaled $675,000.

Concordia College must pay as base rent for the use of the facilities a sum equal to (1) the amount payable as principal and interest on the bonds; (2) a payment to restore the bond and interest sinking fund to an amount equal to the next semiannual principal and interest payment reduced by the balance in the debt service reserve fund; (3) such amount as may be necessary to restore the debt service reserve fund to $68,000; and (4) such amount as may be necessary to maintain a $50,000 balance in the repair and replacement reserve fund limited to $10,000 in any one year. The gross revenues of the student apartment building plus the furniture and equipment therein have been pledged to guarantee the timely payment of base rent. In addition, the gross revenues of Brown Hall and Fjelstad Hall, subject to certain mortgages in favor of certain savings and loan associations, have been pledged as additional security.

The lease is a net lease. Additional rent is payable at the rate of $1,600 per year, plus trustee's fees, taxes, assessments and insurance. The College has the option to purchase the leased property for $500 at the end of the lease period. Since the lease is in substance a finance arrangement, it is treated as debt for financial statement purposes.

Note 5. Long-Term Lease Payable - Academic Building

On August 1, 1979 the College entered into a lease agreement with the Minnesota Higher Education Facilities Authority whereby the Authority would acquire a site for and construct an academic building for the biology and the home economics departments of the College. Under a trust indenture dated August 1, 1979 the Authority sold its First Mortgage Revenue Bonds Series Z (Concordia College) totaling $6,500,000 in order to finance the project. The bonds bear interest at rates varying from 6.0% to 6.7% and mature in amounts from $100,000 to $425,000 annually on April 1, 1983 to April 1, 2005 with the final principal payment of $1,550,000 payable April 1, 2006.

Note 5. Long-Term Lease Payable - Academic Building (Continued)

Concordia College must pay as base rent for the use of the facilities a sum equal to (1) the amount payable as principal and interest on the bonds; (2) a payment to restore the bond and interest sinking fund to an amount equal to the next semiannual principal and interest payment reduced by the balance in the debt service reserve fund; and (3) such amount as may be necessary to restore the debt service reserve fund to $480,000.

The lease is a net lease. Additional rent is payable at the rate of $13,000 per year, plus trustee's fees, taxes, assessments and insurance. The College has the option to purchase the leased property for $500 at the end of the lease period. Since the lease is in substance a finance arrangement, it is treated as a debt for financial statement purposes.

The academic building was not complete as of April 30, 1982 and therefore the expended and unexpended bond proceeds, along with the related debt, is carried in the unexpended plant funds of the College.

Note 6. Other Long-Term Debt

At April 30, 1982 the plant funds were indebted on other obligations as detailed below:

	Amount	Interest Rate	Annual Payments	Security
Mortgages Payable - Language Camp				
Mr. Ira Batchelder	$14,741	4	$3,311	Land
First National Bank of Bemidji	23,058	9 1/4	6,914	Land
Investment and Loan Fund Certificates	34,700	5 1/2 - 8	Various	Unsecured
	$72,499			

The maturities of long-term debt for each of the five years subsequent to April 30, 1982 are $399,279, $385,635, $396,891, $411,684, and $443,356, respectively.

Note 7. Pledges

Concordia College had outstanding pledges receivable of approximately $1,688,000 as of April 30, 1982. It was not practicable to estimate the net realizable value of such pledges.

Note 8. Construction in Progress

At April 30, 1982 the following major building projects were in progress:

	Estimated Total Cost	Cost To Date	Funding Plan
Biology-Home Economics Building	$5,605,000	$5,598,523	First Mortgage Revenue Bonds and Founders Fund Gifts
Brown Hall	2,250,000	1,031,863	Long-Term Financing
German Camp	325,000	309,852	Gifts
Other	Various	126,331	Current Operations
		$7,066,569	

Note 9. Interfund Borrowings

Interfund borrowings at Concordia College are primarily a result of capital additions not currently funded and combining cash resources for pooled investments.

The plant funds were indebted to the current funds in the amount of $541,214 at April 30, 1982 for capital additions. This is to be repaid with an annual nonmandatory transfer of $40,000. The endowment funds had invested $330,485 in capital additions which are to be repaid over a seven-year period.

It is the intention of the College to continue to make use of pooled investments and therefore there is no plan for repayment of other interfund borrowings. The earnings for the pooled investments are being recognized in the unrestricted current fund with an 8% per annum allocation to endowment funds and deferred gift funds.

CONCORDIA COLLEGE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1982

Note 10. Accounting Change for Compensated Absences

Effective for the year ended April 30, 1982 the College changed its method of accounting for compensated absences. Employees' vacation benefits are now recorded on the accrual method in conformity with the Financial Accounting Standards Board (FASB) Opinion No. 43. Prior to the change the College followed the common practice of accounting for this expense in the year paid. The unrestricted current fund balance as of April 30, 1981 has been restated to give retroactive effect to the change as follows:

Balance April 30, 1981, as previously reported	$926,022
Cumulative effect of Accrued Vacation Benefits not recorded at April 30, 1981	(114,508)
Balance April 30, 1981, as restated	$811,514

American Municipal Bond Assurance Corporation
a subsidiary of MGIC Investment Corporation
One State Street Plaza, New York, NY 10004

APPENDIX III

MGIC

Municipal Bond Insurance Policy

Issuer: Policy Number:

Bonds: Premium:

AMERICAN MUNICIPAL BOND ASSURANCE CORPORATION
(AMBAC)
A Stock Insurance Company

in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to the United States Trust Company of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within 5 days following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholder's rights to payment.

In cases where the Bonds are issuable only in a form whereby principal is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse principal to a Bondholder as aforesaid only upon presentation and surrender to the Insurance Trustee of the unpaid Bond, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the Bondholder or such Bondholder's duly authorized representative, so as to permit ownership of such Bond to be registered in the name of AMBAC or its nominee. In cases where the Bonds are issuable only in a form whereby interest is payable to registered Bondholders or their assigns, the Insurance Trustee shall disburse interest to a Bondholder as aforesaid only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Bond and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to the Insurance Trustee, duly executed by the claimant Bondholder or such Bondholder's duly authorized representative, transferring to AMBAC all rights under such Bond to receive the interest in respect of which the insurance disbursement was made. AMBAC shall be subrogated to all of the Bondholders' rights to payment on registered Bonds to the extent of the insurance disbursements so made.

As used herein, the term "Bondholder" means any person other than the Issuer who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. "Due for Payment", when referring to the principal of Bonds, is when the stated maturity date or a mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any redemption, prepayment or acceleration premium which at any time may become due in respect of any Bond, nor against risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon AMBAC by virtue of the countersignature of its duly authorized representative.

President

AMERICAN MUNICIPAL BOND ASSURANCE CORPORATION CORPORATE SEAL 1970 NEW YORK

Secretary

Effective Date:

Authorized Representative

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer

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Sections 4.10 and 4.13 of the Lease from Minnesota Higher Education Facilities Authority to the Concordia College Corporation with reference to Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-F (The Concordia College Corporation)

Section 4.10 Limitation on Additional Long Term Debt. The College covenants and agrees that until April 1, 1989, or (if earlier) until the Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Z (The Concordia College Corporation) (the "Series Z Bonds") are no longer outstanding, the College will not incur or suffer to exist any long term debt of the Institution except as permitted by the provisions of Section 4.10 of the Lease dated August 1, 1979 between the Authority and the College relating to the Series Z Bonds. In addition, the College covenants and agrees that, so long as the Project Bonds are outstanding, the College will not incur or suffer to exist any long term debt of the Institution except (i) indebtedness outstanding at April 30, 1982, (ii) indebtedness for Base Rent and Additional Rent and for payment of the Project Bonds pursuant to the Guaranty Agreement, (iii) indebtedness for acquiring, constructing or improving self-liquidating facilities (including student residence facilities, food service facilities and other facilities of the Institution which generate specific revenue flows), provided that the revenues of the facilities and Institution meet Test A (described below), (iv) indebtedness for acquiring, constructing and improving non-self-liquidating facilities (facilities of the Institution not described in clause (iii)), provided that the revenues of the Institution meet Test B (described below), and (v) indebtedness incurred in connection with refunding indebtedness referred to in clauses (i), (ii), (iii) and (iv). For purposes of this Section: Test A requires that (m) in the Fiscal Year immediately preceding the Fiscal Year in which such indebtedness is to be incurred the Unrestricted Current Funds Revenues of the Institution shall have been at least equal to Unrestricted Current Funds Expenditures and Mandatory Transfers of the Institution (subject to the pro forma adjustment as permitted below); (n) in the Fiscal Year immediately following the Fiscal Year in which such indebtedness is to be incurred the estimated Unrestricted Current Funds Revenues of the Institution are estimated to be at least equal to the estimated Unrestricted Current Funds Expenditures and Mandatory Transfers (other than Mandatory Transfers for principal and interest of the indebtedness to be incurred) plus the maximum amount of principal and interest payable in any Fiscal Year with respect to the indebtedness to be incurred (net of any debt service reserves to be applied to the final payment of the indebtedness to be incurred) so long as the Bonds (if paid at the stated maturity thereof) shall be outstanding; and (o) no default exists under Section 4.13 hereof and the Trustee shall not be obligated to hold funds or investments in the Debt Service Reserve Account - Special Fund pursuant to paragraph (d) of Section 4.13 hereof. Test B requires that (p) in the Fiscal Year immediately preceding the Fiscal Year in which such indebtedness is to be incurred the Unrestricted Current Funds Revenues of the Institution shall have been at least equal to the sum of Unrestricted Current Funds Expenditures and Mandatory Transfers in such Fiscal Year plus the maximum amount of principal and interest payable in any future Fiscal Year with respect to the indebtedness to be incurred (net of any debt service reserves to be applied to the final payment of the indebtedness to be incurred) so long as the Bonds (if paid at the stated maturity thereof) shall be outstanding, subject to the pro forma adjustment permitted below; and (q) no default exists under Section 4.13 hereof and the Trustee shall not be obligated to hold funds or investments in the Debt Service Reserve Account - Special Fund pursuant to paragraph (d) of Section 4.13 hereof. Computation of Unrestricted Current Funds Revenues and Unrestricted Current Funds Expenditures and Mandatory Transfers shall be performed consistent with the 1982 audit report (defined in Section 4.13(f) hereof) and (to the extent consistent with the 1982 audit report) in accordance with generally accepted accounting principles except that, to the extent purchases of Capital Equipment are provided for from moneys transferred to the Current Fund from another Fund of the College, expenditures for such purchases of Capital Equipment shall not be deducted as an expense, and provided that pro forma adjustments to the results of a Fiscal Year are permitted under clauses (m) of Test A and (p) of Test B if and to the extent that the Institution has implemented rate increases, work force reductions, and any other actions which (if taken at or before the beginning of such Fiscal Year) would have increased revenues or reduced expenditures, and provided further that pro forma adjustments to the estimated results of a Fiscal Year are permitted under clause (n) of Test A to take into account the full amount of annual revenues and expenditures of the facility to be financed by the indebtedness to be incurred when construction, improvement or acquisition of such facility has been completed and such facility is used and occupied. The computations of Test A and Test B shall be reviewed by an Independent accountant, who shall report to the Trustee as to the reasonableness of the computations and assumptions with respect thereto, with a copy to the Authority, prior to incurrence of any indebtedness permitted by clause (iii) or (iv). "Long term debt" as used in this Section means (A) indebtedness for borrowed money payable (according to the terms thereof or the terms of a loan agreement relating thereto) more than 12 months from the date of creation thereof, (B) indebtedness for borrowed money which may at the option of the debtor (pursuant to the terms thereof or a revolving credit agreement relating thereto) be paid more than 12 months from the date of creation thereof, and (C) lease obligations payable over a period more than 12 months which, under generally accepted accounting principles, are required to be set forth in the balance sheet of the lessee as long term indebtedness of the lessee and with respect to which the leased property is required to be set forth as an asset.

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Section 4.13 Financial Covenants. The College further covenants and agrees as follows:

(a) In each Fiscal Year of the Institution ending after April 30, 1983, the amount of the Institution's Unrestricted Current Funds Revenues shall exceed the Unrestricted Current Funds Expenditures and Mandatory Transfers, exclusive of Mandatory Transfers for Principal and Interest, by an amount which is at least 110% (the "coverage requirement") of the sum of (i) Mandatory Transfers for Principal and Interest for such Fiscal Year, with respect to indebtedness for which the Institution is the primary obligor, plus (ii) the amount which the Institution became obligated to pay in the immediately preceding Fiscal Year, with respect to indebtedness for which the Institution is not the primary obligor, such as indirect, contingent or guaranteed debt. Such computations shall be made on a basis consistent with the 1982 audit report (described below), provided that (x) to the extent purchases of Capital Equipment are provided for from moneys transferred to the Current Fund from another Fund of the College, expenditures for such purchases of Capital Equipment shall not be deducted as an expense, (y) Mandatory Transfers for Principal and Interest shall include payments of interest on current debt but not principal of current debt, and (z) there shall be applied to any deficit in the coverage requirement the balance of an operating reserve (the "operating reserve") in Unrestricted Current Funds, computed as follows: (A) The initial operating reserve shall be the sum of $500,000. (B) At the end of the Fiscal Year in which the Bond Closing occurs, there shall be subtracted from the initial operating reserve [1] the amount of any allocable (as defined below) Other Transfers and Additions (net of Deductions) [2] and any amounts charged to the operating reserve to meet the requirements of paragraph (b) of this Section [3] as permitted by paragraph (g), the difference (if any, otherwise the initial operating reserve) shall then be applied to the amount of the deficit in the coverage requirement [4], and the balance ([1] minus the sum of [2] + [3] + [4]) shall constitute the new operating reserve. (C) At the end of each succeeding Fiscal Year, there shall be subtracted from the new operating reserve [1] the amount of any allocable (as defined below) Other Transfers and Additions (net of Deductions) [2] and any amounts charged to the operating reserve to meet the requirements of paragraph (b) of this Section [3] as permitted by paragraph (g), the difference (if any, otherwise the new operating reserve, if any) shall be applied to the amount of the deficit in the coverage requirement [4], and the balance ([1] minus the sum of [2] + [3] + [4]) shall constitute the new operating reserve. (D) Whenever the operating reserve is reduced to zero, the operating reserve may be restored for purposes of a Fiscal Year as follows: To the extent that Unrestricted Funds at the end of such Fiscal Year exceed Unrestricted Funds at April 30, 1983, or (if less) to the extent Unrestricted Fund Balances of the Current Fund, Quasi-Endowment Fund and Similar Funds and Plant Fund ("Fund Balances") at the end of the Fiscal Year exceed the Fund Balances at April 30, 1983, the amount of the difference shall be available as an operating reserve for purposes of the coverage requirement for such Fiscal Year. Separate computations of the excess (if any) of Unrestricted Funds and Fund Balances over the April 30, 1983 Unrestricted Funds and Fund Balances shall be computed at the end of each Fiscal Year and adjusted by the amount used in respect of any prior Fiscal Year's coverage requirement, in each Fiscal Year after the balance of the operating reserve has first been reduced to zero. For purposes of this paragraph: Current debt shall mean indebtedness for borrowed money payable within one year from the date such indebtedness was originally incurred. The allocable Other Transfers and Additions (net of Deductions) shall mean the amount of Other Transfers and Additions (net of Deductions) in the Statement of Current Funds Revenues, Expenditures and Other Changes for the Fiscal Year, on a basis consistent with the 1982 audit report, charged against the operating reserve in the certificate required by paragraph (g) of this Section. Failure of the College to meet the coverage requirement (after application of balances of the operating reserve) for any two of any three consecutive Fiscal Years of the Institution shall constitute a default under this paragraph (a) which shall be cured as provided in paragraph (d) of this Section, but failure of the College to meet the coverage requirement with respect to any one Fiscal Year shall not in itself constitute a default under this paragraph (a).

(b) The Institution shall not expend, pledge, grant a security interest in or otherwise encumber its Unrestricted Funds or assets included in the computation of Unrestricted Fund Balances of the Current Fund, Quasi Endowment and Similar Funds and Plant Fund if, after giving effect thereto, either (i) the amount of Unrestricted Funds (net of the operating reserve) shall be less than 60% of the original principal amount of the Project Bonds or (if less) 75% of the principal amount of the outstanding Project Bonds or (ii) the amount of Unrestricted Fund Balances of the Current Fund, Quasi-Endowment and Similar Funds, and Plant Fund (net of the operating reserve) shall be less than 60% of the original principal amount of the Project Bonds or (if less) 75% of the principal amount of the outstanding Project Bonds. It shall not constitute a default under this paragraph (b) if the tests of clause (i) or (ii) are not met solely by reason of a decline in market values, but a decline in market values occurring prior to an expenditure, pledge, grant of security interest, or other encumbrance referred to in this paragraph shall be taken into account in determining whether a default shall have occurred under this paragraph; and the Other Transfers and Additions (net of Deductions) may be allocated and charged against the operating reserve, by a certificate provided pursuant to paragraph (g) of this Section, and if so allocated and charged the amount thereof shall be added to the amounts of Unrestricted Funds and Unrestricted Fund Balances of the Current Fund, Quasi-Endowment and Similar Funds, and Plant Funds. Any variation from the requirements of this paragraph (b) shall require the written consent of American Municipal Bond Assurance Corporation ("AMBAC"), and any written consent of AMBAC, if given, shall require the transfer of cash or Qualified Investments to the Trustee for deposit in the Debt Service Reserve Account - Special Fund, as if a default had occurred under this paragraph (b), and upon being furnished with a copy of such written consent, the Trustee shall be authorized to receive such cash and investments for deposit in the Debt Service Reserve Account - Special Fund in accordance with the provisions of paragraph (d) of this Section and Section 5.04 of the Indenture.

(c) If (i) the Institution's Unrestricted Current Funds Revenues are less than the Institution's Unrestricted Current Funds Expenditures and Mandatory Transfers in any Fiscal Year, and (ii) the amount of such deficit is equal to or greater than 15% of Unrestricted Current Funds Revenues for such Fiscal Year and (iii) if the amount of the Unrestricted Funds or (if less) the Unrestricted Fund Balances of the

Current Fund, Quasi-Endowment and Similar Funds and Plant Fund at the end of such Fiscal Year is less than 60% of the original principal amount of the Project Bonds or (if less) 75% of the outstanding principal amount of Project Bonds, then notwithstanding other limitations in paragraphs (a) and (b) the Institution shall be in default of its obligations under this paragraph (c); and the Institution shall limit the amount of any deficit in the Unrestricted Current Fund, or maintain Unrestricted Funds or (if less) the Unrestricted Fund Balances of the Current Fund, Quasi-Endowment and Similar Funds and Plant Fund in such amounts, with respect to each Fiscal Year, so that no such default shall occur. Such computations shall be made on a basis consistent with the 1982 audit report (described below) provided that to the extent purchases of Capital Equipment are provided for from moneys transferred to the Current Fund from another Fund of the College, expenditures for such purchases of Capital Equipment shall not be deducted as an expense.

(d) If a default shall occur under paragraph (a), (b) or (c) of this Section, the Institution shall cure such default within 90 days by (i) exercising its option to redeem the outstanding Bonds on the next interest payment date on which the outstanding Bonds are callable at the option of the Authority, acting at the request of the Institution, pursuant to the provisions of Section 4.06 of the Lease and Article III of the Indenture and providing funds or government obligations to the Trustee in an amount sufficient to discharge the Indenture pursuant to Section 10.01 thereof or (ii) delivering to the Trustee for credit to the Debt Service Reserve Account - Special Fund cash or investments of a market value at least equal to (A) 60% of the original principal amount of the Project Bonds or (if less) 75% of the principal amount of outstanding Project Bonds or (B) the then current sum of the Unrestricted Fund Balances of the Current Fund, Quasi-Endowment and Similar Funds, and Plant Fund, whichever is less. All investments delivered to the Trustee shall be duly endorsed or accompanied by adequate instruments of transfer. At the time of delivery, the Institution shall also deliver a Certificate of an Authorized Institution Representative setting forth a computation of the amounts specified under this paragraph and a statement to the effect all such cash and investments are not subject to any restriction as to use or disposition of principal or interest by any term, condition or covenant in any deed of gift, will or trust instrument which would be violated by a transfer to the Trustee for the Debt Service Reserve Account - Special Fund or to any lien or encumbrance. Cash and investments delivered pursuant to the provisions of clause (A) or (B) shall, to the maximum extent possible, consist of cash or Qualified Investments included in Endowment Funds - Unrestricted, which shall be separately identified on the certificate of the Authorized Institution Representative and as to which the certificate of the Authorized Institution Representative shall state (to the extent possible) that such funds and investments have been derived from gifts or bequests (including the income thereon), have not been raised for the purpose of carrying out the Project, are not reasonably expected to be used (directly or indirectly) to pay principal or interest on the Bonds, and are held as part of the Institution's permanent capital. Subject to the preceding sentence, any investments delivered pursuant to the provisions of clause (B) shall, to the maximum extent possible, consist, first, of debt securities which are Qualified Investments, second, of preferred or common stocks which are Qualified Investments, and third, (only if Qualified Investments are not available) other investment securities. If cash and investments are delivered pursuant to the provisions of clause (B), the Institution shall continue to deliver to the Trustee, from time to time, additional cash and investments equal to the amount of gifts and bequests thereafter made to the Institution constituting assets of the Endowment Funds - Unrestricted until such time as the Debt Service Reserve Account - Special Fund is at least equal to 60% of the original principal amount of the Project Bonds or (if less) 75% of the principal amount of outstanding Bonds.

(e) The Institution shall be entitled to require the Trustee to return to the Institution all cash and investments in the Debt Service Reserve Account - Special Fund, upon notice to the Trustee and a Certificate of an Authorized Institution Representative to the effects that (i) the Institution is not in default in payment of any of its financial obligations, (ii) the market value of funds and Qualified Investments held by the Trustee in the Debt Service Reserve Account - Special Fund, when added to the Unrestricted Funds or (if less) Unrestricted Fund Balances of the Current Fund, Quasi-Endowment and Similar Funds, and Plant Funds (adjusted, if necessary, by deduction of funds and investments held by the Trustee in the Debt Service Reserve Account - Special Fund to the extent such funds and investments are included in computation of such fund balances), at least equals 60% of the original principal amount of the Project Bonds or (if less) 75% of the principal amount of outstanding Project Bonds, and either of the following: (iii) The Institution has been in compliance with the provisions of paragraph (a) of this Section for at least three consecutive Fiscal Years within the five Fiscal Years following the Fiscal Year in which the Trustee received the initial deposit of cash and investments pursuant to paragraph (d) of this Section (or if the Trustee has received more than one initial deposit on account of two or more defaults under this Section, then the most recent initial deposit), or (iv) with respect to the two consecutive Fiscal Years following the Fiscal Year on account of which the Trustee received the initial deposit pursuant to paragraph (d) (or the most recent initial deposit), the Institution has met the requirements of paragraph (a) in each of such two Fiscal Years and, in addition to the coverage requirement, the Institution has provided during such two Fiscal Years an aggregate excess of Unrestricted Current Funds Revenues over Unrestricted Current Funds Expenditures (exclusive of expenditures for purchases of Capital Equipment to the extent such purchases of Capital Equipment have been provided for from moneys transferred to the Current Fund from another Fund of the College) and Mandatory Transfers (exclusive of Mandatory Transfers for Principal and Interest) equal to the aggregate of any deficits in the coverage requirement (under paragraph (a)) in a Fiscal Year on account of which a deposit has been made with the Trustee and any subsequent Fiscal Year. For purposes of computations under clause (iii) and (iv), charges to the operating reserve (if any) to meet the coverage requirement shall not be allowed. Such certificate of the Authorized Institution Representative shall be accompanied by a report of an Independent accountant to the effect that all computations have been made in accordance with the requirements of this Section and are, in his opinion, correct in all material respects.

(f) Except as otherwise expressly provided in this Section, all computations pursuant to this Section shall be in accordance with the report (the "1982 audit report") of Adrian S. Helgeson & Co., Certified Public Accountants, dated July 2, 1982, with respect to the College, including particularly Exhibit A (Balance Sheet, April 30, 1982, with Comparative Figures for 1981) and Exhibit C (Statement of Current Funds Revenues, Expenditures and Other Changes for the Year Ended April 30, 1982, with Comparative Figures for 1981) thereto and (to the extent consistent with the 1982 audit report) in accordance with generally accepted accounting principles. Capitalized terms used in this Section and not otherwise defined in this Lease are headings and line items from the 1982 audit report.

(g) Within 90 days after the end of each Fiscal Year, the Institution shall furnish to the Trustee, the Authority and American Municipal Bond Assurance Corporation a certificate signed by an Authorized Institution Representative showing compliance with (or describing any default in) performance of the covenants set forth in paragraphs (a), (b) and (c) of this Section during and as at the end of such Fiscal Year, the amount (if any) of Other Transfers and Additions (net of Deductions) charged to the operating reserve, the amount (if any) of the operating reserve appropriated to meet the covenant of paragraph (a) or paragraph (b), and the balance of the operating reserve.

Such certificate of the Authorized Institution Representative shall be accompanied by a report of an Independent accountant to the effect that all computations have been made in accordance with the requirements of this Section and are, in his opinion, correct in all material respects. As promptly as possible, and in any case within 30 days after notice from the Trustee, the Institution shall furnish such further information as the Trustee may require with respect to performance of the covenants in this Section. Amounts of Other Transfers and Additions (net of Deductions) may but need not be allocated to the operating reserve; and amounts of the operating reserve shall be allocated to meet the covenants of paragraph (a) and may be allocated to meet the covenants of paragraph (b). The operating reserve allocated to meet the covenants of paragraph (a) shall not thereafter be available to meet the covenants of paragraph (b), and the amounts of the operating reserve allocated to meet the covenants of paragraph (b) shall not thereafter be available to meet the covenants of paragraph (a).

(h) Within 90 days after the end of each quarterly accounting period of the Institution's Fiscal Year, the Institution shall furnish to the Trustee, the Authority, and American Municipal Bond Assurance Corporation a certificate of an Authorized Institution Representative as to the amount of the Institution's Unrestricted Funds as of the end of such quarterly accounting period.

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Section 5.04 of the Trust Indenture between Minnesota Higher Education Facilities Authority and First Trust Company of Saint Paul with reference to Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-F (The Concordia College Corporation)

Section 5.04 Debt Service Reserve Account. The Authority hereby establishes and will maintain with the Trustee, so long as any of the Bonds are outstanding, an account to be designated "Series Two-F (The Concordia College Corporation) Debt Service Reserve Account" (herein called the "Debt Service Reserve Account"), into which the Authority and Trustee shall make the following deposits:

(a) At the Bond Closing, the Authority shall deposit into the Debt Service Reserve Account the sum of $320,850 from the proceeds of the Bonds.

(b) After the Bonds have been delivered, the Authority and Trustee shall deposit into the Debt Service Reserve Account forthwith all Revenues and Income in the Revenue Fund Account not deposited or required to be deposited in the Bond and Interest Sinking Fund Account and the Operation and Maintenance Account until the funds and investments on deposit in the Debt Service Reserve Account are at least $320,850.

(c) If a default shall occur in performance of the covenants of paragraph (a), (b), or (c) of Section 4.13 of the Lease, the Institution shall deliver to the Trustee and the Trustee shall receive, hold and apply funds and investments of the Institution in accordance with this Section and paragraph (d) of Section 4.13 of the Lease. All cash and investments delivered by the Institution pursuant to paragraph (d) of Section 4.13 of the Lease and investment income therefrom shall be credited to a special fund of the Debt Service Reserve Account to be designated (and herein called) the "Debt Service Reserve Account - Special Fund".

Moneys in the Debt Service Reserve Account - Special Fund shall be invested in the following investments (herein called "Qualified Investments"): (i) Securities described in Section 5.07 hereof, (ii) bonds, notes and other obligations of corporations which are traded publicly on a regulated securities exchange or in over-the-counter markets and are rated "A" (or the equivalent) or better by Standard & Poor's Corporation or Moody's Investors Service, or (iii) preferred or common stocks listed on the New York Stock Exchange. The Trustee shall have no duty to sell for purpose of reinvestment any investments which are not Qualified Investments, but which have been transferred by the Institution in compliance with the provisions of paragraph (d) of Section 4.13 of the Lease. Notwithstanding the foregoing, if the value of the funds and investments in the Debt Service Reserve Account - Special Fund is less than 60% of the original principal amount of the Bonds (exclusive of any Additional Bonds) or (if less) 75% of the principal amount of outstanding Bonds (exclusive of any Additional Bonds), all cash in the Debt Service Reserve Account - Special Fund shall be invested in securities described in clause (i) or (ii). Except for moneys in the Debt Service Reserve Account - Special Fund, moneys in the Debt Service Reserve Account shall be invested only in securities described in Section 5.07 hereof.

If the value of cash and investments in the Debt Service Reserve Account - Special Fund is equal to or greater than 60% of the original principal amount of the Bonds (exclusive of any Additional Bonds) or (if less) 75% of the principal amount of outstanding Bonds (exclusive of any Additional Bonds), and if no Event of Default exists, all investment interest and income from the Debt Service Reserve Account - Special Fund shall be returned by the Trustee to the Institution. If the value of cash and investments in the Debt Service Reserve Account - Special Fund is not at least equal to the minimum amount required by the preceding sentence, or if an Event of Default exists, all investment interest and income from the Debt Service Reserve Account - Special Fund shall be retained therein. All cash and investments of the Debt Service Reserve Account - Special Fund shall be returned to the Institution upon performance of the conditions and in accordance with the provisions of paragraph (e) of Section 4.13 of the Lease relating thereto.

Investments in the Debt Service Reserve Account - Special Fund pursuant to this Section shall be limited as to amount and yield of investment in such manner and to such extent that no part of the outstanding Bonds shall be deemed "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1954 and regulations thereunder. Without limiting the generality of the foregoing sentence, investments to be retained by the Trustee shall be investments providing an average yield equal to the yield on the Bonds plus one and one-half percentage points; and other investments delivered by the Institution to the Trustee shall be sold and all proceeds of sale and other cash in the Debt Service Reserve Account - Special Fund shall be invested in Qualified Investments limited to a yield not exceeding yield on the Bonds plus one and one-half percentage points, unless the Trustee shall obtain or be furnished an Opinion of Counsel, who is nationally recognized bond counsel, that funds in the Debt Service Reserve Account - Special Fund may be invested at a greater rate of yield without causing the Bonds to be "arbitrage bonds", in which case the investment of funds in the Debt Service Reserve Account - Special Fund shall be subject to such requirements, restrictions and limitations (if any) as such Opinion of Counsel shall specify.

The funds and investments in the Debt Service Reserve Account (including the Debt Service Reserve Account - Special Fund) are irrevocably pledged to and shall be used by the Trustee, from time to time, as may be required, for the payment of principal of, premium (if any) and interest on the Bonds as and when such principal, premium and interest shall become due and payable and for that purpose only, subject to the provisions of Section 5.08 and 6.15 hereof; provided that funds and investments of the Debt Service Reserve Account - Special Fund shall be used for payment of debt service on the Bonds only after all other funds and investments in the Debt Service Reserve Account have first been so applied and exhausted.

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