OFFICIAL STATEMENT DATED JUNE 22, 1990

NEW ISSUE Rating: Baa-1 (Moody's)

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

\$3,800,000

Minnesota Higher Education Facilities Authority

Revenue Bonds, Series Two-Y (The Concordia College Corporation)

Dated Date: July 1, 1990 Interest Due: April 1 and October 1, commencing October 1, 1990

The Bonds will mature annually on October 1 as follows:

		Interest			Interest
<u>Year</u>	<u>Amount</u>	Rate	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
1992	\$290,000	6.40%	1997	\$400,000	6.90%
1993	305,000	6.50%	1998	425,000	7.00%
1994	325,000	6.60%	1999	455,000	7.05%
1995	350,000	6.70%	2000	875,000	7.10%
1996	375,000	6.80%		·	

REOFFERED AT PAR

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after October 1, 1999 may be redeemed prior to maturity, in whole on any date or in part on any interest payment date commencing October 1, 1998. The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in the event of a Determination of Taxability, as described herein.

The Bonds will be issued in integral multiples of \$5,000, and are fully registered as to principal and interest. First Trust National Association, Saint Paul, Minnesota will act as Trustee, Registrar and Paying Agent.

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

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

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriter named below subject to the approval of legality by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon by Gunhus, Grinnell, Klinger, Swenson & Guy, Fargo, North Dakota, counsel to the College. Bonds are expected to be available for delivery on or about July 25, 1990.

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

No dealer, broker, salesman or other person has been authorized by the Authority, the College or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority, the College or the Underwriter. The information contained herein, except as it relates to the Authority, has been obtained from the College and is not guaranteed as to accuracy or completeness by the Underwriter. Except for information concerning the Authority, such information is not to be construed as a representation by the Authority. Information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority, the College since the date hereof.

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

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

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

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

TABLE OF CONTENTS

!	Page(s)
Introductory Statement	. 1
Risk Factors	. 2-3
The Bonds	3-6
Use of Bond Proceeds	. 6
The Project	. 7
Summary of Security for the Bonds	7-9
Accounts	. 9-12
The Aut	. 12-13
Financial Advisor	. 13
Underwriting	. 13
Rating	. 13
Litigation	. 13
Legality	. 14
Enforceability of Obligations	. 14
Tax Exemption	14-16
Not Qualified Tax-Exempt Obligations	. 16
The College Ap	pendix I
Proposed Form of Legal Opinion	endix II
Definition of Certain Terms	endix III
Summary of Documents	endix IV
Audited Financial Statements App	endix V

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Catherine M. Warrick, Chair Faculty Member, Metropolitan State

University, Saint Paul, Minnesota.

Carol A. Blomberg, Vice Chair Vice President, Merchants & Miners State

Bank, Hibbing, Minnesota.

Kathryn D. Jarvinen, Secretary Hospital Administrator, Winona, Minnesota.

Jack Amundson Partner, McMahon, Hartman, Amundson &

Co., Saint Cloud, Minnesota.

Earl R. Herring Retired, formerly Vice President for

Administrative Affairs, Moorhead State

University, Moorhead, Minnesota.

David B. Laird, Jr. (Ex Officio) President, Minnesota Private College

Council, Saint Paul, Minnesota.

David Powers (Ex Officio) Executive Director, Minnesota Higher

Education Coordinating Board, Saint Paul,

Minnesota.

Steve Senich Director of Physical Therapy, Leisure Hills

Health Care Center, Hibbing, Minnesota.

John Young, Jr. Salesman/Construction Foreman, Olson

Pool Company, Hawley, Minnesota.

There is currently one vacancy on the Authority Board

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel Faegre & Benson

Financial Advisor Springsted Incorporated

OFFICIAL STATEMENT

\$3,800,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES TWO-Y

(The Concordia College Corporation)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and The Concordia College Corporation as owner and operator of Concordia College (the "College"), an institution of higher education located in Moorhead, Minnesota, in connection with the issuance of the Authority's \$3,800,000 Revenue Bonds, Series Two-Y (The Concordia College Corporation), (the "Bonds" or the "Issue").

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

The Bonds are also issued pursuant to the Trust Indenture between the Authority and First Trust National Association, Saint Paul, Minnesota as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Issue.

Pursuant to a Loan Agreement between the College and the Authority, the College will covenant as a general obligation of the College to make Loan Repayments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the College by the Authority to finance (i) improving the Field House (also known as Memorial Auditorium), a student athletic and recreational facility; (ii) constructing a campus pedestrian mall with a bell tower, adjacent parking and site improvements in the area of the visitor's entrance; (iii) remodeling, furnishing and equipping the Library in order to convert the third and fourth floor space from office and classroom use to additional library collection space; (iv) improving the campus electrical system; (v) the acquisition and installation of a central air conditioning system for a portion of the campus and replacement of certain existing air conditioning facilities in the Library; and (vi) the demolition and conversion to parking facilities of four existing tennis courts and acquisition, construction, furnishing and equipping of six new tennis courts; all including appurtenant site improvements, as more fully described in "THE PROJECT," page 7 herein.

The Bonds are secured by a pledge of the Loan Repayments, a general obligation of the College, and by moneys received after April 30, 1990 by the Trustee from the College as contributions and payments on pledges restricted or designated by the donor to finance the Project (the "Gift Receipts").

The Reserve Account will be funded in the amount of \$380,000.

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

The foregoing Introductory Statement is a summary only. For more specific explanations, reference should be made to the following pages and appendices of this Official Statement.

RISK FACTORS

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

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge of amounts payable under the Loan Agreement, and (b) a Reserve Account which will be held by the Trustee and applied to the payment of principal and interest on the Bonds. If an Event of Default occurs, there can be no assurance that such security will be sufficient to pay the principal of, premium, if any, or interest on the Bonds.

Adequacy of Revenues

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

Reliance on Tuition

The adequacy of College revenues will be largely dependent on the amount of future tuition revenue received by the College. Such revenue in turn will depend primarily on the ability of the College to charge sufficient rates for tuition and to maintain enrollment levels. Because of the relatively high acceptance rate for applicants to the College, future enrollment levels will depend on the number of students applying to the College. A number of various factors, including, without limitation, such factors as any increases in tuition rates, competition from other colleges, a decline in the number of college age students generally (which is expected for the near future), and adverse general economic conditions will influence the number of applicants to the College.

Financial Aid

Approximately 40% of the College's students currently receive some Federal or State financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's revenues.

Damage or Destruction

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

Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and computed pro forma debt service coverage is provided in APPENDIX I under the caption "Long-Term Debt Service and Pro-Forma Coverage." The pro forma coverage is merely a mathematical computation as reflected

in the applicable table and constitutes no assurance as to the future sufficiency of College revenues to satisfy College operations and Bond debt service requirements.

Limited Obligation

No entity or person other than the College is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Trust Indenture or the Bonds or the other obligations of the College. Accordingly, for payment of principal, interest, premium, if any, on the Bonds, holders of the Bonds must look solely to the security under the Loan Agreement and the Indenture.

Bankruptcy

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

Other Possible Risk Factors

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

- (1) Reinstatement of or establishment of mandatory governmental wage and price controls.
- (2) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, without being able to obtain corresponding increases in revenues.
- (3) Employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without corresponding increase in revenues.
- (4) Adoption of Federal, State or local legislation or regulations having an adverse effect on the future operating or financial performance of the College.

THE BONDS

The Bonds will be dated July 1, 1990 and will mature annually each October 1, commencing October 1, 1992, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of \$5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each April 1 and October 1, commencing October 1, 1990.

The Bonds will be registered at the principal corporate trust office of First Trust National Association, as Trustee; the Trustee will also be the Registrar and Paying Agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Owner thereof or the Owner's authorized attorney satisfactory to the Trustee, subject to such reasonable regulations as the Trustee may prescribe, and shall be without expense to the Owner, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for new Bonds of the same maturity which may be of any authorized denominations so long as the aggregate principal amount thereof equals the aggregate principal sum of the Bonds surrendered. Payment of principal will be at the corporate trust office of the Trustee and payment of interest shall be by check or draft of the Trustee mailed

(or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Authority.

Transfers shall not be made with respect to any Bonds called for redemption or during any period within fifteen days next prior to the required date for mailing or publication of notice of such redemption.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name the Bond is registered at the close of business on the 15th day (whether or not a Business Day) of the calendar month next preceding such interest payment date (the "Regular Record Date"). Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any interest payment date shall forthwith cease to be payable to the registered Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such defaulted interest may be paid by the Trustee on a "Special Record Date," as follows:

- (a) Subject to the provisions of Article VII of the Indenture relating to application of money upon the occurrence of an Event of Default, upon receipt by the Trustee of any defaulted interest, the Trustee shall fix a Special Record Date for the payment of such defaulted interest which shall not be more than fifteen days nor less than ten days prior to the date of the payment set by the Trustee in its discretion, but not less than ten days after the receipt by the Trustee of such defaulted interest. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name of the Authority, shall cause notice of the proposed payment of such defaulted interest and the Special Record Date therefor to be mailed first class postage prepaid, to each Holder at his address as it appears on the registration books on a date determined by the Trustee, but not less than ten days prior to such Special Record Date. The Trustee may, in its discretion in the name of the Authority, cause a similar notice to be published at least once in a Financial Journal, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such defaulted interest and the Special Record Date therefor having been mailed as aforesaid, such defaulted interest shall be paid to the registered Owners on such Special Record Date and shall no longer be payable pursuant to the following paragraph (b).
- (b) Subject to the provisions of Article VII of the Indenture, the Trustee may make payment of any defaulted interest on the Bonds in any other lawful manner, if after notice given to the Authority by the Trustee of the proposed payment pursuant to this paragraph (b), such payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions, each Bond delivered under the Indenture upon transfer of, or in exchange for, or in lieu of, any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Prior Redemption

Bonds maturing on or after October 1, 1999 are subject to optional redemption on October 1, 1998 and thereafter, in whole on any date or in part on any interest payment date thereafter, and if in part, in such order of maturity as the College shall direct and by lot within a maturity, in integral multiples of \$5,000, at par plus accrued interest.

The Bonds will also be subject to optional redemption at par and accrued interest in integral multiples of \$5,000, as a whole or in part, in certain cases of damage to or destruction or

condemnation of the Project Facilities, and upon a Determination of Taxability as provided in the Loan Agreement (see "SUMMARY OF DOCUMENTS - The Loan Agreement"). If Bonds are redeemed in whole, they may be called on any date; if redeemed in part, redemption may be on any interest payment date.

Partial Redemption

In the case of Bonds of denominations greater than \$5,000, if less than all of such Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each \$5,000 of principal amount shall be treated as though it was a separate Bond of the denomination of \$5,000 bearing the number borne by such fully registered Bond and a subnumber assigned by the Trustee. If it is determined that one or more, but not all of the \$5,000 units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such \$5,000 unit or units, the Owner of such fully registered Bond shall forthwith surrender such Bond to the Trustee for (1) payment of the redemption price of the \$5,000 unit or units of principal amount called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such Bond which shall be issued to the registered Owner thereof, without charge therefor. If the Owner of any such Bond of a denomination greater than \$5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and shall be available for the redemption of said \$5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture, the Loan Agreement or the Security Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such \$5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

Notice of Redemption

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

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the date of taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption" on pages 14 through 16 and Appendix III, "DEFINITION OF CERTAIN TERMS."

The College will have the option to prepay the Loan from the first practicable interest payment date, in full on any date thereafter and in part on any interest payment date thereafter following

a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability).

Additional Bonds

In addition to the Bonds, the Authority may in its discretion and with the consent of the College issue Additional Bonds (i) to provide funds to complete the Project, or (ii) to refund all or any series or portion of series of the then outstanding Bonds, or (iii) to provide funds for improvements to or alterations, repairs or replacement of the Project Facilities or (iv) for another project or projects, as defined in and authorized by the Act, provided that no such Additional Bonds will be issued under the Indenture or secured by the Trust Estate on a parity with the Bonds then outstanding unless:

- 1. The interest on the outstanding Bonds and the Additional Bonds is excludable from gross income of the holders of the Bonds for purposes of federal income taxation under the Code.
- 2. A supplement to the Security Agreement is executed and delivered describing the Additional Bonds as additional indebtedness secured thereby.
- 3. No Default or Event of Default on the part of the College exists under the Loan Agreement or the Security Agreement.
- 4. The College furnishes evidence satisfactory to the Authority of the College's ability to meet debt service on the Additional Bonds and, to the extent required by the Authority, deposits additional monies or investments in the Reserve Fund, or grants to the Trustee a security interest in additional collateral, to be held by the Trustee under the Security Agreement and the Indenture in such amount and value as the Authority may require, and executes supplements to the Loan Agreement, the Security Agreement and the Indenture.

USE OF BOND PROCEEDS

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

\$3,800,000

In the event issuance costs including underwriter's discount exceed 2% of the proceeds of the Bonds, defined as par less original issue discount according to the reoffering scale, such excess shall be paid by the College from other than Bond proceeds.

Accrued interest received at Bond Closing will be deposited into the Bond and Interest Sinking Fund Account and applied as a credit against the amount to be deposited in the Bond and Interest Sinking Fund Account on or before the next interest payment date.

THE PROJECT

The Project consists of the following components:

- 1. The remodeling of the College's Field House (also known as Memorial Auditorium), which will include: (i) a new Field House floor; (ii) enhancements for events and cultural performances to improve acoustics, lighting, rigging, staging and other aspects of conducting performances; (iii) upgrading the air handling for sound attenuation and better air flow; (iv) new north and south entrances; (v) the construction of additional office and storage space; (vi) other miscellaneous improvements; and (vii) the acquisition of equipment. The cost of the improvements to the Field House is approximately \$1,020,000.
- 2. The construction of a bell tower and improvements to the central campus mall including sidewalks and landscaping, parking and a new visitor's entrance. The estimated cost of this component of the Project is \$1,264,000.
- 3. The remodeling of the third and fourth floors of the Carl B. Ylvisaker Library to convert them from office and classroom space to house an expanding library collection. The approximate cost of the library remodeling is \$400,000.
- 4. Approximately \$190,000 of Bond proceeds will be used to expand and upgrade the College's electrical system.
- 5. The installation of a central air conditioning system to service a large section of the west side of the campus and a replacement for a portion of the air conditioning system of the library at an approximate cost of \$280,000.
- 6. The construction of six tennis courts and the demolition of four existing courts for conversion to a parking lot at an approximate cost of \$190,000.

The College has begun construction on certain elements of the Project. The Project is expected to be completed by July, 1992.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture including moneys and investments in the Gift Receipts Account and the Reserve Account. The Reserve Account will be fully funded from proceeds of the Bonds in the amount of \$380,000 (the "Reserve Requirement").

The Bonds are secured by the pledge of the College of its full faith and credit. The College will agree pursuant to the terms of the Loan Agreement and the Indenture to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds. The College agrees to make such payments out of its operating funds or any other moneys legally available, subject to a prior lien on the gross revenues of certain student residence facilities pledged to the payment of the principal of and interest on the Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Q (The Concordia College Corporation). The College covenants and agrees to charge tuition fees, other fees, rentals and charges which, together with the general funds or any other moneys legally available, will be

sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the College as they become due.

To the extent available, the College anticipates that debt service on the Bonds will be supported from Gift Receipts received after April 30, 1990 as contributions and payments on pledges restricted or designated by the donor to be used for the Project. All such Gift Receipts shall be deposited every thirty days into the Gift Receipts Account, to be held and administered by the Trustee. Pursuant to a Security Agreement between the College and the Trustee, the Trustee shall have a security interest in all funds, securities and deposits in the Gift Receipts Account as well as all the other Accounts held by the Trustee, pledged for payment of principal and interest on the Bonds. Unrestricted gifts received by the College are not pledged for payment of debt service. No attempt has been made to provide a security interest in Gift Receipts prior to their deposit with the Trustee.

Bondholders should rely principally on current operations of the College for debt service payments, not Gift Receipts.

The College will also covenant that:

- a. For at least two of the preceding three complete Fiscal Years, Unrestricted Current Fund revenues shall be not less than Unrestricted Current Fund expenditures, including mandatory transfers, according to the principles of accounting used in the preparation of the College's financial statements for the Fiscal Year ended April 30, 1990 examined by Adrian Helgeson and Company. In the event that, following any Fiscal Year, the College shall not be in compliance with this paragraph (a), the College may cure such deficiency by making a deposit to the Unrestricted Current Fund, during or within 180 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposit may be made from the unencumbered Board-controlled quasi-endowment funds, if such unencumbered Board-controlled quasi-endowment funds may legally be transferred to the Unrestricted Current Fund by action of the Board of Regents. No such deposit may be made from any proceeds of the Bonds or other borrowed funds.
- b. For so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding which does not increase the amount of debt outstanding and further excepting indebtedness for capital projects for which the College has received funds on hand or written and signed pledges of gifts in an amount equal to 80% of the estimated cost of such project), unless for the last two Fiscal Years for which audited financial statements are available the average Debt Service Coverage Ratio was at least 110% of Maximum Annual Debt Service of (A) then outstanding Funded Debt and (B) Funded Debt thereafter issued or proposed to be issued; provided that if the additional Funded Debt proposed to be issued is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service the estimated Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be issued is to finance other College facilities and if the Board of Regents has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, for purposes of this paragraph (b), there shall be added to Net Income Available for Debt Service for the two most recent complete Fiscal Years the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the College and the Trustee; and also provided that at no time shall the amount of Funded Debt which is variable rate

indebtedness exceed 40% of the unrestricted fund balances including Net Investment in Plant as shown on the most recent audited financial statements.

(See Appendix III "DEFINITION OF CERTAIN TERMS" and Appendix IV "SUMMARY OF THE DOCUMENTS - Financial Covenants".) For purposes of (a) and (b) above, all capitalized terms used but not otherwise defined in the Loan Agreement shall have the meanings provided for audits of colleges and universities, as applied by Adrian Helgeson and Company in the report of the College's financial statements for the Fiscal Year ended April 30, 1990.

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

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

ACCOUNTS

Summary

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

Construction Account

There shall be deposited initially into the Construction Account the net proceeds received from sale of the Bonds, exclusive of accrued interest and the Reserve Requirement, less the amount of underwriter's discount. In addition, the College will agree in the Loan Agreement to provide for payment of all Project Costs in excess of the proceeds of the Bonds available therefor and to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (principal less original issue discount according to the reoffering scale). Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project. When work on the Project Buildings has been completed and the Project Equipment has been installed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account.

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments (including deposits of Gift Receipts, to the extent required) made by the College. The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the College as Loan Repayments (including deposits of Gift Receipts to the extent required) not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement, \$380,000.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall restore the deficiency from the next Loan Repayment, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the College for amounts so withdrawn. Investments in the Reserve Account which are eligible investments under the Arbitrage Regulations for such valuation method shall be valued at par or (if purchased at a premium or discount) at amortized cost, and other investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued quarterly on the first day of each calendar quarter commencing October 1, 1990, provided that the valuation of investments with respect to the Reserve Account shall be adjusted whenever there is a withdrawal from or addition to the Reserve Account or any investment held in the Reserve Account is bought or sold or matures. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of earned or accrued interest on moneys or investments therein) is more than the amount of the Reserve Requirement, or more than the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If at the end of any Fiscal Year the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the deficiency is equal to or less than the excess of the amount of the Reserve Requirement over the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not less than 30 days.

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

College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Gift Receipts Account

The College shall deposit into the Gift Receipts Account all contributions and payments on pledges restricted or designated by the donor or allocated to the Project pursuant to a resolution of the Board of Regents of the College received after April 30, 1990 promptly when received but not less often than every thirty days; provided that any contributions or pledge receipts not so designated, restricted or allocated to the Project to finance the Project are not required to be deposited in the Gift Receipts Account and shall not be available for the payment of principal and interest on the Bonds. All moneys and investments in the Gift Receipts Account shall be used to pay debt service on the Bonds when due or at the redemption date if Bonds are called for redemption in whole or in part. The Trustee shall transfer from time to time amounts to the Bond and Interest Sinking Fund Account to the extent moneys and investments credited to the Bond and Interest Sinking Fund Account do not at least equal the total amount of principal of and interest due or to become due on the Bonds within the succeeding 13 months, after adjusting for interest to be received on Authorized Investments in such account and for the redemption price of Bonds to be met from amounts on deposit in the Redemption Account. If the amount in the Bond and Interest Sinking Fund Account (as adjusted) is sufficient to meet debt service on the Bonds due or to become due during the succeeding 13 months, the Trustee shall forthwith transfer amounts from the Gift Receipts Account to the Reserve Account if the moneys and investments in the Reserve Account do not at least equal the Reserve Requirement. If moneys and investments in the Gift Receipts Account are not required to be transferred to the Bond and Interest Sinking Fund Account or the Reserve Account, any amounts in the Gift Receipts Account may be transferred to the Redemption Account at the direction of the College and used by the Trustee for the purchase or redemption of outstanding Bonds.

The Trustee is authorized, in its discretion, to use funds and investments in the Gift Receipts Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption 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. Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures certain Bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution. In connection with the Bonds, the Authority will not require that the College deposit funds into the General Bond Reserve Account. The Bonds will not be secured by the General Bond Reserve Account, and Bondholders will have no right to require the Authority to apply

moneys or investments in the General Bond Reserve Account to the payment of the Bonds or interest thereon.

Authorized Investments

Moneys on deposit to the credit of the Construction Account, Bond and Interest Sinking Fund Account, Gift Receipts Account, the Reserve Account, or the Redemption Account shall be invested by the Trustee only in Authorized Investments described in the Indenture. (See "DEFINITION OF CERTAIN TERMS".)

THE AUTHORITY

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed \$250 million. The Authority has had 54 issues (including refunded and retired issues) totaling \$183,565,000 of which \$113,620,000 (excluding the Bonds) is outstanding as of June 2, 1990. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. However, pursuant to special legislation, the Authority has once issued bonds on behalf of a State owned and operated post-secondary institution. In addition, State community and technical colleges are eligible for assistance in financing child care facilities, but not other types of projects. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

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

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

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 participating institutions; it has no taxing power.

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

FINANCIAL ADVISOR

Springsted Incorporated, Saint Paul, Minnesota, has served as Financial Advisor to the Authority in connection with the issuance of the Bonds. The Financial Advisor has participated in the preparation of certain portions of this Official Statement, but has not independently verified the factual and financial information contained herein, and accordingly expresses no view as to the accuracy or sufficiency thereof.

UNDERWRITING

The Bonds are being purchased by Piper, Jaffray & Hopwood, Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of \$3,750,866.00, plus interest accrued from July 1, 1990. The initial public offering prices set forth on the cover page may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices set forth on the cover page.

RATING

As noted on the cover page hereof, Moody's Investors Service has given the Bonds a rating of "Baa-1". The rating reflects only the view of such rating agency. The College furnished to Moody's Investors Service certain information and materials respecting the Bonds and the College. Generally, rating agencies base their rating on such information and materials and their own investigations, studies and assumptions. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

The Authority and the College are unaware of any pending or threatened litigation which would affect the validity of the Bonds or materially affect the ability of the College to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

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

Certain legal matters will be passed upon for the College by Gunhus, Grinnell, Klinger, Swenson & Guy, Fargo, North Dakota.

ENFORCEABILITY OF OBLIGATIONS

On the date for delivery of the Bonds to the Underwriter, Bond Counsel, Faegre & Benson of Minneapolis, Minnesota, will deliver the opinion, dated the date thereof, that the Bonds, the Loan Agreement and the Indenture are valid and legally binding on the Authority, enforceable in accordance with their terms. Gunhus, Grinnell, Klinger, Swenson & Guy, Fargo, North Dakota, will act as counsel to the College and issue the opinion that the Loan Agreement and the Security Agreement are valid and legally binding agreements of the College, enforceable in accordance with their respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by such matters as bankruptcy or insolvency or laws, decisions and equitable principles affecting remedies or creditors' rights generally.

While the Bonds are secured or payable pursuant to the Indenture, the Security Agreement, and the Loan Agreement, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) a limitation of \$150,000,000 on the aggregate principal amount of "tax-exempt non-hospital bonds" (generally defined as bonds for other than acute care, in-patient hospital facilities) that is allocated to the College or any 501(c)(3) organization under common management or control with the College as an owner or user of facilities financed with proceeds of such bonds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts and (3) provisions which require that certain investment earnings be rebated periodically to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. Certificates will be furnished by officers of the Authority

and the College to Bond Counsel at closing to the effect that, at the date of issuance of the Bonds, not more than \$150,000,000 of tax-exempt non-hospital bonds (including the Bonds) are outstanding allocable to the College and 501(c)(3) organizations under common management or control. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the date of taxability until the respective dates on which the principal of the Bonds is paid. (See "THE LOAN AGREEMENT- Determination of Taxability" in Appendix IV). A determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

Under present provisions of the Code, interest on the Bonds is exempt from federal income taxes, including the alternative minimum tax imposed with respect to individuals and corporations and the environmental tax imposed with respect to corporations, except that interest on the Bonds will be included in the computation of "adjusted net book income" (or, for taxable years beginning after 1989, "adjusted current earnings"), which may be an item of tax preference includable in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes an environmental tax with respect to corporations on the excess of a corporation's modified alternative minimum taxable income (determined as described above) over \$2 million. Regardless of whether a corporation is subject to the alternative minimum tax, the environmental tax applies with respect to taxable years beginning after December 31, 1986 and before January 1, 1992.

The Code imposes a 30% branch profits tax on the taxable income of a United States branch of certain foreign corporations attributable to its taxable income effectively connected (or treated as effectively connected) with a United States trade or business and a tax equal to 30% of the "dividend equivalent amount" which is measured by "earnings and profits" effectively connected to the United States, net of certain adjustments. Included in the earnings and profits of a United States branch of a foreign corporation is income that would be effectively connected with a United States trade or business if such income were taxable, such as the interest on the Bonds. Existing United States income tax treaties may modify, reduce or eliminate the branch profits tax except in cases of "treaty shopping."

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

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

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

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

THE COLLEGE

Concordia College is a nonprofit, co-educational four-year liberal arts college owned and operated by The Concordia College Corporation with the main campus in Moorhead, Minnesota. 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. The College is also registered with the Minnesota Higher Education Coordinating Board in accordance with Minnesota Statutes.

The College admits qualified individuals without regard to race, color, age, sex, religion or veteran status in accordance with the requirement of federal and State law.

Governance

Concordia is owned and operated by The Concordia College Corporation, members of which coincide with the membership of the Evangelical Lutheran Church in America (ELCA) of northern Minnesota, North Dakota, and Montana. 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:

Board of Regents

Rev. Bruce E. Anderson

Pastor, Our Savior's Lutheran Church, Duluth, Minnesota

Gladys M. Bain

Retired teacher, community volunteer, Bismarck, North Dakota

David Birkeland, Chair of the Board of Regents and President of the Corporation*

President and CEO, First Bank of South Dakota, and Market Director, First Banks South Dakota and North Dakota, Sioux Falls, South Dakota

Donald Bottemiller

President, Homecrest Industries, Inc., Wadena, Minnesota

Evelyn Dahl, Secretary of the Board of Regents and Secretary of the Corporation*

Community volunteer, Fargo, North Dakota

Rev. Neal L. Engbloom*

Pastor, Messiah Lutheran Church, Fargo, North Dakota

C. Harry Forse

Managing Director, Fixed Income Sales, Piper, Jaffray & Hopwood, Inc., Minneapolis, Minnesota

Robert Gandrud

President and CEO, Lutheran Brotherhood, Minneapolis, Minnesota

Bernice T. Hall*	Farmer/Partner, Thompson Family Farm, Edinburg, North Dakota
Dr. Wesley N. Haugen*	Bishop, Eastern North Dakota Synod, ELCA, Fargo, North Dakota
Norman M. Jones*	CEO, Metropolitan Federal Bank, Fargo, North Dakota
Rev. Harold Lohr*	Bishop, Northwestern Minnesota Synod, ELCA, Moorhead, Minnesota
Rev. Howard W. Mars	Senior Pastor, Grace Lutheran Church, Watertown, South Dakota
Richard K. Nelson	Software specialist, Cray Research, Mendota Heights, Minnesota
Pauline Nokleberg**	Community volunteer, Spooner, Wisconsin
Ronald Offutt*	President, R.D. Offutt, Inc., Fargo, North Dakota
Rev. Paul Ofstedal	Pastor, First Lutheran Church, Williston, North Dakota
Charles B. Olson	Former President/CEO, Jennie-O Foods, Willmar, Minnesota
Marilyn J. Olson	Community volunteer, Sidney, Montana
Dr. Paul E. Peterson	Professor of Government, Harvard University, Cambridge, Massachusetts
Roger L. Sanders	Farmer, Alexander, North Dakota
Earl Stein, Jr., Vice-Chair of the Board and Vice President of the Corporation*	President, Stein Chemical Co., Moorhead, Minnesota
Patricia E. Swanson	Community volunteer, Hallock, Minnesota
Wayne Thorson	President, Thorson, Inc., Bemidji, Minnesota
Loanne Thrane	State Director, U.S. Senator Rudy Boschwitz, St. Paul, Minnesota
Karyl Viste	Community volunteer, Great Falls, Montana

Dr. Norman Wick

Bishop, Montana Synod, ELCA, Great Falls, Montana

Dr. Paul J. Dovre* **

President, Concordia College, Moorhead, Minnesota

Clyde E. Allen, Treasurer of the Corporation* **

Treasurer and Vice President of Business Affairs, Concordia College, Moorhead, Minnesota

- * Executive Committee.
- ** Advisory members of the Board.

President

Dr. Paul J. Dovre has served as the eighth President of Concordia College since 1975. Previously he served the College as a faculty member and Academic Vice President. Dr. Dovre came to Concordia from Northwestern University in 1963. Previously he had served as a member of the faculty at Northwestern where he earned his M.A. and Ph.D. degrees.

President Dovre has published a number of articles in his academic field, speech communication. He has served as an officer of various professional organizations and as president of the Lutheran Educational Conference of North America. President Dovre served as the first chair of the Council of College Presidents of the Evangelical Lutheran Church of America (ELCA). Community activities include the United Way and the Moorhead Rotary.

The government of Norway designated Dr. Dovre as Knight, First Class, of the Royal Norwegian Order of Saint Olav, which is awarded for "outstanding merit for the country or for humanity," on October 19, 1979. In the fall of 1986 President Dovre was named one of 100 college presidents identified by their peers as being among the most effective chief executive officers in higher education.

Treasurer and Vice President for Business Affairs

Clyde E. Allen, Jr., has served as Treasurer of the College and Vice President for Business Affairs since January of 1983. Previously, he served four years as Commissioner of Revenue for the State of Minnesota under Governor Al Quie. Prior to that, Mr. Allen served as Director of Research for the Minnesota Taxpayers Association and was employed 17 years as a computer specialist for Honeywell, Inc., with both the Aeronautics Division and the Corporate Staff.

Mr. Allen's area of expertise before joining Concordia was the application of electronic computers to financial, production, and engineering management, and the design of computer operating and compiler systems.

In addition to his work as Commissioner of Revenue, Mr. Allen has served on the Industrial Development Commission, the Housing Redevelopment Authority, and the City Council of Bloomington, Minnesota; and as a member of the Metropolitan Transit Authority Advisory Committee and the Metropolitan Council Chairman's Advisory Committee.

Mr. Allen has served as President and Board member of the Computer Associates of Minnesota and the Association of Metropolitan Municipalities and as a Board member of the League of Minnesota Cities.

He graduated from Yale University in 1957 with a B.A. in Political Science.

Academic Information

The College offers the degrees of Bachelor of Arts and Bachelor of Music. During the 1989-90 academic year, the College awarded 591 Bachelor of Arts degrees and 15 Bachelor of Music degrees. The academic year is divided into two semesters and two optional summer sessions.

The College's curriculum is based on the traditional liberal arts and its 24 academic departments offer 51 professional and 24 teaching majors.

Special programs offered by the College include among others: the CREDO Honors program (a program for exceptional students); courses at North Dakota State University and Moorhead State University; cooperative education; overseas study programs; intercultural (college) exchange programs; 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.

ACCORD (Adults Continuing at Concordia) is a program for those aged 23 and over who want to take classes at the college level in order to earn a degree, make a career change or for personal enrichment. A number of classes are scheduled for late afternoon and evenings, although ACCORD students may attend classes at any time during the day. For the 1989-90 academic year, 149 students were enrolled through the ACCORD program.

Campus/Physical Plant

The 120-acre campus is located within a residential section in the City of Moorhead, Minnesota. Facilities include more than thirty major buildings, of which one-half have been built since 1955. The physical plant and contents are insured at replacement values of approximately \$91,641,000. The oldest building on campus is Bishop Whipple Hall constructed in 1882. The newest additions to the campus are the Olin Art and Communication Center, constructed in 1986 through a \$3.4 million grant from the Olin Foundation; Bogstad East, a \$1.5 million, 122-student residence hall, completed in 1988; and the newest building, Outreach Center, completed in 1989 at a cost of \$1.1 million. The College financed the construction of the Bogstad East and Administration East buildings from current operations, gifts and grants. A future building project on campus planned by the College is the Fitness Forum, a sports and recreation facility housing a 200 meter track, basketball and volleyball courts and other associated athletic facilities. The College intends to construct the facility in 1992 and 1993 at an estimated cost of approximately \$5.9 million.

The College has also recently completed a new \$1.1 million Physical Plant Building, a \$1 million renovation and conversion of the Bishop Whipple dormitory to academic classroom and office space, and paid off approximately \$3.3 million in Department of Education Loans at a highly discounted \$1.7 million. The preceding were all done from available College cash.

The College maintains seven residence halls and five apartment buildings with a total capacity of 1,820 students. Freshmen and sophomores are required to live on campus. Over 60% of the total student body live in College residences.

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. Over 4,900 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, which serve approximately 2,200.

Student Enrollment

The College's actual and projected enrollment trend is:

	<u>Year</u>	Head Count	<u>F.T.E.</u>
Historic:	1985-86	2,481	2,467
	1986-87	2,525	2,512
	1987-88	2,774	2,748
	1988-89	2,880	2,854
	1989-90	2,884	2,858
Projected:	1990-91	2,858	2,832
•	1991-92	2,776	2,750
	1992-93	2,723	2,697
	1993-94	2,707	2,681
	1994-95	2,707	2,681

The College projects its future enrollment conservatively. Actual enrollment has exceeded projections in recent years.

Geographic Distribution of First Semester 1989-90 Student Body

<u>State</u>	Number of Students
Minnesota North Dakota Montana South Dakota Wisconsin Colorado Other	1,849 429 203 75 54 22 155
	2,787
Foreign Country	
Norway Hong Kong Canada Other	47 15 14 <u>21</u>
	97
Total Students	2,884

A total of 41 states and 20 foreign countries are represented in the 1989-90 student population. Sixty-four percent of the students reside in Minnesota.

Freshmen Applications, Acceptances and Enrollments

	<u>1985-86</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
Applications	1,359	1,442	1,729	1,810	1,773
Acceptances	1,310	1,367	1,595	1,581	1,582
Percent Accepted	96.4%	94.8%	92.2%	87.3%	89.2%
Enrolled	718	726	813	736	740
Percent Enrolled to Accepted	54.8%	53.1%	51.0%	46.6%	46.8%
Median ACT Score of Enrolled					
Freshmen	22	23	23	23	23
Mean SAT Score Verbal/Math	487/549	501/531	494/541	479/530	485/533
	· - · • - · •	,	,	,	,

Student Retention

The College reports the following student retention rates, based on tracking incoming freshmen through to graduation.

Fall	New	Percent of Students Returning				ent of duates
<u>Semester</u>	<u>Freshman</u>	2nd Year	3rd Year	4th Year	4 Years	<u>5 Years</u>
1980	756	75.7%	61.6%	59.7%	54.1%	58.1%
1981	694	78.8	66.0	63.3	57.6	62.9
1982	690	81.0	68.3	66.8	61.5	64.8
1983	653	76.7	60.6	59.7	51.0	57.7
1984	693	78.3	68.7	69.2	61.6	67.5
1985	721	75.0	65.2	64.5	56.9	
1986	726	79.9	72.7	67.4		
1987	813	80.4	69.4			
1988	734	79.3				

Tuition and Fees

The College meets the costs of its educational programs primarily through tuition and fees. The following table lists the tuition, room, board and other fees charged to all students residing on campus for the five most recent years.

	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	1990-91
Tuition Room Board Student Activity Fee	\$6,380 920 1,150 50	\$6,690 945 1,200 <u>65</u>	\$7,090 995 1,250 <u>65</u>	\$7,560 1,050 1,325 <u>65</u>	\$ 8,045 1,100 1,425 80
Total	\$8,500	\$8,900	\$9,400	\$10,000	\$10,650

Other special fees may be charged for specific courses of study and certain activities.

A comparison of total tuition and fees for the past three years between the College and public and private institutions with which the College directly competes for students demonstrates that

the College has historically charged lower tuition and fees than any of the competing private colleges.

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>
North Dakota State Univ.	\$ 3,072	\$ 3,444	\$ 3,912
Montana State Univ.	3,888	4,207	4,348
Univ. of Minnesota	4,540	4,943	5,334
Concordia College	8,900	9,400	10,000
Gustavus Adolphus College	10,800	11,750	12,800
St. Olaf College	10,750	12,000	13,150
Hamline University	10,990	12,540	13,335
Macalester College	12,780	13,800	15,042
Carleton College	13,640	15,230	16,950

Financial Aid

Approximately 85% of the student body receives some form of financial aid. The following table is a five-year summary of financial aid received from College and non-College sources.

	1985-86	1986-87	1987-88	1988-89	1989-90
College:					
Grants	\$ 1,772,017	\$ 1,925,184	\$ 1,756,103	\$ 1,613,741	\$ 1,689,098
Scholarships			110,360	128,739	200,497
Work Study	200,655	126,375	281,453	29,966	44,585
Endowed and Restricted	1,272,222	1 672 600	0 155 710	0.510.500	0.504.450
nestricted	1,212,222	1,673,622	2,155,712	2,519,532	2,584,150
Federal:					
Perkins Loans	957,343	1,042,326	1,005,162	1,016,541	1,031,441
Pell Grants	772,052	728,805	945,552	1,200,801	1,214,427
SEO Grants	383,261	500,199	512,594	530,677	448,051
Stafford Loans	2,726,397	2,706,299	2,493,313	2,730,591	2,743,399
Supplemental Loan		164,233	241,297	337,659	528,045
Work Study	306,989	367,410	241,544	225,404	256,604
Minnesota:					
Scholarships					
& Grants	1,508,067	1,831,559	2,286,284	2,176,312	2,695,835
SELF Loans	280,498	279,726	799,247	977,977	933,605
Work Study	141,864	141,815	100,854	303,373	146,769
Other	<u>389,965</u>	365,984	472,373	<u>586,683</u>	664,356
Total	\$10,865,955	\$11,853,537	\$13,401,848	\$14,377,996	\$15,180,862
	+ . 0,000,000	÷ 1,000,007	Ψ10,701,040	Ψ17,077,330	Ψ13,100,00Z
Students Receiving Aid	2,129	2,149	2,340	2,389	2,402

Faculty and Staff

The student-faculty ratio currently is fifteen to one. There are no religious or denominational prerequisites nor any participatory religious requirement for faculty membership.

Staff - Fall 1989

1989	Head Count	FTE
Faculty Full-Time Faculty Part-Time	158 59	158.81* _23.29
Subtotal		182.10
Administrators Support Staff Student	N/A N/A N/A	80.86 194.70 <u>136.10</u>
Total FTE's		593.76

^{*} Full-time faculty appointments are defined as nine months full-time. Some added summer work adds to the FTE count.

Faculty and Average Salary By Rank - 1990-91

<u>Rank</u>	Number*	Range	<u>Average</u>
Professors Associate Professors Assistant Professors	43 34 53	\$40,365 - \$52,290 \$32,080 - \$42,115 \$27,540 - \$38,140	\$45,138 \$37,773 \$31,350
Instructors	19	\$26,130 - \$28,590	\$27,055

^{*} The number shown for computing average salary is for "continuing faculty on nine-month appointments."

Approximately 54% of the faculty are tenured.

Pension Plan

The College has certain contributory pension plans for academic and nonacademic personnel. Contributions for employees are determined on a percentage of annual compensation. The cost of the retirement plan is paid currently and amounted to \$592,726 for the year ended April 30, 1989.

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 1985 to 1989.

	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
Unrestricted Current Fun Appropriation The American Luther					
Church Evangelical Lutheran	\$ 283,933	\$ 297,886	\$ 292,625	\$ 192,181	\$
Church in America			-	38,313	267,229
Minnesota Private College Fund Alumni, Corporations, Organizations	140,023	148,161	149,632	110,613	152,096
and Other	1,234,412	1,288,311	1,894,033	1,452,784	1,462,624
Subtotal	\$1,658,368	<u>\$1,734,358</u>	\$2,336,290	<u>\$1,793,891</u>	\$1,881,949
Restricted Current Funds	3				
Governmental	\$1,576,392	\$1,526,460	\$1,534,652	\$1,751,451	\$2,002,092
Nongovernmental	521,190	543,449	<u>843,936</u>	655,373	723,898
Subtotal	<u>\$2,097,582</u>	\$2,069,909	<u>\$2,378,588</u>	\$2,406,824	\$2,725,990
College Loan Funds	\$	\$ 30,000	\$ 25,000	\$ 25,000	\$
Endowment Funds	553,696	1,509,929	1,294,185	615,016	699,455
Deferred Gift Funds	283,162	1,027,631	1,363,847	160,545	1,063,961
Unexpended Plant Funds	s 578,199	2,953,648	1,050,884	159,089	425,821
Renewal and Replace-				,	•
ment Funds	98,114	5,004	95,332	26,900	52,000
Retirement of Indebt-			•	,	,
edness Funds	14,389	14,389	23,789	16,139	14,389
Investment in Plant	13,284	<u>17,415</u>	62,000		
Totals	\$5,296,794	\$9,362,283	<u>\$8,629,915</u>	\$5,203,404	\$6,863,565

Capital Campaign

In 1989 the College undertook a campaign, The Centennial Fund with the stated goal of \$46.5 million, to solicit funds for endowment, annual giving and facility construction and maintenance. As of June 1, 1990, approximately \$33 million has been received in cash, pledges and deferred gifts. The College expects that a small portion of the total giving may be designated by donors for elements of the Project and, therefore, will be used to repay debt service on the Bonds. The Centennial Fund campaign will continue until the fall of 1992.

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 12,000 members and provides more than \$500,000 per year in support of college building and scholarship programs. Since 1955, the Club has supported 12 major capital projects and is currently raising money for the Centennial Fund.

Endowment Funds

Following is a five-year history of the fund balances of the College's Endowment Funds as reported in the annual financial statement of the College for each year.

	Endowment Funds			
Years Ended April 30	Endowment	Funds Functioning As Endowment		
1989	\$14,447,680	\$3,210,974		
1988	12,412,189	3,085,325		
1987	10,751,128	3,073,409		
1986	8,405,664	2,106,627		
1985	6,427,608	1,885,351		

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

Deferred Gift Funds

Following is a five-year history of the fund balances of the College's Deferred Gifts Funds as reported in the annual financial statement of the College for each year.

Years Ended	Deferred		
April 30	Gift Funds		
1989	\$10,372,157		
1988	9,788,290		
1987	10,123,596		
1986	9,181,371		
1985	7,808,483		

Financial Statements

The College's fiscal year ends April 30 of each year. Financial records are maintained on the fund accounting system and financial statements have been prepared on the accrual basis of accounting except that depreciation is not recognized under generally accepted accounting principles applicable to nonprofit institutions of higher education. Appendix V sets forth the financial statements of the College for the years ended April 30, 1989 and 1988, audited by Adrian Helgeson and Company, Certified Public Accountants, Minneapolis, Minnesota. Adrian Helgeson and Company has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

Summaries of Current Funds Revenues, Expenditures and Transfers

The following tables set forth summaries of revenues, expenditures and other changes for the College's Unrestricted Current Fund for the past five Fiscal Years from the College's audited financial statements, unaudited financial information for the Fiscal Year ended April 30, 1990, and the budget for the Unrestricted Current Fund for the Fiscal Years 1989-90 and 1990-91. These tables should be read in conjunction with the financial statements found in Appendix V.

THE CONCORDIA COLLEGE CORPORATION

SUMMARY STATEMENT OF UNRESTRICTED CURRENT FUND REVENUES, EXPENDITURES AND TRANSFERS

For the Years Ended April 30,

	1985	1966	1967	1968	1989
REVENUES					
Tuition and Fees \$			\$16,324,531		
Government Grants	26,3 68				4,395
Private Gifts and Grants	1,658,368	1,734,358	2,3 36,29 0	1,793,891	1,881,949
Endowment Income	121,861	217, 6 77	102, 887 76,561	77,859	188,381
Sales and Services of Ed. Activities	91,635	76,020	7 6,56 1	81,472	88,374
Other Sources	778,440	651,781	739,780 709,252	793,479	642,488
Matured Deferred Gifts			709,252	589,832	1,275
	• • • • • • • • •	• • • • • • • • •			
Total Revenues Before Auxiliary					
			20,334,629		
		4,709,865			
Independent Operations	1,885,477				
Total Revenues	22,951,256			31,117,187	
	• • • • • • • • • •			• • • • • • • • • •	• • • • • • • • • • • • • • • • • • • •
EXPENDITURES AND MANDATORY TRANSFERS					
Educational and General					
Instruction	6,140,505				
Public Service	352,251	370, 934			
Academic Support	797,897	865 , 858			1,146,232
Student Services	1,626,358	1,730,600	1,932,287	2,122,235	2,338,511
Institutional Support	2,366,361	2,540,652	2,973,020	3,648,737	3,666,565
Operation and Maintenance	1,408,678	1,437,435	1,581,371	1,586,730	1,845,686
Scholarships and Grants	2,191,695	2,233,345	2,470,817	2,793,999	2,817,666
the control of the co	14,883,745	16,252,469	17,668,939	19,745,938	22,017,749
Mandatory Transfers for					
Principal and Interest			397,067		422,776
Total Educational and General	15,267,351		18,066,006		
Auxiliary Enterprises			0.070.000	4 500 400	4 070 040
Expenditures	3,614,968	3,980,709	3, 973,396	4,529,106	4,978,918
Mandatory Transfers for					
Principal and Interest	324,380		355,129	358,781	373,424
Renewals and Replacements	53,750				
Total Auxiliary Enterprises	3,993,098		4,352,275		
Independent Operations					
Expenditures	1,837,662	2,221,171	2,567,652	2,935,276	3,052,676
Mandatory Transfers for					
Principal and Interest	6,914	6, 964	31		
	• • • • • • • • •	· · · · · · · · · · · ·			• • • • • • • • •
Total Independent Operations	1,844,576	2,228,135	2,587,683	2,935,276	3,052,676
		· · · · · · · · · · · ·	• • • • • • • • • •		
Total Expenditures and Mandatory					
Transfers	21,105,025	23,101,171	24,965,964	27,975,081	30,845,543
Excess of Revenues Over Expenditures					
and Mandatory Transfers	1,846,231	2.012.735	3,144,323	3,142,106	1,621,773
,,	, ,		•		
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS)					
Unrestricted Current Fund To:					
Restricted Current Funds	(20,962	(25,500	(25,473)	(65,693) (59,417)
Endowment Funds	(198,123			· · · · · · · ·	
Unexpended Plant Funds	(280,000	(158.283) (1,251,207)
	(665,146			(1,050,830	
Renewal and Replacement Funds					, (555,)
Retirement of Indebtedness Funds	(456,000	, (300,000	, (100,000)	,	
Endowment Funds To:				260,000	240,000
Unrestricted Current Fund				200,000	240,000
No. Torrison (Browners) An Print Bullions	6300 000	te20 402	\$215,597	\$410,000	(\$135,156)
Net Increase (Decrease) in Fund Balance	\$226,000		, 7513,387	********	========

THE CONCORDIA COLLEGE CORPORATION

SUMMARY STATEMENT OF UNRESTRICTED CURRENT FUND REVENUES, EXPENDITURES AND TRANSFERS

For the Year Ended April 30, 1990 (Preliminary and Unaudited) With Comparative Figures for 1989

	1990 (Unaudited)	1989 <u>(Audited)</u>
DEVENILIES		
REVENUES Tuition and Fees	604 400 000	600 505 040
Government Grants	\$21,400,000	\$20,595,848
	5,000	4,395
Private Gifts and Grants	2,032,921	1,881,949
Endowment Income	200,000	188,381
Sales and Services of Ed. Activities	88,000	88,374
Other Sources	700,000	642,488
Matured Deferred Gifts	<u>62,000</u>	<u> </u>
Total Revenues Before Auxiliary Enterprises		
and Independent Operations	\$24,487,921	\$23,402,710
Auxiliary Enterprises	6,132,691	5,881,726
Independent Operations	3,752,435	3,182,880
masportating operations	0,702,400	0,102,000
Total Revenues	\$34,373,047	\$32,467,316
EXPENDITURES AND MANDATORY TRANSFERS		
Educational and General Expenditures	\$23,352,139	\$22,017,749
Mandatory Transfers for Principal and Interest	<u>408,170</u>	<u>422,776</u>
Total Educational and General	\$23,760,309	\$22 ,440,525
Auxiliary Enterprise Expenditures	\$ 5,597,043	\$ 4,978,9 18
Mandatory Transfers for Principal and Interest	390,000	<u>373,424</u>
Total Auxiliary Enterprises	\$ 5,987,043	\$ 5,352,342
•	•	· -,,-
Independent Operations Expenditures	\$ 3,639,912	\$ 3,052,676
Mandatory Transfers for Principal and Interest		
Total Independent Operations	\$ 3,639,912	\$ 3,052,676
Total Expenditures and Mandatory Transfers	33,387,264	\$30,845,543
•		222,0 1010 10
Excess of Revenues Over Expenditures and		
Mandatory Transfers	\$ 985,783	\$ 1,621,773
•		Ţ .,==.,O

CONCORDIA COLLEGE APPROVED BUDGET FY 1990-91 UNRESTRICTED CURRENT FUND

	BUDGET 19 89-90	PROPOSED BUDGET GUIDELINE 1990-91	% ANNUAL INCREASE	BUDGET 1990-91	% ANNUAL INCREASE	% OF BUDGET
REVENUE:					·	
Tuition	20,147,000	21,182,000	5.14%	21,182,000	5.14%	80.08%
Fees	247,000	259,000	4.86%	259,000	4.86%	0.98%
Government Grants	233,000	244,000	4.72%	244,000	4.72%	0.92%
Private Gifts	2,395,000	2,564,000	7.0 6%	2,564,000	7.06%	9. 69%
Endowment	1,100,000	1,210,000	10.00%	1,210,000	10.00%	4.57%
Auxiliary (net)	265,000	277,0 00	4.53%	277,000	4.53%	1.05%
Other	680,000	714,000	5.0 0%	714,000	5.00%	2.70%
TOTAL REVENUE	25,067,000	26,450,000	5.52%	26,450,000	5.52%	100.00%
EXPENDITURES:						
Services & Supplies	4,282,238	4,468,000	4.34%	4,403,163	2.82%	16.65%
Student Employment	662,398	694,000	4.77%	731,629	10.45%	2.77%
Telephones	232,07 9	244,000	5.14%	230,819	-0.54%	0.87%
Utiliti es	445,80 9	468,000	4.98%	468,000	4.98%	1.77%
Library Capital	262,875	276,000	4.99%	283,700	7.92%	1.07%
Misc. Capital	237,0 00	249,000	5. 06%	212,400	-10.38%	0.80%
Debt	433,000	433,000	0.00%	433,000	0.00%	1.64%
Reserve	3 76,000	397,000	5.59%	397,000	5.59%	1.50%
Major Projects	476,000	500,000	5.04%	500,000	5.04%	1.89%
Financial Aid	4,196,000	4,341,000	3.4 6%	4,341,000	3.46%	16.41%
Credits from chg backs	(158,136)	(166,000)	4.97%	(161,611)	2.20%	-0.61%
Discretionary	60,000	180,000	200.00%		-100.00%	0.00%
SUBTOTAL	11,505,263	12,084,000	5.03%	11,839,100	2.90%	44.76%
Salaries & Benefits	13,561,737	14,366,000	5.93%	14,610,900	7.74%	55.24%
TOTAL EXPENDITURES	25,067,000	26,450,000	5.52%	26,450,000	5.52%	100.00%
BALANCE	0	0	0			

Long-Term Debt of the College As of April 30, 1990

- 1. \$800,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Q, dated May 1, 1976, final maturity April 1, 1994. The Series Q Bonds are secured by the full faith and credit of the College; a first lien on the gross revenues of certain residence halls; a debt service reserve of \$68,000; and the Authority's General Bond Reserve. \$345,000 is outstanding.
- 2. \$6,500,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Z, dated August 1, 1979, final maturity April 1, 2006. The Series Z Bonds are secured by the full faith and credit of the College; a mortgage on Science South; a debt service reserve of \$480,000; and the Authority's General Bond Reserve. \$5,575,000 is outstanding.
- 3. \$3,055,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-F, dated March 1, 1983, final maturity October 1, 2003. The Series Two-F Bonds are secured by the full faith and credit of the College; a debt service reserve of \$320,850; and AMBAC insurance. \$2,540,000 is outstanding.
- 4. \$2,048,867 general obligation note, dated November 22, 1983 (Minnesota Higher Education Facilities Authority Pooled Revenue Bonds, Series 1983A), final maturity September 1, 1991. \$787,035 is outstanding.
- 5. Three mortgages payable in monthly installments aggregating \$3,172 including interest at 9.5%. The mortgages are secured by College land and buildings. \$23,452 is outstanding.
- 6. Mortgage payable in annual payments of \$15,000 plus interest with final payment of \$150,000 due October 1, 1997. Interest in charged at the prime rate. The mortgage is secured by real property of the College. \$286,698 is outstanding.
- 7. Two contracts for deed due in monthly installments aggregating \$2,344, including interest at 10%. The contracts for deed are secured by apartment buildings and other real estate. \$245,905 is outstanding.
- 8. The Bonds.

As of April 30, 1990, the total of long-term debt outstanding adjusted to include the Bonds is \$13,603,090.

The College also has a total of \$17,700 outstanding on four unsecured loans payable to individuals on demand at 7.5% to 8% interest. Interest is paid semiannually.

THE CONCORDIA COLLEGE CORPORATION

LONG-TERM DEBT SERVICE AND PRO-FORMA COVERAGE

								Coverage
					Series			by Total
			Outstanding		Reserve		Coverage	Available
Fiscal	<the b<="" th=""><th>onds></th><th>Long-Term</th><th>Total</th><th>Balances</th><th>Total</th><th>by UCF Net</th><th>for Debt</th></the>	onds>	Long-Term	Total	Balances	Total	by UCF Net	for Debt
Year		Principal &	Debt	Debt	at Final	Net Debt	Revenues	Service
Ending	Principal	Interest	Service (a)	Service	Maturity	Service	(See (b))	(See (c))
1991	•••••	\$195,253	\$1,426,467	\$1,621,720		\$1,621,720	1.10	1.39
1992		260,338	1,391,854	1,652,192		1,652,192	1.08	1.36
1993	\$290,000	541,058	977,162	1,518,220		1,518,220	1.18	1.49
1994	305,000	536,865	1,085,957	1,622,822	\$68,000	1,554,822	1.15	1.45
1995	325,000	536,228	895,502	1,431,730		1,431,730	1.25	1.57
1996	350,000	538,778	904,452	1,443,230		1,443,230	1.24	1.56
1997	375,000	539,303	890,328	1,429,631		1,429,631	1.25	1.58
1998	400,000	537,753	1,028,046	1,565,799		1,565,799	1.14	1.44
1999	425,000	534,078	873,411	1,407,489		1,407,489	1.27	1.60
2000	455,000	533,164	883,156	1,416,320		1,416,320	1.26	1.59
2001	875,000	906,063	889,021	1,795,084	380,000	1,415,084	1.26	1.59
2002			886,460	886,460		886,460	2.01	2.54
2003			890,350	890,350		890,350	2.00	2.53
2004			885,586	885,586	320,850	564,736	3.16	3.99
2005			581,026	581,026		581,026	3.07	3.88
2006			1,677,550	1,677,550	480,000	1,197,550	1.49	1.88
Totals	\$3,800,000	\$5,658,881	\$16,166,328	\$21,825,209	\$1,248,850	\$20,576,359		

(a) Through FY 2006; some debt payments extend through FY 2013.

Calculation of Amount Available for Debt Service (Based on April 30, 1990 unaudited financial reports):

	UNRESTRICTED CURRENT FUND REVENUES:	\$34,373,047
	UNRESTRICTED CURRENT FUND EXPENDITURES:	33,387,264
	EXCESS OF REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS	985,783
	ADD: Mandatory Transfers for Debt Service	798,170
(b)	UCF NET REVENUES AVAILABLE FOR DEBT SERVICE	\$1,783,953
	ADD: Investment Earnings from Non-Mandatory Debt Reserve*	471,000
(c)	TOTAL AVAILABLE FOR DEBT SERVICE	\$2,254,953

^{*}For the past eight years, the College has applied to debt service a portion of investment earnings from a non-mandatory Debt Reserve which currently has a balance in excess of \$8.2 million.



LEGAL OPINION

FAEGRE & BENSON

2200 NORWEST CENTER

90 SOUTH SEVENTH STREET

MINNEAPOLIS, MINNESOTA 55402-3901

612/336-3000 FACSIMILE 336-3026

SUITE 1150, 8400 TOWER 8400 NORMANDALE LAKE BOULEVARD BLOOMINGTON, MINNESOTA 55437-1076 612/921-2200 FACSIMILE 921-2244 2500 REPUBLIC PLAZA
370 SEVENTEENTH STREET
DENVER, COLORADO 80202-4004
303/592-5900
FACSIMILE 592-5693

SUITE 500

II40 CONNECTICUT AVENUE N.W.
WASHINGTON, D. C. 20036-4001
202/728-0952

FACSIMILE 728-0957

IO EASTCHEAP
LONDON EC3M IET, ENGLAND
071/623-6163
FACSIMILE 623-3227

\$3,800,000

Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-Y (The Concordia College Corporation)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue Bonds, Series Two-Y (The Concordia College Corporation), in the aggregate principal amount of \$3,800,000 (the "Bonds"), dated July 1, 1990, in the denomination of \$5,000 each and integral multiples thereof, maturing on October 1 in the years and amounts and bearing interest at the basic rates per annum as follows:

		Basic			Basic
<u>Year</u>	Amount	<u>Interest Rate</u>	<u>Year</u>	Amount	Interest Rate
1992	\$290,000	6.40%	1997	\$400,000	6.90%
1993	\$305,000	6.50%	1998	\$425,000	7.00%
1994	\$325,000	6.60%	1999	\$455,000	7.05%
1995	\$350,000	6.70%	2000	\$875,000	7.10%
1996	\$375,000	6.80%		40.0,000	7.10%

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds. Interest on the Bonds is payable on each April 1 and October 1, commencing October 1, 1990. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the principal corporate trust office of First Trust National Association, in St. Paul, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to The Concordia College Corporation, a Minnesota nonprofit corporation (the "College"), as owner and operator of Concordia College, a Minnesota nonprofit institution of higher education having its main campus in the City of Moorhead, Minnesota (the "Institution"),

in order to finance the costs of a project consisting of the acquisition, construction, improving, furnishing and equipping, including appurtenant site improvements, of buildings on the campus of the Institution, the construction of additional site improvements, and acquisition and installation of equipment (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College, the Trust Indenture (the "Indenture") between the Authority and the Trustee, and the Security Agreement (the "Security Agreement") from the College to the Trustee, all dated as of July 1, 1990, the opinion of Gunhus, Grinnell, Klinger, Swenson & Guy as counsel to the College, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Gunhus, Grinnell, Klinger, Swenson & Guy, as to the Loan Agreement and the Security Agreement having been duly authorized and executed and being binding upon the College, as to the corporate organization, good standing and powers of the College, and as to the title to the Project Site (as defined in the Loan Agreement and Trust Indenture) without examining the records of the College or original title records or abstracts of title.

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

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

- 1. The Authority is an agency of the State of Minnesota with authority under Sections 136A.25 to 136A.42, Minnesota Statutes, as amended to issue the Bonds, to loan the proceeds thereof to the College and to execute and deliver the Loan Agreement and the Indenture to secure the Bonds.
- 2. The Loan Agreement, the Indenture and the Security Agreement are valid and binding instruments of the parties thereto, enforceable in accordance with their terms.

- 3. The Bonds are secured by the assignment of the loan repayments payable by the College under the Loan Agreement, to the Trustee in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, by the pledge of the funds and investments held by the Trustee under the Indenture and by the pledge of the funds and rights to payment held by the Trustee under the Security Agreement.
- 4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is not includable in gross income for purposes of Federal income taxation or in taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is includable in "book income" or in "earnings or profits" for the purpose of determining the "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the environmental tax imposed on corporations, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture, the Loan Agreement and the Security Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore

or	hereaf	ter	enact	ed to	the	ext	cent c	onsti	tution	nall	у ар	plicab	le
and	l that	thei	r enf	orcem	ent	may	also	be su	bject	to	the	exerci	se
of	judici	al d	liscre	tion	in a	CCO	rdance	with	gene	ral	prin	ciples	οf
law	7.												

Dated at Minneapolis, Minnesota, _____, 1990.

DEFINITION OF CERTAIN TERMS

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

Additional Bonds: Any Additional Bonds issued by the Authority on behalf of the College pursuant to section 2.09 of the Indenture.

Authority: The Minnesota Higher Education Facilities Authority.

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

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

Authorized Investments: Investments authorized for moneys in the accounts created under the Indenture including, direct obligations of the United States of America or of certain federal agencies which are guaranteed by the United States of America ("Federal Obligations"); general obligations of any state or political subdivision thereof which at the time of purchase are rated at least "AA" or "Aa" (in the case of states) or "AAA" or "Aaa" (in the case of political subdivisions); revenue bond obligations of any state or political subdivision which at the time of purchase are insured by municipal bond insurance and are rated "AAA" or "Aaa"; mutual funds and/or unit trusts which invest solely in Federal Obligations; certificates of deposit secured by Federal Obligations or certificates of deposit, savings accounts, deposit accounts or time deposit accounts of banks (including the Trustee and affiliates of the Trustee) fully insured by the Federal Deposit Insurance Corporation; investment agreements, acceptable to the Trustee and issued by a corporation rated at least "AA" or "Aa"; repurchase agreements, secured by Federal Obligations; and commercial paper maturing in 365 days or less and rated at least "AA" or "Aa" (any rating to be given by either Standard & Poor's Corporation or Moody's Investors Service).

Board of Regents: The Board of Regents of the College, including any Executive Committee authorized to act for such board.

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

Bonds: \$3,800,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-Y (The Concordia College Corporation) and any Additional Bonds then outstanding.

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

Bond Resolution: The Series Resolution of the Authority adopted on June 27, 1990, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

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

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

College: The Concordia College Corporation, a Minnesota nonprofit corporation, its successors and assigns.

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

Contributions and Pledge Receipts: Contributions to the College and payments on Pledges specifically designated or restricted by the donor to be used to finance the Project, or allocated to the Project pursuant to a resolution of the Board of Regents of the College.

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

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

Financial Journal: Northwestern Financial Review, The Bond Buyer, or any other newspaper or journal devoted to financial news published in the English language in Minneapolis or St. Paul, Minnesota, or in the City of New York.

Fiscal Year: The College's fiscal year, initially the 12-month period commencing on May 1 in each year.

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

Gift Receipts: Contributions and Pledge Receipts.

Gift Receipts Account: The account established pursuant to the Indenture into which certain Contributions and Pledge Receipts shall be deposited from time to time by the College.

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

Indenture: The Trust Indenture between the Authority and First Trust National Association, as Trustee, dated as of July 1, 1990, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: Concordia College, a Minnesota institution of higher education located in Moorhead, Minnesota.

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

Issue: The Bonds.

Loan Agreement: The Loan Agreement between the Authority and the College dated as of July 1, 1990, as amended or supplemented from time to time.

Loan Repayments: Payments required to be made by the College to the Trustee pursuant to Section 4.02 of the Loan Agreement.

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

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

Pledges: Written pledges or donors' expressions of the intent of the donors to pay to the College or the Institution, contributions in a lump sum or in installments from time to time.]

Project: The Project consists of the improvement of the Field House (also known as Memorial Auditorium), construction of a campus pedestrian mall with bell tower, remodeling, furnishing and equipping the Library for additional library collection space, improvement of the electrical and air conditioning system, construction of six tennis courts and additional parking spaces and acquisition and installation of equipment and site improvements, to be located on the campus of the Institution in Moorhead, Minnesota.

Project Buildings: The Field House, bell tower and the Library to be acquired, improved or constructed as part of the Project.

Project Costs: Costs properly payable from the Construction Account in relation to the Project.

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds, including investment earnings, and installed and located in or as part of the Project Buildings or elsewhere as part of the Project.

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

Project Site: The land on which the Project Buildings are to be located or otherwise to be improved as part of the Project, described in the Loan Agreement.

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

Regular Record Date: The 15th day (whether or not a Business Day) of the calendar month next preceding an interest payment date.

Reserve Account: The Reserve Account established under the Indenture, into which at Bond Closing will be placed \$380,000 of Bond proceeds, unless such amount exceeds 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale) in which case the debt service reserve will be in the amount of such lesser sum (the "Reserve Requirement"). Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefor and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

Security Agreement: The Security Agreement between the College and the Trustee dated as of July 1, 1990, as amended or supplemented from time to time.

Series Two-Y Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-Y (The Concordia College Corporation).

Special Record Date: The record date set by the Trustee for the purpose of paying defaulted interest.

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

Trustee, Registrar, Paying Agent: First Trust National Association.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The College represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than July 1, 1992 subject only to "force majeure," as provided in the Loan Agreement, provided that the College may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the College, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax exempt status of interest on the Bonds. The College agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account.

Loan Repayments

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

- (a) Into the Gift Receipts Account all Contributions and Pledge Receipts received after April 30, 1990 promptly when received, as more fully described in Section 6.13 of the Loan Agreement; and
- (b) at least 10 Business Days prior to each April 1 and October 1, commencing October 1, 1990, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest, or as principal and interest, on the Series Two-Y Bonds on the next succeeding interest payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03, 5.04 or 5.05 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds) or Section 6.13 of the Loan Agreement (relating to amounts on deposit in the Gift Receipts Account); and
- (c) prior to a date established for the optional redemption and prepayment of the Series Two-Y Bonds, into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Series Two-Y Bonds called for redemption from the Redemption Account; and

- (d) forthwith into the Bond and Interest Sinking Fund Account or Redemption Account, as appropriate, the amount of any deficiency in the event that the funds on deposit in the Bond and Interest Sinking Fund Account or Redemption Account on any Bond principal or interest payment date are for any reason insufficient to pay principal, premium (if any) and interest on the Series Two-Y Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and
- (e) into the Reserve Account forthwith any amounts then required to be deposited therein by Section 5.02 of the Indenture; and
- (f) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.06 of the Indenture (relating to arbitrage rebate).

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

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

Use of Project Facilities

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. The College agrees not to permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501 (c)(3) of the Code.

Maintenance of Project Facilities

The College agrees that, so long as there are Bonds outstanding, the College will keep the Project Facilities in good repair and good operating condition at its own cost, making such repairs and replacements as are necessary so that the Project will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation. The College may lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities, so long as the tax-exempt status of the Bonds will not be affected thereby and such lease, sublease or use agreement shall not be inconsistent with the Loan Agreement, the Indenture, the Security Agreement or the Act.

Title to Property and Liens

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

Taxes and Other Governmental Charges

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

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

Insurance

The College is required to maintain, or cause to be maintained, insurance as follows:

- (a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Buildings.
- (b) Comprehensive general public liability insurance against liability for personal injury in the minimum amount for each occurrence of \$5,000,000 and against liability for property damage in the minimum amount for each occurrence of \$100.000.
- (c) Workers' compensation insurance in such amount as is customarily carried by organizations in like activities of comparable size and liability exposure to the College.

Upon the written request of the College, the Trustee (i) may permit modifications to such insurance requirements and deductible amounts, including permission for the College to be self-insured in whole or in part for any such comprehensive general public liability insurance and workers' compensation insurance coverage, upon such terms and conditions as the Trustee may require, and (ii) shall permit modifications to such insurance requirements and deductible amounts, including permission for self-insurance, in accordance with the recommendation of an independent insurance consultant employed by the College and satisfactory to the Trustee.

The College is required to furnish to the Trustee policies or certificates or binders evidencing the required insurance. Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the College and the Trustee at least thirty days before the cancellation or modification becomes effective.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than \$100,000, the College will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the

claim for loss resulting from such damage or destruction exceeds \$100,000, the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

Condemnation

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

Indemnification

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

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

Existence and Accreditation of College and Institution

The College agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and will maintain the Institution's existence as a nonprofit institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies, and that it will not dissolve or otherwise dispose of all or substantially all of its assets or all or substantially all the assets of the Institution, or consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another institution except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) The surviving, resulting or transferee corporation or institution, as the case may be, (i) shall have either unrestricted fund balances equal to at least 90% of the unrestricted fund balance of the College for the most recent Fiscal Year or have average Debt Service Coverage Ratio (as defined in the Loan Agreement) on a consolidated basis for the two most recent Fiscal Years at least equal to the Debt Service Coverage Ratio of the College for the same period or have average projected Debt Service Coverage Ratio for the next two succeeding Fiscal Years at least equal to 120% of the Maximum Annual Debt Service (as defined in the Loan Agreement) of the College at the time of the merger or consolidation and (ii) if the surviving, resulting or transferee corporation or institution, as the case may be, is other than the College, such surviving, resulting or transferee corporation or institution shall assume in writing all of the obligations of the College in the Loan Agreement and the Security Agreement and shall be either a state university or college or a nonprofit corporation operating or authorized to operate an institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against discrimination and requiring that the Institution be nonsectarian; and (iii) the College shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal Revenue Code and regulations thereunder.

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

The College has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt Non-Hospital bonds issued on behalf of or for the benefit of the College and all organizations under common management or control with the College (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed \$150,000,000. Under the Loan Agreement, in no event will the College affiliate or consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets or the assets of the Institution as an entirety if the effect of any such transaction would be to cause the sum of the principal amount of the Series Two-Y Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the College or such other resulting entity, and all organizations under common management or control with the College or such resulting entity (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, to exceed \$150,000,000.

Institution To Be Nonsectarian

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

Federal Income Tax Status

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

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bonds is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole or in part, on the next practicable interest payment date and if in whole, on any date thereafter and if in part, on any interest payment date thereafter and the redemption price therefor shall be equal to par plus accrued interest.

Other Covenants

The College agrees to establish and maintain, according to the terms of Section 6.13 of the Loan Agreement, a Gift Receipts Account, into which shall be deposited all Contributions and Pledge Receipts received after April 30, 1990 promptly when received but not less often than every thirty days.

The College further agrees to provide financial statements and other information to the Authority and the Trustee; to comply with all applicable laws and regulations against discrimination, and not to discriminate on account of religion, race, color or creed in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds; and to observe all applicable State laws and regulations, including those of the Authority and the Minnesota Higher Education Coordinating Board, subject to the right of contest.

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

Events of Default

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

- (a) If the College shall fail to make any Loan Repayment when due and either (i) the moneys on deposit in the Bond and Interest Sinking Fund Account, Gift Receipts Account, Reserve Account or Redemption Account, as the case may be, on a Bond principal or interest payment date are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (ii) such failure shall continue for 5 days after notice from the Trustee or the Authority to the College that such payment has not been made; or
- (b) If the College shall fail to comply with the provisions of Section 6.09(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or
- (c) If the College shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement, provided failure to comply with such requirement shall not become an Event of Default unless the College fails to restore such deficiency within a period of thirty (30) days after written notice specifying such deficiency and requesting that it be remedied is given to the College by the Authority or the Trustee; or
- (d) If the College sells or otherwise disposes of any interest in the Gift Receipts Account or creates or permits to exist any lien, security interest or other charge or encumbrance upon or with respect to the Gift Receipts Account, in violation of the provisions of Section 6.13 of the Loan Agreement, except as provided in or contemplated by the Loan Agreement.
- (e) If the College fails to observe the financial covenants set forth in Section 6.14 of the Loan Agreement, provided that failure to comply with Section 6.14(a) relating to the Unrestricted Current Fund balance shall not become an Event of Default unless the College fails to restore the deficiency within a period of 180 days after the close of the Fiscal Year in which such deficiency has occurred.

- (f) If the College shall fail to observe and perform for reasons other than force majeure any other covenant, condition or agreement on its part under the Loan Agreement for a period of thirty (30) days after written notice, specifying such default and requesting that it be remedied, is given to the College by the Authority or the Trustee; or
- (g) If there shall occur an event of default (as defined therein) under the Security Agreement; or
- (h) If the College files a petition in voluntary bankruptcy, or for the composition of its affairs or for its corporate reorganization under any state or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the property of the College or the Institution; or
- (i) If a court of competent jurisdiction shall enter an order, judgment or decree against the College in any insolvency, bankruptcy, or reorganization proceeding, or appointing a trustee or receiver of the College or of the whole or any substantial part of the property of the College or the Institution, and such order, judgment or decree shall not be vacated or set aside or stayed within ninety days from the date of the entry thereof; or
- (j) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the College or the Institution or of the whole or any substantial part of the property of the College or the Institution, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control.

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

Remedies on Default

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

- (a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due under and payable for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.
- (b) The Trustee (or the Authority with respect to certain sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable

- to collect the payments then due and thereafter to become due under the Loan Agreement.
- (c) The Trustee may take whatever action in law or equity which appears necessary or desirable to enforce the security provided by or enforce any provision of the Loan Agreement, the Security Agreement or the Indenture in accordance with the provisions thereof.

Amendments

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

THE INDENTURE

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

Granting Clauses

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

- (a) all right, title and interest of the Authority under the Loan Agreement and all Loan Repayments and other sums due under the Loan Agreement, except the Authority's annual fee and rights to indemnity and reimbursement;
- (b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture, (ii) moneys and investments in the Construction Account not paid out for Project Costs, and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and
- (c) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the College or by anyone in behalf of them or with their written consent, to the Trustee, including, but not limited to, the Security Agreement.

Accounts

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

Additional Bonds

Provided certain conditions more fully described in the Indenture have been met, the Authority may in its discretion and with the consent of the College issue Additional Bonds, to be secured on a parity with the Series Two-Y Bonds, (i) to provide funds to complete the Project, or (ii) to refund all or any series or portion of series of the then outstanding Bonds, or (iii) to provide funds for improvements to or alterations, repairs or replacement of the Project Facilities or (iv) for another project or projects, as defined in and authorized by the Act.

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

- (a) If payment of the principal of any of the Bonds, when the same shall become due and payable (whether at maturity or by proceedings for redemption or by declaration of acceleration or otherwise), shall not be made; or
- (b) If payment of any interest on the Bonds when the same shall become due and payable (in which case interest shall be payable to the extent permitted by law on any overdue installments of interest, in each case at the interest rate borne by the Bonds in respect of which such interest is overdue) shall not be made; or
- (c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of sixty days after written

notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the College (giving the College the privilege of curing such default in the name of the Authority, if permitted by law) by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the Holders of not less than a majority in principal amount of the Bonds then outstanding; or

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

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

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

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

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to the reference rate of First Bank, National Association, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses, advances

and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the College to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum capital, surplus and undivided profits of \$10 million in event of merger, resignation, or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court.

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the College shall:

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

become due for principal and premium, if any, and interest to maturity of all Bonds outstanding, or

- 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 College for the Authority under its official seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or
- (d) surrender to the Trustee for cancellation all Bonds,

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

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

Supplemental Indentures

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

(a) to correct the description of any property conveyed or pledged by the Indenture or intended so to be, or to assign, convey, pledge or transfer and set over to the Trustee

additional property for the benefit and security of the Holders and owners of all Bonds under the Indenture;

- (b) to add to the covenants and agreements of the Authority or to surrender any right or power reserved to or conferred upon the Authority;
- (c) to evidence the succession of any other department, agency, body or corporation to the Authority;
- (d) to cure any ambiguity or to correct or supplement any defective or inconsistent provision contained in the Indenture or in any supplemental indentures or to make such other provisions in regard to matters or questions arising under the Indenture or any supplemental indenture as the Authority may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture or any supplemental indenture and which shall not impair the security of the same; and
- (e) to create a series of and authorize 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 under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all such Bonds (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture (except for Additional Bonds as provided in Section 2.09 of the Indenture), or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture or the Loan Agreement or the Security Agreement as set forth in the Indenture.

Amendments to the Loan Agreement and the Security Agreement

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

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to any amendment, change or modification of the Loan Agreement or the Security Agreement without the written approval or consent of the Holders of not less than 65% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the loan repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

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

THE SECURITY AGREEMENT

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

To secure its obligations under the Loan Agreement, the College pledges and assigns to the Trustee a security interest in the following property (the "Collateral"): (i) All Contributions and Pledge Receipts, when received by the Trustee from time to time and held in the Gift Receipts Account, the Bond and Interest Sinking Fund Account and the Redemption Account and all investments of such Contributions and Pledge Receipts, however held, and (ii) any and all proceeds thereof.

From and after the occurrence of an "event of default" under the Indenture or a default on the part of the College in its obligations under the Security Agreement, the Trustee may exercise any rights and remedies available to it under the Loan Agreement, the Indenture and the Security Agreement; exercise all voting and other rights as a holder with respect to any securities included in the property pledged by the Security Agreement; exercise and enforce any and all rights and remedies available after default to a secured party under the Uniform Commercial Code, including the right to offer and sell the property pledged under the Security Agreement; notify any pledgor that the College's right to payment with respect to such Pledge has been transferred to the Trustee; and exercise or enforce any and all other rights and remedies available by law against the Collateral pledged in the Security Agreement, the College or any other person or property.

CONCORDIA COLLEGE MOORHEAD, MINNESOTA

AUDITED FINANCIAL STATEMENTS YEAR ENDED APRIL 30, 1989 WITH COMPARATIVE FIGURES FOR 1988



Certified Public Accountants 1221 Nicollet Mall Minneapolis MN 55403

INDEPENDENT AUDITOR'S REPORT

June 30, 1989

To The Board of Regents Concordia College Moorhead, Minnesota

We have audited the accompanying balance sheet of Concordia College as of April 30, 1989 and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Concordia College at April 30, 1989 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.

april 1 began and company

Certified Public Accountants

ASSETS	1989	### SALANCE SHEET APRIL 30, 1989 WITH COMPARATIVE FIGURES FOR 1988 1988 Current Funds	E SHEET 1, 1989 FIGURES FOR 1988 LIABILITIES AND FUND BALANCES Current Funds	6961	1988
Cash Cash Savings Accounts and Certificates Short-Term Investments Held in Special Agency Account Boubtful Notes Receivable (Less Allowance for Contracts for Deed Receivable Contracts for Deed Receivable	\$ 2,413,190 3,207,982 1,109,471 78,646	\$ 179,728 2,134,869 5,062,658 982,692 91,976	Current Funds Unrestricted Cash Overdraft Accounts Payable Accrued Salaries and Related Benefits Accrued Vacation Benefits Accrued Unemployment Compensation Benefits Deposits		\$ 121,274 472,372 2,847,234 254,381 18,000 688,803
Other Receivables Funds Held by Managing Agent Fords Held by Managing Agent Stocks and Bonds (Market Value \$174,787 and \$187,287) Other Investments Inventories Prepaid Expenses (May Seminars, Summer School and Other) Prepaid Expenses (Language Camps)	5,511 148,023 278,250 448,231 399,283 528,733	228, 574 37, 020 165, 134 305, 522 378, 553 420, 283 480, 001 1, 145, 639	Deferred Revenue (May Seminars and Summer School) Deferred Revenue (Language Camps) Due to Restricted Current Funds Due to College Loan Funds Due to Endowment Funds Due to Deferred Gift Funds Due to Unexpended Plant Funds Due to Renewal and Replacement Funds Due to Reriement of Indebtedness Funds		300,187 1,616,335 1,002,702 1,27,609 412,966 1,474,802 398,647
1-1	276,958 2,069,000 1,376,063 13,842,482	272, 194 1, 617, 361 30, 690 13, 732, 894	Due to Agency Funds Total Liabilities Fund Balance Appropriated Unappropriated Total Fund Balance	11,00 2,4,2 2,7 2,7 13,8	58,066 11,069,203 350,000 2,423,279 2,773,279 13,842,482
-:- -: 1	2,840 18,800 389,702 1,002,702 1,414,024 \$15,256,506	6,200 18,800 321,137 929,531 1,275,668 \$15,008,562	Accounts Payable Fund Balances Totals	656 1,413,368 1,414,024 \$15,256,506	656 024 506

		CONCORDIA COLLEGE	COLLEGE		EXHIBIT A
		BALANCE SHEET APRIL 30, 1989 WITH COMPARATIVE FIGURES FOR 1988	SHEET 1989 FICURES FOR 1988		
ASSETS - Continued	1989	1988	LIABILITIES AND FUND BALANCES - Continued	1989	1988
Lollege Loan Funds Lollege Loan Funds Deposit - United Student Aid Funds, Inc Student Notes Receivable Due from Unrestricted Current Fund Due from Perkins Loan Fund	\$ 29,149 21,648 127,609 388,386 566,792	\$ 29,149 21,787 132,650 363,438 547,024	Loan Funds College Loan Funds Fund Balances - Restricted	\$ 566,792	\$ \$47,024
Perkins Loan Fund (Lash Held by Servicing Agency Student Notes Receivable (Less Allowance for College Portion of Doubtful Notes of \$50,469) lue from U.S. Government	91,787 7,535,351 7,535,351 38,760	73,115 7,414,183 28,824 7.516,122	Perkins Loan Fund Due to College Loan Funds Due to Unrestricted Current Fund Fund Balances U.S. Government Grants Refundable College Fund Balance - Restricted	368,386 276,958 6,591,857 408,697	363,438 272,194 6,483,799 396,691
Totale	\$ 8,232,690	\$ 8,063,146	Totals	7,665,898	7,516,122
Findowment Funds Money Market Fund Historial Fund Shares (Market Value \$171,290 and	\$ 67,881	\$ 29,322	Endowment Funds Accounts Payable Contract for Deed Payable	\$ 102	861 \$
\$154,882) ELGA Loan Fund Certificates Stocks and Bonds (Market Value \$813,490 and \$741,271)	174,509 15,000 636,534	170,675 15,000 634,774	Fund Balances Endowment Term Endowment Funds Functioning as Endowment	14,100,033 347,647 3,210,974	12,072,507 339,682 3,085,325
Finds Held in Trust (Market Value \$557,025 and \$561,690) Finds Held by Managing Agent Cash and Short-Term Investments	442,218	438,637	Totals	\$17,697,613	\$15,497,712
Stocks and Bonds (Market Value S13,619,368 and S10,739,488) thnlisted Stocks at Gift Value Notes Receivable Other Receivables Real Estate Due from Unrestricted Current Fund Due from Plant Funds for Investment	12,273,450 384,001 137,726 108,579 529,218 412,966	9,904,165 384,001 158,530 37,980 487,446 867,970			
in Institutional Property The from Agency Funds Totals	176,671 604,800 \$17,697,613	199, 204 505, 295 \$15, 497, 712			

International Contracts 1930 19			CONCORDIA COLLEGE	COLLEGE		Sheet 3
ACTION CONTINUED 1989 19			BALANCE	SHEET		
Market Start Sta			APRIL 30	6861		
Section Continued 1999 1986 1986 1986 1986 1986 1986 1989 1986 1989 1986 1989 1986 1989 1986 1989 1989 1980			TH COMPARATIVE	FIGURES FOR 1988		
Interest	ASSETS - Continued	1989	1988		1989	8861
Amount to the count of the co	erred Gift Funds			Deferred Gift Funds		
State Stat	nnusty Contracts			Annuity Contracts		
1 200	Bonds (Market Value \$36,633 and \$35,286) Stocks (Market Value 610,513)			Accounts Payable		_
Manual Contracts Manual Contract States Manual Designation Manual Contract States Manu	The transfer water 510,010		(/)	Motes Fayable	49,623	6 104 1
1.23.243 1.23.243	Cash and Short-Term Investments	7 619	701 106	Annuities Payable Total linkilities	1 013 647	660 519
1,11,0,0,13 1,10,0,0,0 1,10	Stocks and Bonds (Market Value St 272 12)	010'75	991,12	Control of the contro	3 329 280	2 798 M33
Partnership 130,000 10,	and \$1,184,935)	1.213.671	1.130.078		4.342.927	3.459.372
Particle 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 100 10, 10, 100 10, 100	ELLA Loan Fund Certificates	30,000	30,000			
March Marc	Investment in Limited Partnership	733,603	849,825			
and Contracts for leed 94,248 108,99 108,408 108,99 108,108 108,99 108,108 108	Notes Receivable	9,530	10,000			
1,000, 100 1,0	Keal Estate Mortgages and Contracts for Deed	94,248	108,199			
1,182,867 1,100,100 1,182,867 1,100,100 1,10	Real Estate	808,865	255,365			
1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,867 1,182,967 1,18	Due from Unrestricted Current Fund	1,364,912	1,008,064			
1,182,867 1,1182,87 1,1182,867 1,1182,87 1,1182	to Income Contracte	4,344,921	7,434,317			
December 15 Section 15 Se	Funds Held in Special Agency Account			First Releases	1.182.867	1.185.061
Free Value \$1,020,647 and \$14,264 14,397 (17,244 14,397 and \$14,397 (17,244 14,397 and \$14,397 and \$14,204 and \$14,204 and \$14,204 and \$14,304 (17,800 21,7800	Cash and Short-Term Investments	5.640	5.797			
1, 18, 18, 18, 18, 18, 19, 19, 19, 19, 19, 19, 19, 19, 19, 19	Stocks and Bonds (Market Value \$59,66) and \$56,300)	42,254	42,284			
13.96 13.8	Mutual Fund Shares (Market Value \$31,635 and \$34,268)	32,920	34,967			
1,182,867 1,185,061 1,185,186 1,18	Keal Estate	880,857	880,857			
t 65,000 1,182,061 Initrust Agreements 246,958 2 246,958 2 246,958 2 24,707 Annuitiee Payable 2120,269 and \$1020,647 998,866 913,780 Funds Held for Others 2120,269 and \$102,168 101,881 Fund Balances 2120,269 and \$102,127 Funds 11,003,737 Funds Held for Others 212,584,063 Funds Held for Others 212,584,063 \$11,009,737 Funds Held for Others 212,009,737 Fun	Other investments	217,800	217,800			
The content of the	the from Unrestricted Current Fund	1.182.867	13			
treet Value \$1,020,647	itrust Agreements			Unitrust Agreements		
tet Value \$1,020,647 998,866 913,780 Fund belances Total Liabilities 120,269 and \$102,168 Fund belances 120,269 and \$102,132 Fund belances 120,203 Fund belances 120,269 and \$102,132 Fund belances 120,294 Fund belances 120,294,753 Fund belances 120,294,069 Fund belances 120,294 Fund bela	SAVINGS Account	348	4,707	Mortgages Payable	246,958	209,595
Fund bell for Others 310,136 349,933 1.11 10,20,647 998 866 913,780 Total Liabilities 349,933 1.11 11,804 101,881 Fund Balances 120,269 and \$105,168 161,804 101,881 Fund Balances 5,441,194 5,441,1	Cortificates of Deposit	65,000		Annuities Payable	232,837	269,468
10,100, 168 10,18	Mutual Fund Shares (Market Value \$1,020,647			Funds Held for Others	370,138	367,920
10.04	and 5000,430)	798,866	101,780	lotal Liabilities	5 461 106	5 680 658
1,003,737 1,863,037 2,08,540 1,003,737 1,863,037 2,443,628 2,409,551 2,443,628 2,409,551 2,443,628 2,409,551 2,443,628 2,409,551 2,443,648 1,172,94 1,172,9	South (Market Value SS 014)	700,101	100,101		6 291 127	6.827.641
1, 10, 10, 10, 10, 10, 10, 10, 10, 10,	Funds Held in Special Agency Account					
Lurrent Fund 2,443,628 2,449,551 1,523,739 1,179,294 1,	Cash and Short-Term Investments	151,701	208,540			
Livu03,737 1,604,537 1,003,737 1,409,531 2,409,531 2,409,531 1,323,738 1,179,294 1,323,736 1,179,294 1,46,851 6,827,641 Annuity Trust Agreements 1,40,851 6,827,641 Annuity Trust Agreements 1,40,851 6,827,641 Annuity Trust Agreements 1,40,851 6,827,641 Annuity Trust Agreements 1,40,871 1,40,871 1,40,871 1,40,871 1,40,871 1,40,871 1,503 1,503 1,40,871 1,503 1,503 1,10,871 1,503 1,10,871 1,503 1,503 1,10,871 1,503 1,10,871 1,503 1,10,871 1,503 1,10,871 1,10,803 1,10,871 1,10,803 1,10,871 1,10,803 1,10,871 1,10,803 1,10,871 1,10,803 1,10,871 1,10,803 1,10,871 1,10,803 1,10,803 1,10,803 1,10,803 1,10,803 1,10,803 1,10,803 1,10,803 1,10,803 1,10,803 1,10,803 1,10,803	Stocks and Bonds (Market Value \$1,184,656					
Lurrent Fund 2,443,628 2,4409,551 Lurrent Fund 1,179,294 Lurrent Fund 146,827,641 OB,105 and \$59,848 594,753 50,505 Funds Held for Others 4,568 Fund Balance 10,689 Current Fund 15,603 Fund Balances 10,689 Fund Balances 10,7,142 S12,584,063 511,669,272 Totals 10,683 Totals Tot	and \$2,098,169)	1,003,737	1,863,037			
UB, 105 and \$59,848) 594,753 50,505 Funds beld for Others 146,097 146,271 146,097 146,271 146,097 146,271 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,689 10,142 11,689,272 10,689 11,689,272 11,689	Motes Receivable	2,443,628	2,409,551			
Main	This true later the same of the same of	1, 523, 739	1,1/9,294			
Annuity Trust Agreements 559,848) 594,753 50,505 Annuities Payable 4,568 Annuities Payable 4,568 Funds Held for Others 1146,097 146,271 Due to Unrestricted Current Fund 10,689 422 Fund Balances 15,603 Fund Balances 15,603 511,669,272 Total Liabilities 167,142 197,198 Total Liabilities 512,584,063 511,669,272 Totals	מת וומון מוויכונים כתווניון נתוח	6,291,127	6,827,641			
594,753 50,505 Annuities Payable 34,758 Funds Held for Others 4,568 146,097 146,271 Due to Unrestricted Current Fund 348,326 10,689 422 Total Liabilities 418,816 15,603 Fund Balances 767,142 18,816 767,142 197,198 Totals 811,669,272	musty Trust Agreements			Annuity Trust Agreements		
146,097 146,271 Due to Unrestricted Current Fund 148,326 196,89 422 Total Liabilities 15,603 197,198 Fund Balance 167,142 15,804,063 111,669,272 Totals 10,689,272 Totals 10,689,272 10,689,27	Bonds (Market Value \$608,105 and \$59,848)	594,753	50,505	Annuities Payable Enda Hald for Others	343,758	68,730
10,689 422 Fund Balances 15,603 197,198 Fund Balances Totals 181,669,272 Totals 1816 1816 181,669,272 Totals 1816 1816 181,669,272 Totals 1816,618 1816 1816	AUCHAI FUND DEBTOR (MBIRE) VALUE 41/4,//)	100 371	176 371	Pro to the soft of Callets	996 '*	117
15,603	Action Interest Receivable	10,689	7.77	Total Liabilities	348.326	73.460
\$12,584,063 \$11,669,272 Totals	Due from Unrestricted Current Fund	15,603	197,198	Fund Balances	418,816	123,736
	Totals	\$12,584,063	\$11.669.272		\$12.584.063	\$11.669.272
		100,100,100	7,71,000,110			

EXHIBIT A Sheet 4		LIABILITIES AND FUND BALANCES - Continued 1989 1988	s 66,000 335,650 \$ 11,873 1,137,146 1,461,878 rent Fund 2,069,000 3,607,796 1,473,751	451,460 3,517,939 3,618,756 3,255,829 ed Projects (43,979) (182,508) es 4,026,237 6,591,260 7,634,033 8,065,011	1		832,774 911,490 923,687 981,355	690'25	2,093,735 2,342,872 5,221,199 4,842,677 7,372,003 7,243,404			Mortgages and Contract for Deed Payable 564,791 603,075 Capitalized Lease Obligations Payable 17,700 27,700 Investment and Loan Fund Certificates Payable 1,376,063 1,617,361	564,791 8,765,000 17,700 1,376,063 n	\$64,791 8,765,000 17,700 1,376,063 n 176,671 10,900,225	564,791 8,765,000 17,700 1,376,063 n 176,671 10,900,225	564,791 8,765,000 17,700 17,700 1,376,063 n 176,671 10,900,225	\$64,791 8,765,000 17,700 1,376,063 1,0900,225 36,035,957	564,791 8,765,000 17,700 1,376,063 n 176,671 10,900,225 36,035,957	564,791 8,765,000 17,700 1,376,063 1,376,063 10,900,225 36,035,957 46,936,182	564,791 8,765,000 17,700 1,376,063 10,900,225 36,035,935
CONCORDIA COLLEGE	BALANCE SHEET APRIL 30, 1989 WITH COMPARATIVE FIGURES FOR 1988	1986	Plant Funds Unexpended 22,123 Note Payable Accounts Payable Lease Obligation Payable Lease Obligation Payable Toyl 1,513,490 Due to Unrestricted Current Fund	Fund B Rest Unre	Renewal and Replacement Accounts Payable	225,513 Fund Balances Restricted	267,208 Unrestricted 488,634 981 355	Retirement of Indebtedness Accrued Interest Payable Find Halanges		422,708 1,275,692 7,243,404	Investment in Plant 1,278,560 Hortgages and Contract for Deed Payable 851,368 Capitalized Lease Obligations Payable 29,362,624 Investment and Loan Fund Certificates P									
	HITM	1989	\$ 11,715 \$ \$ 11,312,067 1	1 1 21		110,146	414,894 398,647	.ı -		400,180 1,275,825 7,372,003	2			4	· · · · ·	· · · · ·	w.	· · · · · ·	w.	· · · · · · · · · · · · · · · · · · ·
		ASSETS - Continued	linexpended Short Term Investments Stocks (Market Value \$13,200) Held by Trustee Cash and Short-Term Investments	Constitution in Figures The from Unrestricted Current Fund	Removal and Replacement	Tash Covernment Securities (Market	Value \$409,175 and \$267,194) Due from Unrestricted Current Fund	Red transmit of Indebtedness Held by Trustee	Cash and Short-lerm investments U.S. Government Securities (Market Value \$1,487,909 and \$1,430,123) Bonds (Market Value \$4,866,038 and \$4,632,500)	(pneral bond Reserve Deposit Due from Unrestricted Current Fund	Investment in Plant Land Improvements Other than buildings Huildings	Equipment	Equipment	Equipment	Equipment	tquipment Totals	Equipment Totals	Equipment Totals	Equipment Totals	Equipment Totals

\$62,865,905 \$58,300,179

Totals

EXHIBIT A Sheet 5		1 986	\$ 30,690 505,295 423,645	\$ 959,630	
		1989	\$ 604,800	\$ 1,204,160	
CONCORDIA COLLEGE	BALANCE SHEET APRIL 30, 1989 WITH COMPARATIVE FIGURES FOR 1988	LIABILITIES AND FUND BALANCES - Continued	Agency Funds Due to Unrestricted Current Fund Due to Endowment Funds Deposits Held in Custody for Others	Totals	
CONCORDI	BALANC APRIL 3	1988	\$ 2,607)	959,813	\$ 959,630
	3	1989	\$ 202,584	974,785 2,424 58,066	\$ 1,204,160
		ASSETS - Continued	Agency Funds Stocks Funds Held by Managing Agent Cash and Short-Term Investments Stocks and Bonds (Market Value &1 323 619	and \$1,381,575) Notes Receivable Due from Unrestricted Current Fund	Totals

See accompanying Notes to Financial Statements.

EXHIBIT B Sheet 1

CONCORDIA COLLEGE

FOR THE YEAR ENDED APRIL 30, 1989

STATEMENT OF CHANGES IN FUND BALANCES

Investment in Plant		\$ 5,165,456	5,720,039		217,151	217,151
Plant Funds al Retirement of ment Indebtedness	5 14,389 759,994		774,383	913,315	17,261	1,786,642
Plant Renewal and Replacement	\$ 52,000 36,197 10,844		99,041	797,133		797,133
Unexpended	\$ 425,821 106,143 7,214	358,732	897,910	38		4,333,032
Deferred Gift Funds	\$ 1,063,961	650,582	1,714,543		1,130,676	1,130,676
Endownent Funds	\$ 699,455 66,939 1,129,401 436,350		2,332,145			
Loan Funds	\$ 12,280 13,233 170,325 51,602 33,573		281,013	50,481 90,700		141,181
Funds	\$2,002,092 723,898 695,561 105,330		3,526,881	3,236,211 61,348 145,739 38,898		3,482,196
Current Funds Unrestricted Rest	\$32,467,316		32,467,316	22,017,749 4,978,918 3,052,676		30,049,343
		Expenditures) Retirement of Indebtedness Adjustment of Actuarial Liability for Annuties Payable	Total Revenues and Other Additions	Expenditures and Other Deductions Educational and General Expenditures Auxiliary Enterprises Expenditures Independent Operations Expenditures Iransfer to Agency Accounts Loan Cancellations and Write-Offs Administrative and Collection Costs Realized Loss on Sale of Investments Expended for Plant Facilities (Including Noncapitalized Expenditures of \$750,215) Retirement of Indebtedness	Trustees' and MHEFA Fees Disposal of Plant Assets Hatured Deferred Gifts MilkFA Series S Assessment	Total Expenditures and Other Deductions

•	7
THIBIT	Sheet

CONCORDIA COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 1989

							P.I.	Plant Funds	
							Reneval	Ret i rement	
	Current Fund	Funds		Endowment	Deferred		pu e	jo	Investment
	Unrestricted	Restricted	Loan Funds	Funds	Gift Funds	Unexpended	Replacement	Indebtedness	in Plant
Transfer Among Funds - Additions (Deductions)									
Mandatory									
Principal and Interest	(\$ 796,200)					(8 341,566)		\$1.137.766	
Nonmandatory									
Unrestricted Current Fund to									
Restricted Current Funds	(29,417)	\$ 59.417							
Endowment Funds	(102,593)	•		\$ 102.593					
Unexpended Plant Funds	(1,251,207)					1,251,207			
Renewal and Replacement Funds	(583,712)					•	\$583,712		
Endowment Funds to	•						•		
Unrestricted Current Fund	240,000			(240.000)					
Restricted Current Funds	•	33,598		(33, 598)					
Unexpended Plant Funds to Renewal		•							
and Replacement Funds						(39,542)	39,542		
Renewal and Replacement Funds to							•		
Retirement of Indebtedness Funds							(3,878)	3,878	
Total Transfers	(2,553,129)	93,015		(171,005)		870,099	619,376	1,141,644	
Net Increase (Decrease) for Year	(135,156)	137,700	\$ 139,832	2,161,140	\$ 583,867	(2,565,023)	(18,716)	129,385	\$ 5,502,888
Fund Balance at April 30, 1988	2,908,435	1,275,668	7,427,514	15,497,514	9,788,290	6,591,260	689,596	7,185,549	30,533,069
Fund Balance at April 30, 1989	\$ 2,773,279	\$1,413,368	\$1,567,346	\$17,658,654	\$10,372,157	\$4,026,237	\$886,873	\$7,314,934	\$36,035,957

See accompanying Notes to Financial Statements.

CONCORDIA COLLEGE

EXHIBIT C Sheet 1

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE YEAR ENDED APRIL 30, 1989 WITH COMPARATIVE FIGURES FOR 1988

		1989	6 8		1988	8
	Unrestricted	Restricted	Total	Percent age	Tot al	Percent age
Revenues				1	750 700	11.
Tuition and Fees	\$20,595,848		\$20,595,848	76.12	518,980,0/4	40.4/
Governmental Grants	4,395	\$1,875,065	1,879,460	7.0	1,793,840	7.1
Private Cifts and Grants	1.881,949	810,181	2,692,130	10.0	2,429,400	9.6
Fodorate Income	188 381	667,588	855,969	3.2	622,481	2.4
Cales and Corvices of Educational Activities	88.374	-	88,374	٣.	81,472	٤.
Other Courses	642 488	797 06	732.952	2.8	880,780	3.5
Matured Deferred Cifts	1.275		1,275		589,832	2.3
Total Revenues Sefore Auxiliary Enterprises						
and Independent Operations	23.402.710	3,443,298	26,846,008	100.0%	25, 383, 879	100.0%
Color of Court of Australiant Batarata	5 881 726		5.881.726		5,686,968	
	000 001 0		182 880		3 037 A14	
Sales and Services of Independent Operations	3,182,880		11071000		107.507	
Total Revenues	32,467,316	3,443,298	35,910,614		34,108,661	

Expenditures and Mandatory Transfers						
Educational and General				;		•
Instruction	9,768,700	114,486	9,883,186	38.5%	8,276,130	36.02
Public Service	434,389	99,240	533,629	2.1	150,015	2.2
Academic Support	1,146,232	84,531	1,230,763	8 0.	1,053,612	9.4
Student Services	2,338,511	203,134	2,541,645	6.6	2,349,599	10.2
Institutional Support	3,666,565	130,297	3,796,862	8.41	3,791,296	16.5
Operation and Maintenance of Plant	1,845,686	4,382	1,850,068	1.2	1,595,591	6.9
Scholarships and Grants	2.817,666	2,600,141	5,417,807	21.1	5,023,401	21.8
Educational and General Expenditures	22,017,749	3,236,211	25,253,960	7.86	22,599,680	98.2
Mandatory Transfers for						
Principal and Interest	422,776		422,776	9.1	405,980	-
Total Educational and General	22,440,525	3,236,211	25,676,736	100.02	23,005,660	100.0%

CONCORDIA COLLEGE

EXHIBIT C Sheet 2

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE YEAR ENDED APRIL 30, 1989 WITH COMPARATIVE FIGURES FOR 1988

		1 6 1	6 8		6 1	8 8 6
Expenditures and Mandatory Transfers (Continued)	Unrestricted	Restricted	Total	Percent age	Total	Percent age
Auxiliary Enterprises Expenditures Handatory Transfers for	\$ 4,978,918	\$ 61,348	\$ 5,040,266		\$ 4,626,106	
Principal and Interest Total Auxiliary Enterprises Independent Operations	373,424	61,348	373,424 5,413,690		358,781	
Expenditures	3,052,676	145,739	3,198,415		2,976,008	
Total Expenditures and Mandatory Transfers	30,845,543	3,443,298	34,288,841		30,966,555	
Excess of Revenues Over Expenditures and Mandatory Transfers	1,621,773		1,621,773		3,142,106	
Other Transfers and Additions (Deductions) Unrestricted Current Fund To						
Restricted Current Funds Endowment Funds	(59,417)	29,417	(102 593)		(117, 133)	
Unexpended Plant Funds	(1,251,207)		(1,251,207)		(1,761,450)	
Renewal and Replacement Funds	(583,712)		(583,712)		(1,050,830)	
Restricted Current Funds to Agency Funds Endowment Funds to					(80,408)	
Unrestricted Current Fund	240,000		240.000		260.000	
Restricted Current Funds	•	33,598	33,598		25,547	
Excess of Restricted Receipts Over Transfers to Revenues		44,685	44,685		61,626	
Net Increase (Decrease) in Fund						
Balances	(\$ 135,156)	\$ 137,700	\$ 2,544		\$ 512,458	

See accompanying Notes to Financial Statements.

CONCORDIA COLLEGE

NOTES TO FINANCIAL STATEMENTS

APRIL 30, 1989

Note 1. Significant Accounting Policies

Concordia College is a four-year liberal arts college of the Evangelical Lutheran Church in America. 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 acrust 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 income or a

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 innerest 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 donor or grantor 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 owns 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 investments of pooled endowment funds

(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 distributed to the principal of each fund or transferred to the unrestricted current fund, depending on the endowment fund income for the year and spending rate.

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. Contributions for employees are determined on a percentage of annual compensation. The cost of the retirement plans is paid currently and amounted to \$592,726 for the year ended April 30, 1989.

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 \$18,000 has been provided for this purpose.

Note 2. Mortgages and Contract for Deed

The College had the following mortgages and contract for deed outstanding at April 30, 1989:

\$ 34,240	10,740 57,512	292,090	215,189	\$564,791	\$ 38,857
Mortgages Payable Gate City Saving and Loan Association of Fargo Northwestern Saving and Loan Association of Fargo	metropolitan savings and Loan Association of Fargo Mortgage Payable	American Bank and Trust Company of Moorhead	contract for Deed Payable. Investment in Plant		Contract for Deed Payable - Endowment Funds

The mortgages payable to Gate City, Northwestern and Metropolitan Savings and Loan Association bear interest at 9 1/2% (less a Federal Subsidy), are payable in monthly installments aggregating \$3,172 including interest, and are secured by campus land and buildings.

The mortgage payable to American Bank and Trust Company is payable over ten years in annual payments of \$15,000 plus interest with final payment of \$150,000 due October 1, 1997. The note bears interest at the prime rate and is secured by real

The contracts for deed are due in monthly payments of 81,975 and 8369, including interest at 10%, and are secured by apartment buildings and other real estate.

Note 3. Capitalized Lease Obligations

The College has capitalized lease obligations with the Minnesota Higher Education Facilities Authority (MMEFA) under which the related projects were financed through issuance of revenue bonds by MMEFA as follows:

Original Outstanding Amount April 30, 1989	\$ 2,048,867 \$1,137,146	nor \$ 800,000 \$ 400,000 ilding 6,500,000 5,725,000 Hall Renovation 3,055,000 2,640,000	-13-
	Unexpended Plant Funds 1983 Series A - Pooled	Investment in Plant Funda 1976 Series Q - Bogstad Manor 1979 Series Z - Academic Building 1983 Series Two-F - Brown Hall Renovation	

Note 3. Capitalized Lease Obligations (Continued)

The Series A Pooled bonds have interest rates varying from 7.25% to 8.5% and mature in amounts from \$350,111 to \$408,941 annually on October 1, 1989 to October 1,

The Series Q bonds have interest rates varying from 5.9% to 6.375% and mature in amounts from \$55,000 to \$165,000 annually on April 1 through 1994. The bonds are secured by a first lien on the gross revenues of Bogstad Manor and Brown and Fjelstad Halls.

The Series 2 bonds have interest rates varying trom 6.0% to 6.7% and mature in amounts from \$150,000 to \$425,000 annually on April 1, 1990 to April 1, 2005 and \$1,550,000 on April 1, 2006.

The Series Two-F bonds have interest rates varying from 6.25% to 8.8% and mature in amounts from \$100,000 to \$290,000 annually on October 1, 1989 to October 1, 2003. The bonds are guaranteed by The American Municipal Bond Assurance Corporation. The lease includes certain financial covenants which limit the College's ability to expend or grant a security interest in its unrestricted funds.

Payments under each of the leases are the amounts sufficient to pay required debt service, an annual fee to MHEFA, fees and expenses of the trustee and certain other expenses. The College has an option to purchase the leased property under each of the lease service service search of the lease periods. The College also is required to maintain debt service reserve funds under the various bond issues in amounts aggregating \$864,850 and a repair and replacement reserve, under the Series (issue, of \$50,000. MHEFA maintains a general bond reserve account as security for all of its circumbly outstanding bonds. The College's share of this account amounted to \$400,180 at April 30, 1989 after deducting an assessment of \$58,583 for its allocation of principal and interest payments required under outstanding bonds of another college currently in default. It is impracticable to estimate the amount of further assessments against the general bond reserve account, although such assessments are probable. If sufficient amounts are realized upon sale of the replenished.

Note 4. Other Long-Term Debt

At April 30, 1989 the plant funds were indebted on Investment and Loan Fund Certificates in the amount of \$17,700. The Certificates are payable in varying amounts and bear interest rates of 7.1/2-82.

The maturities of long-term debt for each of the five years subsequent to April 30, 1989 are \$733,984, \$770,053, \$750,675, \$370,520, and \$506,745, respectively.

Note 5. Pledges

Concordia College had outstanding pledges receivable of approximately \$5,687,000 as of April 30, 1989. It was not practicable to estimate the net realizable value of such pledges.

Note 6. Construction in Progress

At April 30, 1989 the following major building projects were in progress:

	Estimated Total Cost	Cost To Date	Funding Plan
Bishop Whipple/ Library	\$1,528,000	\$ 827,370	Gifts
French Village	2,000,000	823,802	Gifts
Dormitory	1,500,000	1,416,742	Current Operations
German Village	570,000	135,296	Gifts
Physical Plant	1,100,000	872,017	Current Operations
Outreach Center	000,096	1,027,211	Current Operations
Other .	Various	1,207,813	Current Operations
		\$6,310,251	

Note 7. Interfund Borrowings

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

At April 30, 1989 the plant funds were indebted to the unrestricted current fund in the amount of \$1,376,063. Of this amount, \$164,281 was for capital additions which are being repaid with an annual transfer of \$40,000 and the remaining \$1,211,782 was for prepayment of the U.S. Government Bonds which occurred in fiscal year 1987. The prepayment will be amortized over a eight-year period. In addition, the endowment funds had invested over a eight-year period. In addition, the endowner a seven-year period. It is the intention of the College to continue to make use of pooled investements 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 a 8% per annum allocation to endowment funds and deferred gift funds.

Note 8. Appropriated Fund Balance

The Board of Regents has appropriated \$350,000 of the unrestricted current fund balance for the following purposes:

\$ 50,000	15,000	285,000
Reserve for Equipment Acquisition	Reserve for Centennial Campaign	Reserve for Rural Scholarships

\$350,000

		·