OFFICIAL STATEMENT DATED AUGUST 22, 2017

NEW AND REFUNDING ISSUE **Moody's Rating: A3**
NOT BANK QUALIFIED **See "Rating"**

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 alternative minimum tax applicable to individuals or corporations or Minnesota alternative minimum tax applicable to individuals, estates or trusts. However, the interest is includable in "adjusted current earnings" for purposes of computing the federal alternative minimum taxable income of corporations. Interest on the Bonds is subject to the State of Minnesota franchise tax applicable to corporations, including financial institutions, and is includable in the calculation of certain federal taxes imposed on corporations. The Bonds will not be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code. (See "Tax Exemption" herein.)

$52,515,000
Minnesota Higher Education Facilities Authority
Revenue and Refunding Bonds, Series 2017
(Gustavus Adolphus College)
(DTC Book Entry Only)

Dated Date: Date of Delivery **Interest Due: April 1 and October 1, commencing April 1, 2018**

The Bonds will mature as shown on the inside front cover of this Official Statement.

The Minnesota Higher Education Facilities Authority Revenue and Refunding Bonds, Series 2017 (Gustavus Adolphus College) (the "Bonds" or the "Issue") are subject to optional redemption in whole or in part prior to maturity, as described herein. See "THE BONDS – Prior Redemption – Optional Redemption." The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and the Indenture, or in the event of a Determination of Taxability, as described herein. See "THE BONDS – Prior Redemption – Extraordinary Optional Redemption." Term Bonds are subject to mandatory redemption in installments as described herein. See "THE BONDS – Prior Redemption – Mandatory Redemption."

Capitalized terms used on the front cover and not defined are defined in Appendix IV of this Official Statement.

The Bonds will be issued as fully registered Bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases may be made in book entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds purchased. See "THE BONDS -- Book Entry Only System" herein. Wells Fargo Bank, National Association will act as Trustee under the Indenture.

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

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

The Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriter named below subject to the approval as to validity and tax exemption of the Bonds by McGrann Shea Carnival Straughn & Lamb, Chartered, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by Stinson Leonard Street LLP, Minneapolis, Minnesota and for the Underwriter by Barnes & Thornburg LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriter through the facilities of DTC on or about September 7, 2017.

The Underwriter intends to engage in secondary market trading in the Bonds, subject to applicable securities laws. The Underwriter is not obligated, however, to repurchase any of the Bonds at the request of any holder thereof. For information with respect to the Underwriter, see "UNDERWRITING" herein.

Wells Fargo Securities

$52,515,000
Minnesota Higher Education Facilities Authority
Revenue and Refunding Bonds, Series 2017
(Gustavus Adolphus College)

The Series 2017 Bonds will mature on October 1 as follows:

Year	Amount	Interest Rate	Yield	Price	CUSIP 60416H
2018	$ 260,000	4.000%	0.94%	103.239	4A 9
2019	$ 370,000	5.000%	1.07%	108.010	4B 7
2020	$ 495,000	5.000%	1.20%	111.407	4C 5
2021	$ 620,000	5.000%	1.35%	114.395	4D 3
2022	$ 745,000	5.000%	1.49%	117.067	4E 1
2023	$ 785,000	5.000%	1.73%	118.754	4F 8
2024	$ 830,000	5.000%	1.95%	120.041	4G 6
2025	$ 870,000	5.000%	2.13%	121.166	4H 4
2026	$ 915,000	5.000%	2.30%	121.980	4J 0
2027	$ 965,000	5.000%	2.46%	122.525	4K 7
2028	$1,010,000	5.000%	2.60%†	121.135†	4L 5
2029	$1,065,000	5.000%	2.70%†	120.153†	4M 3
2030	$1,120,000	5.000%	2.79%†	119.277†	4N 1
2031	$1,175,000	5.000%	2.83%†	118.891†	4P 6
2032	$1,220,000	3.000%	3.15%	98.210	4Q 4
2033	$1,265,000	3.125%	3.24%	98.566	4R 2
2034	$1,310,000	5.000%	3.00%†	117.264†	4S 0
2035	$2,230,000	5.000%	3.05%†	116.791†	4T 8
2036	$2,320,000	3.250%	3.39%	98.044	4U 5
2037	$2,405,000	4.000%	3.40%†	105.076†	4V 3
2042	$2,935,000	3.500%	3.60%	98.356	4X 9

$10,655,000 4.00% Term Bonds due October 1, 2041 Yield 3.51%† Price 104.123† CUSIP 60416H 4W 1
$16,950,000 5.00% Term Bonds due October 1, 2047 Yield 3.30%† Price 114.458† CUSIP 60416H 4Y 7

† *Bonds priced to the first optional call date of October 1, 2027*

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

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

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this official statement for purposes of, and as that term is defined in, SEC rule 15c2-12.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

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

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

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE COLLEGE DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

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

Barry W. Fick, Executive Director

Bond Counsel
McGrann Shea Carnival Straughn & Lamb, Chartered

Municipal Advisor to the Authority
Springsted Incorporated

Municipal Advisor to the College
North Slope Capital Advisors

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OFFICIAL STATEMENT

$52,515,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE AND REFUNDING BONDS, SERIES 2017
(GUSTAVUS ADOLPHUS COLLEGE)

(DTC BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Gustavus Adolphus College, a Minnesota non-profit corporation and 501(c)(3) organization and owner of an institution of higher education with its campus located in Saint Peter, Minnesota (the "College"), in connection with the issuance of the Authority's $52,515,000 Revenue and Refunding Bonds, Series 2017 (Gustavus Adolphus College) (the "Bonds").

The Bonds are being issued pursuant to the provisions of Sections 136A.25 through and including 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 (the "State") to finance and refinance certain projects.

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

Pursuant to a Loan Agreement (the "Loan Agreement") dated as of September 1, 2017 between the College and the Authority relating to the Bonds, the Authority is loaning the Bond proceeds to the College and the College will covenant as a general obligation of the College to make Loan Repayments in amounts sufficient to pay the principal of, premium, if any, and interest on the Bonds as the same shall become due. The College will use Bond proceeds to:

1. Refund, on an advance refunding basis, the remaining outstanding principal of the Authority's Series Seven-B Revenue Bonds plus interest to the October 1, 2019 redemption date for the Series Seven-B Revenue Bonds;
2. Construct, expand, and renovate the Nobel Hall of Science and the Schaefer Fine Arts Center on the College's campus in Saint Peter, Minnesota (the "Project"); and
3. Pay issuance costs.

The Bonds are secured by a pledge of the Loan Repayments, the payment of which is a general obligation of the College. Under the Loan Agreement, the College will agree to make timely payment of the Loan Repayments. See "SOURCE OF PAYMENT FOR THE BONDS" herein.

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

The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive, and reference is made to each document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to such documents. See Appendices IV and V for definitions of certain words and terms used herein and for a description of certain provisions of the documents hereinafter referred to.

RISK FACTORS

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

Risk of Insufficient Collateral

The Bonds are secured solely by (a) a pledge by the Authority to the Trustee of amounts payable by the College under the Loan Agreement, and (b) amounts in accounts and funds which will be held by the Trustee and applied to the payment of principal of, premium, if any, and interest on the Bonds. The Bonds are not secured by a mortgage on or security interest in any real property or personal property. If an Event of Default occurs, there can be no assurance that such sources will be sufficient to pay the principal of, premium, if any, or interest on the Bonds when due.

General Obligation of the College

No entity or person other than the College is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Indenture, or the Bonds or the performance of other College obligations under such documents. Accordingly, for payment of principal, interest, and premium, if any, on the Bonds, holders of the Bonds must look solely to the Loan Repayments to be made by the College under the Loan Agreement and other funds, if any, the Trustee holds under the Indenture. The College's obligation to make Loan Repayments is a general, unsecured obligation.

Additional Indebtedness

The College may issue additional indebtedness following issuance of the Bonds. There is no assurance that the College's ability to make the necessary payments to repay amounts owed under the Loan Agreement may not be materially and adversely affected upon the College incurring additional indebtedness.

Except for the Negative Pledge Property, the College may grant a mortgage on or security interest in any of its property to secure existing or future indebtedness and the holders of such secured indebtedness would have a claim on the property that is senior to the unsecured claim of the Bondholders. See "SOURCE OF PAYMENT FOR THE BONDS – Negative Pledge."

Adequacy of Revenues

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

Competition

There is intense competition among institutions of higher education for students both nationally and within the upper Midwest region from which the College draws the majority of its students. Universities and colleges compete principally based on location, net tuition rates, degree offerings and academic reputation. To the extent that competing colleges and universities have or achieve an advantage with respect to any of these factors, the College could be adversely affected. In addition, competitive pressures could result in tuition reductions, the inability to raise tuition, or increases in financial aid in the form of discounted tuition, which could adversely affect the College's unrestricted net assets.

Changes in demographics, such as a decrease in the overall number of high school graduates or a decrease in the number of high school graduates who elect to go to college, could adversely affect the College's efforts to attract students.

Reliance on Tuition and Fees

The adequacy of the College's revenues will be largely dependent on the amount of future tuition revenue the College receives. Such tuition revenue, in turn, will depend primarily on the College's ability to charge sufficient rates for tuition and to maintain enrollment levels. Future enrollment levels will depend on the number of students applying to the College and accepting offers of admission. A number of factors, including, without limitation, levels of tuition rates and other fees, competition from other colleges and universities, a change in the number of college age students, and adverse general economic conditions will influence the number of applicants to the College.

Secondary Market

There can be no assurance that there will always be a secondary market for purchase or sale of the Bonds, and from time to time there may be no market for purchase or sale of the Bonds depending upon prevailing market conditions, the financial condition or market position of firms who may make the secondary market and the financial condition and results of the College and the Project Facilities. The Bonds should therefore be considered long-term investments in which funds are committed to maturity.

Financial Assistance

Approximately 98% of the College's students currently receive some form of financial assistance through scholarships, grants, loans, student employment, etc., from federal, state, College or private sources covering at least a portion of tuition and fees or living expenses. See Appendix I, "THE COLLEGE – Financial Assistance" herein. No assurance can be given that federal and state financial aid will continue to be funded at current levels or that the College will continue to fund student aid at current levels. Curtailment of such aid could cause a decline in enrollment, which could in turn have an adverse effect on the College's revenues.

No assurance can be given that student loans will continue to be available to students and their parents at historical levels and at historic interest rates. Reductions in availability of such loans or increases in interest such rates 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. Under certain circumstances the Bonds may be subject to redemption at par upon damage to or destruction of all or substantially all, or a portion, of the Project Facilities. See "THE BONDS – Prior Redemption – Extraordinary Optional Redemption" and Appendix V, "SUMMARY OF DOCUMENTS – The Loan Agreement – Damage or Destruction" and " -- Condemnation."

Construction Risks

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

Pro Forma Debt Service Coverage

Certain historical net operating income and other financial information for the College and computed pro forma debt service coverage are provided in Appendix I under the caption "Annual Debt Service for Fiscal Year 2016 and Pro Forma Coverage Statement." The pro forma coverage is merely a mathematical computation as reflected in the applicable table, and constitutes no assurance as to the future debt of the College or the sufficiency of College revenues to satisfy College operations and Bond and other debt service requirements. No assurance can be given that the College will continue to achieve its historic level of revenues.

Bankruptcy

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

No Mortgage or Debt Service Reserve Fund

The Bonds are secured solely by a pledge by the Authority to the Trustee of amounts payable by the College under the Loan Agreement and amounts held by the Trustee under the Indenture. The Bonds are not secured by any mortgage on or security interest in any of the College's property or by any other collateral. Payment of principal and interest on the Bonds is not secured by any debt service reserve fund.

Endowment Portfolio Risk

Market conditions that negatively affect the College's investments may adversely affect debt service coverage and endowment spending. The College's Board of Trustees has approved an investment policy which gives specific guidance about portfolio investments. The College's investment policy defines a diversified investment portfolio utilizing external money managers. The operating budget of the College includes an annual contribution from endowment funds ranging from 4.5% to 5.0% of the endowment's prior twenty quarter moving average. See also Appendix I, "THE COLLEGE – Endowment."

Derivative Products

The College is not currently a party to any interest rate swap agreement or other derivative financial product. The College may enter into interest rate swaps or similar arrangements in the future. Under certain market conditions, termination of an interest rate swap agreement prior to its expiration may require the College to pay a termination fee to the counterparty to the agreement and such payment could be material to the College.

Maintenance of Credit Rating

The Bonds will be rated as to their creditworthiness by Moody's (as defined herein). No assurance can be given that the Bonds will maintain their original credit rating. If the credit rating on the Bonds decreases, the Bonds may lack liquidity in the secondary market in comparison with other obligations. Adverse developments with respect to the operation of the College could result in a rating downgrade and may have an adverse effect upon a holder's ability to sell the Bonds or the bid and ask prices for the Bonds. See "RATINGS" herein.

Other Possible Risk Factors

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

(1) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, without being able to obtain corresponding increases in revenues.

(2) Adoption of federal, State or local legislation or regulations, such as limits on tuition increases, having an adverse effect on the future operating or financial performance of the College.

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

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

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

See also "TAX EXEMPTION – Federal Tax Considerations," "TAX EXEMPTION – Minnesota Tax Considerations," and "TAX EXEMPTION – Changes in Federal and State Tax Law" herein.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC"), pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the College will enter into an undertaking (the "Undertaking") for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the College annually, and to provide notices of the occurrence of any of the events enumerated in the Rule annually, and to provide notices of the occurrence of any of the events enumerated in the Rule to the Municipal Securities Rulemaking Board (the "MSRB") not later than ten business days after the occurrence of the event. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of listed events is set forth in the Continuing Disclosure Certificate to be executed by the College (the "Continuing Disclosure Certificate") at the time the Bonds are delivered, a copy of which is available from the College or the Trustee. Appendix III – "INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE" contains a summary of the financial information and operating data to be provided annually.

Furthermore, the College has reserved its right to discontinue providing information required by the Continuing Disclosure Certificate or the Rule, if a final determination is made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful, and to modify the terms of the Continuing Disclosure Certificate if a court of competent jurisdiction or the College determines that such modification is required or permitted by the Rule.

Although the College filed its annual reports for the year 2012 as required by its continuing disclosure undertaking with respect to the Authority's Series Seven-B Bonds issued on behalf of the College, such reports did not include certain required operating data. The College subsequently updated such reports and filed them on the MSRB's EMMA website, and believes that it has the appropriate staffing levels and adequate policies and associated procedures in place to assure post issuance compliance with future continuing disclosure requirements under the Rule.

Other than as described above, the College has not failed in the past five years to comply in all material respects with any previous undertakings under the Rule or to provide annual reports or notices of material events. A failure by the College to comply with the Continuing Disclosure Certificate will not constitute an event of default on the Bonds (although holders may have other remedies in the event of noncompliance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure, or the information supplied by the College pursuant to the Undertaking, may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

The Bonds will be dated as of the date of delivery. The Bonds will mature on October 1, commencing October 1, 2018, as described on the inside front 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 April 1 and October 1 of each year, commencing April 1, 2018 to the persons in whose names the Bonds are registered at the close of business on the Regular Record Date, which is the 15th day (whether or not a Business Day) of the calendar month next preceding the applicable Interest Payment Date.

Book Entry Only System

The Depository Trust Company

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

For further information on DTC, see Appendix VI – "THE DEPOSITORY TRUST COMPANY" herein.

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Prior Redemption

Mandatory Redemption

The Bonds maturing on October 1 in the years 2041 and 2047 (the "Term Bonds") shall be called for redemption on October 1 in the years and in the principal amounts set forth immediately below, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond and Interest Sinking Fund Account.

Term Bonds
Due October 1, 2041

Maturity Date	Amount
2038	$2,505,000
2039	$2,610,000
2040	$2,715,000
2041*	$2,825,000

Term Bonds
Due October 1, 2047

Maturity Date	Amount
2043	$3,060,000
2044	$3,215,000
2045	$3,380,000
2046	$3,555,000
2047*	$3,740,000

* *Stated maturity.*

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

The Term Bonds may, at the option of the College, be reduced by the principal amount of any Bonds of such maturity which at least forty-five days prior to such redemption:

1. have been delivered to the Trustee for cancellation; or

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

Optional Redemption

The Bonds maturing on October 1 of 2032, 2033, 2036, and 2042 are subject to optional redemption at the College's written direction on October 1, 2023 and on any day thereafter at par plus accrued interest to the redemption date.

Other than the Bonds identified immediately above, Bonds maturing on or after October 1, 2028 are subject to optional redemption at the College's written direction on October 1, 2027 and on any day thereafter at par plus accrued interest to the redemption date.

Redemption may be in whole or in part and if in part in such order of maturity as the College directs and selected by random means within a maturity (and, in the case of Term Bonds, the College may treat the mandatory redemption amounts of Term Bonds as maturities for this purpose), in integral multiples of $5,000. In certain circumstances described in the Indenture, the College may request that the notice of redemption be conditional and subject to rescission or cancellation by the College up to five Business Days prior to the redemption date.

Extraordinary Optional Redemption

The Bonds will also be subject to optional redemption at par in integral multiples of $5,000, in whole or in part, plus accrued interest in certain cases of damage to or destruction or condemnation of all or substantially all, or a portion, of the Project Facilities and upon a Determination of Taxability as provided in the Loan Agreement (see "Determination of Taxability" below and Appendix V, "SUMMARY OF DOCUMENTS – The Loan Agreement – Damage and Destruction" and – Condemnation").

Partial Redemption

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

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

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

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than 20 days, and if more than 60 days, then again not less than 20 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the Date of Taxability effective until the date on which the principal of the Bonds is paid. **If a Determination of Taxability should occur, any monetary damages or loss resulting from or incident thereto shall be limited to the increased interest rate on the Bonds.** See "TAX EXEMPTION" herein and Appendix IV, "DEFINITIONS OF CERTAIN TERMS."

The Bonds shall be subject to optional redemption and the College will have the option to prepay the Loan following a Determination of Taxability, in full or in part, on the next date for which due notice of redemption can be given and on any date thereafter, at a price equal to par plus accrued interest (including the additional interest from the Date of Taxability referenced in the preceding paragraph) and without a premium.

USE OF PROCEEDS

The Plan of Finance

Bond proceeds will be used to:

1. Refund, on an advance refunding basis, the remaining outstanding principal of the Authority's Series Seven-B Revenue Bonds plus interest to the October 1, 2019 redemption date for the Series Seven-B Revenue Bonds;
2. Construct, expand, and renovate the Nobel Hall of Science and the Schaefer Fine Arts Center on the College's campus in Saint Peter, Minnesota (the "Project"); and
3. Pay issuance costs.

The Series Seven-B Refunding

The Series Seven-B Bonds are outstanding and eligible for advance refunding in the amount of $38,880,000. The Series Seven-B Bonds to be advance refunded, identified by CUSIP, are as follows:

Maturity Date October 1	Principal	CUSIP 60416H
2017	$3,020,000	SK 1
2018	$3,175,000	SL 9
2019	$3,320,000	SM 7
2020	$3,470,000	SN 5
2021	$3,645,000	SP 0
2022	$3,835,000	SQ 8
2023	$4,035,000	SR 6
2024	$ 910,000	SS 4
2025	$ 945,000	SU 9
2031†	$6,770,000	SV 7
2035†*	$5,755,000	ST 2

† Term Bonds
∗ Final Maturity

The Authority at the College's direction may optionally redeem the Series Seven-B Bonds maturing on or after October 1, 2020 on October 1, 2019 and on any date thereafter in whole or in part, at par plus interest accrued to the redemption date. As of the Issue Date, the outstanding Series Seven-B Bonds will be fully defeased from Bond proceeds and any funds available therefor on deposit under the Series Seven-B Indenture. Under the terms of the Escrow Agreement (as defined below), the College has given Wells Fargo Bank, National Association, as trustee for the Series Seven-B Bonds, irrevocable direction to optionally redeem the Series Seven-B Bonds (maturing on and after October 1, 2020) on October 1, 2019 (the "Redemption Date"). The Series Seven-B Bonds will be paid on their maturity dates of October 1 in the years 2017, 2018, and 2019, and prepaid and redeemed on the Redemption Date at a price of par plus interest accrued to that date.

On the Issue Date, a portion of the Bond proceeds will be deposited in the Refunding Account created under the Indenture and immediately transferred to Wells Fargo Bank, National Association as the escrow agent (the "Escrow Agent") under that certain Escrow Agreement dated as of September 1, 2017 (the "Escrow Agreement") for deposit into escrow (the "Escrow Account"). The Escrow Agent shall also receive and deposit into the Escrow Account amounts held by the Series Seven-B Trustee and available to apply to this refunding, including the balance in the Series Seven-B Reserve Account. The amount on deposit in the Escrow Account will be invested in U.S. government securities and the principal amount of which, plus earnings thereon, will be sufficient to pay interest on and maturing principal of the Series Seven-B Bonds to and including the Redemption Date and to pay, prepay, and redeem the outstanding Series Seven-B Bonds on the Redemption Date.

The College will obtain from Grant Thornton LLP, Certified Public Accountants, a verification report confirming that the initial monies deposited in the Escrow Account, including the earnings on federal securities therein, will be sufficient to pay the principal of and interest on the Series Seven-B Bonds when due and to pay the outstanding principal balance of the Series Seven-B bonds on the Redemption Date.

The Project

On the Issue Date, a portion of the Bond proceeds will be deposited into the Construction Account established under the Indenture to be used, along with College funds, to fund the construction, expansion, and renovation to the Nobel Hall of Science and the Schaefer Fine Arts Center (the "Project Facilities") on the College's campus in Saint Peter, Minnesota. On December 20, 2016 the College retained Hastings+Chivetta, St. Louis, Missouri, as architects for the Project. The College entered into a verbal construction contract for the Project during April 2017 with Kraus-Anderson Construction Company, Minneapolis, Minnesota.

Architectural plans for the Project commenced in the Fall of 2016. The College anticipates construction on the Project will commence in Spring 2018 with Project completion expected in early 2021.

SOURCES AND USES OF FUNDS

Sources	
Par Amount of the Bonds	$52,515,000.00
Net Reoffering Premium	5,572,075.90
Available College Funds	1,180,000.00
Seven-B Debt Service Reserve Account	3,397,288.81
Total Sources:	$62,664,364.71
Uses	
Deposit to the Escrow Account to Refund the Series Seven-B Bonds	$42,130,111.83
Deposit to Project Construction Account	20,000,000.00
Costs of Issuance, including Underwriter's Discount	534,252.88
Total Uses:	$62,664,364.71

FISCAL YEAR ANNUAL DEBT SERVICE*

Fiscal Year Ending May 31	Other Debt Service[1]	Series 2017 Debt Service	Aggregate Debt Service
2018	$ 2,003,975	$ 1,337,224	$ 3,341,199
2019	824,925	2,614,606	3,439,531
2020	827,400	2,710,156	3,537,556
2021	824,500	2,813,531	3,638,031
2022	823,975	2,910,656	3,734,631
2023	828,100	3,001,531	3,829,631
2024	828,725	3,003,281	3,832,006
2025	825,175	3,007,906	3,833,081
2026	827,544	3,005,406	3,832,950
2027	823,956	3,005,781	3,829,738
2028	824,413	3,008,781	3,833,194
2029	828,700	3,004,406	3,833,106
2030	826,013	3,007,531	3,833,544
2031	826,313	3,007,906	3,834,219
2032	825,263	3,005,531	3,830,794
2033	827,750	3,002,856	3,830,606
2034	823,775	3,009,791	3,833,566
2035	828,225	3,002,275	3,830,500
2036		3,833,775	3,833,775
2037		3,830,325	3,830,325
2038		3,829,525	3,829,525
2039		3,831,325	3,831,325
2040		3,834,025	3,834,025
2041		3,832,525	3,832,525
2042		3,831,725	3,831,725
2043		3,833,863	3,833,863
2044		3,831,000	3,831,000
2045		3,829,125	3,829,125
2046		3,829,250	3,829,250
2047		3,830,875	3,830,875
2048		3,833,500	3,833,500
Total[2]	$16,048,725	$101,269,996	$117,318,721

[1] *Other debt service includes Series Seven-W plus contributed bond funds in FY 2018*
[2] *Totals may not add due to rounding*

* *Debt service above does not include the Authority's annual fee or Trustee fees.*

SOURCE OF PAYMENT FOR THE BONDS

General

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.

The Bonds are secured by the pledge of the Loan Repayments, which are a general obligation of the College, and other funds, if any, the Trustee holds under the Indenture. The College will agree pursuant to the terms of the Loan Agreement to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of, premium, if any, and interest on the Bonds. The Loan Repayments are a general obligation of the College. The College will therefore further agree to make such payments out of its operating funds or any other moneys legally available for such purpose.

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

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

Negative Pledge

The College covenants that, except for Permitted Encumbrances and except as otherwise permitted by the Loan Agreement, it will not mortgage, grant a lien upon, pledge, grant a security interest in, make an assignment of its interest in or permit the creation of any encumbrance on the Negative Pledge Property, as defined in the Loan Agreement. See Appendix IV, "DEFINITIONS OF CERTAIN TERMS – Negative Pledge Property" herein.

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which certain proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Refunding Account, a Bond and Interest Sinking Fund Account, a Construction Account, a Costs of Issuance Account and a Redemption Account. Following Bond Closing, amounts received by the Trustee from the College as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account and the Redemption Account as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of, premium, if any, and interest on the Bonds.

Refunding Account

There shall be deposited into the Refunding Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Bond and Interest Sinking Fund Account, the Construction Account, or the Costs of Issuance Account. The monies deposited to this account shall immediately be transferred to the Escrow Agent for deposit in the Escrow Account as more fully described in "USE OF PROCEEDS – The Refunding" herein.

Bond and Interest Sinking Fund Account

Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the College. Deposits into the Bond and Interest Sinking Fund Account shall be made at least one Business Day prior to each Interest Payment Date in amounts equal to interest and, if applicable, principal due on such Interest Payment Date.

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

Construction Account

There shall be deposited initially into the Construction Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Refunding Account, the Bond and Interest Sinking Fund Account, and the Costs of Issuance Account. The College will agree in the Loan Agreement to provide for payment of all costs of the Project in excess of the proceeds of the Bonds available therefor. Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project. When work on the Project has been completed and the Project Equipment has been installed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Redemption Account or the Bond and Interest Sinking Fund Account under certain conditions.

Costs of Issuance Account

There shall be deposited into the Costs of Issuance Account the amount specified in the Indenture to be applied to the costs, fees and expenses incurred in connection with the issuance of the Bonds. The Trustee shall disburse funds from this account upon presentation to the Trustee of an invoice approved by the Authorized Institution Representative or the Authorized Authority Representative. The College will agree in the Loan Agreement to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (principal adjusted for net original issue discount or net original issue premium according to the reoffering scale). Any funds remaining in the Costs of Issuance Account after a period of six months shall be transferred to the Bond and Interest Sinking Fund Account.

Redemption Account

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

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

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Construction Account, the Costs of Issuance Account and the Redemption Account shall be invested by the Trustee only in investments as authorized by Minnesota law from time to time. Section 5.04 of the Indenture sets forth specific parameters as to type, credit quality, and maturity of investments. See Appendix V – "SUMMARY OF DOCUMENTS – The Indenture" herein.

Moneys deposited in the Refunding Account will not be invested in that account, but will be transferred to the Escrow Agent and held and disbursed under the terms of the Escrow Agreement for the advance refunding of the Series Seven-B Bonds. See “USE OF PROCEEDS – The Series Seven-B Refunding” herein.

FUTURE FINANCING

The College regularly improves, expands and changes its physical plant and incurs long-term financing as needed for these purposes. The College does not anticipate issuing debt for new construction projects in the next 12 months. The College also monitors its outstanding debt for refunding opportunities. Refunding existing debt and replacing it with new debt may alter the College’s overall debt service payments.

THE AUTHORITY

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

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $1.3 billion. The Authority has issued bonds totaling over $2.580 billion, of which approximately $922 million of Authority issued debt is outstanding as of July 1, 2017. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority and to refinance other debt for capital improvements.

The operations of the Authority are financed solely from fees paid by the participating institutions; it has no taxing power. The Authority does not receive any funds from the State of Minnesota.

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

MUNICIPAL ADVISORS

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

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

The College has retained North Slope Capital Advisors ("North Slope"), Denver, Colorado, as municipal advisor to the College with respect to the issuance of the Bonds. As the College's municipal advisor, North Slope has assisted in the preparation of this Official Statement and in other matters relating to the planning, structure, rating and issuance of the Bonds. In its role as municipal advisor to the College, North Slope has not undertaken to make an independent verification of or to assume the responsibility for the accuracy or completeness of the information contained in this Official Statement.

UNDERWRITING

The Bonds are being purchased by Wells Fargo Bank, National Association (the "Underwriter") doing business under the tradename Wells Fargo Securities.

The Underwriter has agreed to purchase the Bonds at a purchase price of $57,866,170.07 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $220,905.83 and adjusted for net original issue premium of $5,572,075.90).

The Underwriter intends to offer the Bonds to the public initially at the offering price set forth on the inside front cover of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at prices lower than the public offering prices.

The College has agreed in the Bond Purchase Agreement to indemnify the Underwriter and the Authority against certain civil liabilities, including certain potential liabilities under federal securities laws.

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

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

CERTAIN RELATIONSHIPS

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

RATING

As noted on the cover page hereof, Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York, has assigned a long-term rating of "A3" to the Bonds. This rating reflects only the view of such rating agency. Further information concerning such rating is available from Moody's.

Generally, a rating agency bases its ratings on the information and materials furnished it and on investigations, studies and assumptions by the rating agency. 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 not aware of any pending or overtly threatened in writing litigation which would affect the validity of or the tax-exempt nature of the interest on the Bonds, the authority of either party to enter into the Bond-related documents or the ability of either party to perform as described herein, or materially affect the ability of the College to make Loan Repayments in an amount sufficient to pay the principal of, premium, if any, or interest on the Bonds as the same become due.

LEGALITY

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

Certain legal matters will be passed upon for the College by Stinson Leonard Street LLP, Minneapolis, Minnesota, and for the Underwriter by Barnes & Thornburg LLP, Minneapolis, Minnesota.

TAX EXEMPTION

Federal Tax Considerations

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

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

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

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

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

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

Minnesota Tax Considerations

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

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

Changes in Federal and State Tax Law

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

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

Original Issue Premium

The dollar amount of the initial offering price to the public of all maturities of the Bonds except the Discount Bonds (defined immediately below) is greater than their stated redemption price at maturity (the "Premium Bonds"). Such excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

Original Issue Discount

The dollar amount of the initial offering price to the public of Bonds maturing on October 1 of 2032, 2033, 2036, and 2042 (the "Discount Bonds") is less than the principal amount of such maturities. The difference between the initial public offering price of each such Discount Bond (assuming a substantial amount of the Discount Bonds is sold at such price) and its principal amount represents original issue discount. Under existing laws, regulations, rulings and decisions, Bond Counsel is of the opinion with respect to the Discount Bonds that the amount of original issue discount constitutes tax-exempt interest to the extent that it is deemed to accrue to an owner for federal and State of Minnesota income tax purposes (other than Minnesota corporate franchise taxes measured by taxable income and the alternative minimum tax base). Original issue discount is deemed to accrue for such purposes on the basis of a constant yield to maturity taking into account semiannual compounding. The amount of original issue discount that accrues during any accrual period to a holder of a Discount Bond who acquires the Discount Bond in this offering generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes to the same extent as stated interest and will increase the holder's tax basis in such Discount Bond. Any gain realized by a holder from a sale, exchange, payment or redemption of a Discount Bond would be treated as gain from the sale or exchange of such Discount Bond.

It is possible under the applicable provisions governing state and local income taxation in states other than Minnesota that interest on Discount Bonds may be taxable in the year of accrual, and may be deemed to accrue earlier than under federal law. Bondholders who acquire the Bonds at a discount should consult their tax advisors with respect to the state and local tax consequences of owning the Discount Bonds.

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

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 (the "Code") 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.

APPENDIX I

THE COLLEGE

Gustavus Adolphus College is a four-year, co-educational, liberal arts college located in Saint Peter, Minnesota. The College was founded originally in 1862 as the Minnesota Preparatory School in Red Wing, Minnesota. After one year, it was renamed St. Ansgar's Academy and moved to East Union, Minnesota. In 1876, the institution was moved to its current location in Saint Peter and took the name Gustavus Adolphus College in honor of the Swedish King who defended Protestantism during the Thirty Years War. The College is affiliated with the Evangelical Lutheran Church in America.

The College is accredited by The Higher Learning Commission to award the Bachelor of Arts degree and is a member of the North Central Association of Colleges and Schools. The College's programs are also accredited by the American Chemical Society, the National Council for the Accreditation of Teacher Education, the National Association of Schools of Music, the American Association of Health Education, the National Association for Sport and Physical Education, the Commission on the Accreditation of Athletic Training Education, and the Commission on Collegiate Nursing Education. The College is a member of the Association of American Colleges and Universities, the Council of Independent Colleges, and the American Association of Colleges for Teacher Education, and is on the approved list of the American Association of University Women.

The College is also registered with the Minnesota Office of Higher Education.

Governance

The College is governed by a Board of Trustees (the "Board"). The Board consists of no fewer than 28 and no more than 34 members. All members have equal voting rights. So long as they hold office, the College President, the Bishop of the Southwestern Minnesota Synod of the ELCA, and the College Association of Congregations President shall be ex officio members. The College Alumni Association, acting in conjunction with the Board, is entitled to appoint two members, each of whom may serve for up to four consecutive years. The ELCA may designate a member of its churchwide staff with responsibility for higher education as a member of the Board.

There may be no fewer than 24 and no more than 28 elected members, at least 12 of whom shall be at-large members of whom at least four must be rostered ELCA clergy. Elected members serve three-year terms, staggered so that to the extent possible one-third of elected members' terms expire each year. The current Board has 30 members.

The Board shall hold at least three regular meetings each year, with the first regular meeting following May 1 of each year as its annual meeting. The President or Chair may call special meetings of the Board, and the Chair shall call a special meeting upon written request of at least five members.

Board of Trustees

Members:	Occupation / Location:
Rev. Jon V. Anderson, Ex Officio	Bishop, Southwestern Minnesota Synod, ELCA, Redwood Falls, Minnesota
Scott P. Anderson '89, M.B.A.	Board Member, Patterson Companies, Inc., Mendota Heights, Minnesota Eagan, Minnesota
Catherine Asta '75, J.D., Ex Officio	Attorney at Law, and Past President, Gustavus Alumni Association Edina, Minnesota

Members:	Occupation / Location:
Talmadge E. King, Jr. ’70, M.D.	Dean, School of Medicine and Vice Chancellor, Medical Affairs, University of California, San Francisco, California Oakland, California
Paul R. Koch ’87	Senior Vice President/Investments, UBS Financial Services, Wayzata, Minnesota Plymouth, Minnesota
Jan Lindman, MBA	Treasurer to the King, The Royal Court, Stockholm, Sweden Stocksund, Sweden
Jan Ledin Michaletz ’74	Past President, Gustavus Alumni Association Edina, Minnesota
Thomas J. Mielke ’80, J.D.	Senior Vice President and General Counsel, Kimberly-Clark Corporation, Irving, Texas Flower Mound, Texas
Marcia L. Page ’82	Founding Partner, Värde Partners, Inc., Minneapolis, Minnesota Edina, Minnesota
The Rev. Craig A. Pederson ’90 Ex Officio	Assistant to the Bishop, Minneapolis Area Synod, ELCA, and President, Gustavus Adolphus College Association of Congregations Minneapolis, Minnesota
The Rev. Wayne B. Peterson ’77	Pastor, St. Barnabas Lutheran Church Plymouth, Minnesota
The Rev. Dan S. Poffenberger ’82 (Chair)	Senior Pastor, Shepherd of the Lake Lutheran Church, Prior Lake, Minnesota Stillwater, Minnesota
Christopher J. Rasmussen ’88, Ph.D. Ex Officio	Independent Higher Education Consultant and Past President, Gustavus Alumni Association Berwyn Heights, Maryland
Beth Sparboe Schnell ’82	CEO, Sparboe Companies, Wayzata, Minnesota Orono, Minnesota
Ronald C. White ’75	President, RC White Enterprises, Inc. Las Vegas, Nevada
Heather Teune Wigdahl ’95	Senior Pastor, Our Savior’s Lutheran Church, Menomonie, Wisconsin Eau Claire, Wisconsin

Management

The College's Cabinet consists of the President, who is appointed by the Board of Trustees, and seven principal administrators, all of whom are appointed by the President. Set forth below is a brief biography of the current administrative team.

President

Rebecca M. Bergman became the 17th president of Gustavus Adolphus College on July 1, 2014. Ms. Bergman is the first woman in the history of the College to be named president.

Ms. Bergman served on the College's Board of Trustees from 2007 to 2014. She spent the 26 years prior to her appointment as College president at Medtronic, Inc., including the last 14 years there as a senior executive. Her most recent position at Medtronic was Vice President of Research, Technology, and Therapy Delivery Systems for the company's Cardiac Rhythm Disease Management (CRDM) business, where she led a research and development team of scientists and engineers. She previously served as Vice President, CRDM New Therapies & Diagnostics as well as Vice President, Corporate Science and Technology, where she directed biomaterials and biosciences R&D, new therapy development, and information management initiatives.

Ms. Bergman earned her B.S. degree in chemical engineering from Princeton University and undertook graduate study in a Ph.D. program in chemical engineering and material science at the University of Minnesota. She serves as a member of the Board of Directors of The Bakken Museum and on a number of academic advisory boards. She previously served on the National Advisory Council of the National Institute of Biomedical Imaging and Bioengineering of the National Institute of Health and the St. Catherine University Board of Trustees.

Provost and Dean of the College

Dr. Brenda Kelly is Provost and Dean of the Faculty. As the College's Chief Academic Officer, Dr. Kelly serves on the President's Cabinet and oversees the entire academic program, including the direction of the academic deans, academic strategic and facilities planning. Dr. Kelly received her PhD in Medicinal Chemistry from the University of Washington and has been a faculty member at the College since 2002.

Chief Financial Officer, Vice President for Finance and College Treasurer

Thomas J. Rooney became Chief Financial Officer, Vice President for Finance and Treasurer for the College on July 1, 2016. Mr. Rooney's responsibilities extend to oversight of the physical plant, budgeting, information technology, human resources, risk management, and auxiliary enterprise activities of the College. Mr. Rooney previously served as the Chief Financial Officer, Vice President for Finance and Administration, and Treasurer of St. Catherine University since 2010. Prior to his time at St. Catherine, he worked in for-profit financial leadership roles in manufacturing, retail, and the financial service industries. He received both a BA in business and economics (1991) and an MBA in finance (1997) from the University of St. Thomas and has been a Certified Treasury Professional (CTP) since 2004.

Vice President for Institutional Advancement

Thomas W. Young has served as the College's vice president for institutional advancement since 2008. Prior to joining the advancement staff in 2005, he worked for two international fundraising firms – Community Counseling Service Company Inc. of Chicago and Brakely Europe, based in London, England. While abroad, Mr. Young exceeded the goal as the resident consultant for a campaign at Chalmers University of Technology in Gothenburg, Sweden. He returned to Minnesota in 1998 to work as an independent consultant in the Twin Cities, during which time he led the American Swedish Institute to surpass an $18 million campaign target. He graduated from Gustavus in 1988 with majors in Speech Communications and Scandinavian studies.

Dean of Students and Vice President of Student Life

Dr. JoNes R. VanHecke was appointed dean of students and vice president of student life for the College in June 2011. In this role, Dr. VanHecke oversees a number of programs that promote student life including community service, health services, multicultural programs, alcohol and drug education, career services, campus safety, and residential life. Prior to her appointment, Dr. VanHecke served as the Vice President for Student Development and Dean of Student Life at Central College, a liberal arts institution of higher education located in Pella, Iowa, since 2006.

Dr. VanHecke received her bachelor's degree from the College, where she majored in biology and communications; earned a master's degree from Indiana University's Higher Education Student Affairs program; and received her Ph.D. from the University of Michigan's Center for the Study of Higher and Postsecondary Education.

Vice President for Marketing and Communication

Tim Kennedy has served as vice president for marketing and communication at the College since 2012. Mr. Kennedy served as Interim Vice President for Marketing and Communication during the 2011-12 academic year. Previously, Mr. Kennedy served as the College's Sports Information Director since 1990. Mr. Kennedy received his bachelor's degree in management from the College, and did graduate work in athletic administration at Western Illinois University.

Associate Vice President and Dean of Admission

Rich Aune, a 1981 graduate of the College, now serves as the Associate Vice President and Dean of Admission. Earlier in his career, he recruited students from northeast and southeast Minnesota as well as various Midwest states. He also served as the transfer student coordinator and PSEO liaison for over 20 years. Recent international travels for admission have included northern Europe and Asia.

Mr. Aune's current duties include meeting prospective students/parents on campus, supervision of staff, marketing and publication strategic planning, staff development, application file review and long range admission/financial aid planning. He has been a long-time member of the Minnesota Association for College Admission Counseling (MACAC) and served on and co-chaired the Minnesota Education Fair Committee for a number of years.

Assistant Vice President for Enrollment and Associate Dean of Admission and Financial Aid

Kirk Carlson is a 1995 graduate of the College. He serves as the Assistant Vice President for Enrollment and Associate Dean of Admission and Financial Aid. In this role, he provides vision, leadership, and strategic direction in helping the College meet its enrollment goals and objectives. In addition to his responsibilities in management and strategy, he serves as the College's tuition benefits and exchange officer.

A liaison between the admission and financial aid offices, Mr. Carlson spends much of his time meeting with prospective students and families to ensure that a Gustavus education is affordable for them.

Strategic Plan

In 2016, the College approved a new 10-year Strategic Plan entitled Gustavus Acts. In alignment with the College's mission and core values, the College seeks to ensure the excellence of its students' comprehensive educational experience and to prepare them fully for postgraduate success. The Acts Strategic Plan is the result of a process that models and celebrates the College's values and demonstrates its commitment to transparency and shared governance. It is the product of hard work, investment of time, and dedication to innovation by a broad representation of internal and external members of the Gustavus community. The College looks to the future with optimism and confidence, compelled by an ambitious goal that sparks the College's collective imagination and focuses the College's work.

The College's Vision:

Gustavus equips students to lead purposeful lives and to act on the great challenges of our time through an innovative liberal arts education of recognized excellence

In order to achieve this vision, the College commits to pursuing three equally important institutional goals over the next 10 years. These goals are clear, succinct, actionable, and the College has already been making strides on each of them.

The Three Goals:

1. **Diversify and expand the Gustavus community.**
   The College recognizes that the "who" of the College community must reflect the diversity of the world from which its students come and to which they will return, while the "what" of its academic offerings must prepare students for life and work in an ever more complex and interdependent world.
2. **Deliver a distinctive and integrated liberal arts education.**
   The College will produce global citizens equipped with intellectual curiosity, analytical and problem-solving skills, and well-developed ethical sensibilities to address with integrity and wisdom the great challenges of professional and civic life.
3. **Achieve financial, institutional, and environmental sustainability.**
   Providing a Gustavus education in the future demands that the College act in the present to strengthen its financial, institutional, and environmental efforts.

Academic Information

The College offers the Bachelor of Arts degree in 72 major fields through 25 academic departments and 12 interdisciplinary programs, plus a variety of inter-departmental majors.

The College welcomes applications from students from differing ethnic, religious, racial, economic, and geographic backgrounds. Applications for admission are considered by the Admission Committee on the basis of course selection and achievement in secondary school, aptitude test scores, letters of reference, and, whenever possible, personal interviews by admission counselors. Consideration is given to personal objectives, character, and maturity; but, the primary factor influencing the admission decision is academic achievement. The average high school class rank of students currently enrolled at the College is in the 81.5% percentile. The average ACT composite score is 27, and the average SAT combined score is 1,220.

Gustavus Adolphus College follows the four-one-four academic calendar of two, 14-week semesters during the academic year, separated by a one-month interim term in January.

Campus and Buildings

The College campus consists of 350 acres overlooking Saint Peter and the Minnesota River Valley. College facilities consist of 35 main campus buildings, including 14 residence halls. The total insured value of the College buildings is approximately $397,660,000.

The College is a coeducational residential campus composed of over 35 building structures covering about 1.7 million square feet, nestled in a beautifully landscaped 350-acre site located in Saint Peter, Minnesota. It is the home of the Linnaeus Arboretum, a 70-acre nature reserve open all year to the public.

The architecture and layout of the campus expresses both the Swedish immigrant heritage and Lutheran tradition for which the College is known. The diversity of the building architectural styles reflects the periods of history in which these structures were constructed.

Old Main, the first campus building, was built in 1876. Its prominent location on top of the hill overlooking the Minnesota river valley represents the American pioneers' idea of a "shining city upon the hill." This four-story, 23,500 square feet building currently houses the classics department and the Chaplain offices of the College. It symbolizes the Swedish immigrant heritage on which the College was founded.

Christ Chapel with its high steeple represents the Lutheran faith tradition. Its location as an anchor to three open spaces or quads, Eckman Mall to the north, Annexstad mall to the west, and south quad to the south, expresses its hierarchical importance within campus buildings. The 24,000 square foot building can seat about 1,500 people.

The number of campus buildings continues to grow over the years to support the mission of the College. The campus buildings types are: Academic (36%), Residential (34%), Athletics (16%), Auxiliary (7%), Religious (1%) and other support functions (6%).

Since 2000, a concerted effort has been made to assure that the College's buildings function and fit well within the twenty-first century context in which the College is competing for students. Since 2000, more than nine buildings were erected and/or renovated to support that effort. Four new residential buildings (International Center, Southwest Hall, Matson Hall and Chapel View Apartments) totaling over 130,000 square feet were built. A new football stadium with artificial turf and a new golf training facility were added. New buildings housing the Facilities Management department offices and trade shops were erected. A new academic building (Beck Hall) encompassing nearly 130,000 square feet was added. This state of the art facility was one of only two LEED ("Leadership in Energy and Environmental Design") platinum buildings built in Minnesota at that time. A major renovation of a 33,000 square foot academic building has recently been completed.

The College is currently finishing the design of a 90,000 square feet expansion of the Nobel Hall of Science to be followed by a renovation of 90,000 square feet of the existing Nobel Hall that was originally built in 1963. Construction on these improvements will commence in Spring 2018 funded by proceeds from the Series 2017 Bonds. The expanded and renovated Nobel Hall will cover 180,000 square feet of state of the art space. It will be a STEAM (science, technology, engineering, arts and math) building that will support eight academic departments. A $70 million budget is being compiled to support this major capital project that is projected to be completed by January 2021. The College is pursuing a LEED Silver level classification for this Project but continues to explore all LEED levels during the construction bidding process.

Student Body

The College's fall head count enrollment and full-time equivalent (FTE) enrollment for the past five years are:

	2012-13	2013-14	2014-15	2015-16	2016-17
Head Count	2,524	2,454	2,456	2,387	2,230
FTE	2,503	2,441	2,443	2,364	2,210

Approximately 75% of the students in the 2016-17 first year class at the College are from Minnesota. A total of 42 states and 18 foreign countries are represented. Approximately 94% of students studying on campus live in College owned housing.

Applications, Acceptances and Enrollments

Applications, acceptances, and enrollments for first-year students for the past five academic years are as follows:

	2012-13	2013-14	2014-15	2015-16	2016-17
Applications	4,990	4,758	5,262	4,862	4,920
Acceptances	3,148	3,006	3,228	3,178	3,188
Percent Accepted	63.1%	63.2%	61.3%	65.4%	64.8%
Enrolled	707	642	635	633	584
Percent Enrolled to Accepted	22.5%	21.4%	19.7%	19.9%	18.3%

For the 2017/2018 academic year, the College has received 4,889 applications and accepted 3,297 students as of July 1, 2017. The College has received 609 deposits for the fall 2017 semester as of July 31, 2017, compared with 573 at the same time in 2016.

Average ACT scores for its students in its 2016-17 academic class was 27.1, compared to a national average of 20.8 and a state average of 22.7.

Graduation Rate for First Year Students Graduating in Four Years

Entering Year – Fall	4-year Graduation rate
2008	81.2%
2009	79.6%
2010	80.7%
2011	79.1%
2012	79.4%

Student Retention

For the past five academic years, retention from the first year to the second year has been as follows:

Fall 2011 to Fall 2012:	91.0%
Fall 2012 to Fall 2013:	90.5%
Fall 2013 to Fall 2014:	90.2%
Fall 2014 to Fall 2015:	90.2%
Fall 2015 to Fall 2016:	89.3%

Tuition and Fees

The College meets the costs of its educational programs primarily through tuition and fees. The following table lists the fees charged full-time students for the past four academic years, and as adopted by the Board of Directors for the 2017-18 academic year.

	2013-14	2014-15	2015-16	2016-17	2017-18
Tuition for First Year Student	$38,660	$39,930	$41,140	$42,360	$43,590
Room and Board*	9,050	9,110	9,176	9,400	9,670
Fees	873	657	667	673	683
Total	$48,583	$49,697	$50,983	$52,433	$53,943

* *Average room charges; may be more or less depending on residence hall and number of students per room.*

Certain other fees may be charged depending on the course of study.

2017/2018 Undergraduate Rate Comparison of Selected Minnesota Private Colleges (Ranked by Comprehensive Charges)

College / University	Tuition and Fees	Room and Board	Comprehensive Charges*
Carleton College	$52,782	$13,632	$66,414
Macalester College	$52,464	$11,672	$64,136
St. Olaf College	$46,000	$10,430	$56,430
College of Saint Benedict	$43,738	$10,742	$54,480
Gustavus Adolphus College	**$44,273**	**$ 9,670**	**$53,943**
Saint John's University	$43,356	$10,116	$53,472
University of St. Thomas	$41,133	$10,054	$51,187
Hamline University	$40,334	$10,156	$50,490
St. Catherine University**	$40,740	$ 9,196	$49,936
Augsburg College**	$37,615	$ 9,939	$47,554
Bethel University**	$36,210	$10,340	$46,550
Concordia College (Moorhead)	$38,378	$ 8,040	$46,418
The College of St. Scholastica**	$36,212	$ 9,522	$45,734
Minneapolis College of Art and Design	$37,812	$ 7,550	$45,362
Saint Mary's University of Minnesota**	$33,630	$ 8,810	$42,440
Bethany Lutheran College	$26,960	$ 8,100	$35,060
Concordia University, St. Paul**	$21,750	$ 8,750	$30,500
Average	**$39,611**	**$ 9,807**	**$49,418**

* *These are standard charges for first-time, full time, full-year undergraduate students, including fees assessed on all undergraduates. Some charges may vary depending on room, board and program choices.*

** *Six colleges have non-traditional programs for which a separate tuition policy applies.*

Source: The Minnesota Private College Research Foundation, reviewable at www.mnprivatecolleges.org; information posted as of August 15, 2017.

Financial Assistance

Approximately 98% of the student body annually receives some form of financial assistance. The following table is a five-year summary of financial assistance received from both College and non-College sources.

	2011-12	2012-13	2013-14	2014-15	2015-16
Grants/Scholarships					
Federal	$ 2,749,347	$ 2,727,579	$ 2,714,035	$ 2,727,117	$ 2,619,004
State	2,800,429	2,837,124	3,248,193	3,352,843	3,651,964
College	41,997,626	46,462,147	48,284,564	51,584,967	52,415,335
Private	1,551,522	1,688,228	1,815,748	1,704,504	1,839,723
Total	49,098,924	53,715,078	56,062,540	59,369,431	60,526,026
Loans	20,160,241	20,575,404	20,158,994	19,346,555	18,991,829
Student Employment	2,232,370	2,299,150	2,228,997	2,311,304	2,391,598
Grand Total	$71,491,535	$76,589,632	$78,450,531	$81,027,290	$81,909,453
Number of Students Receiving Assistance	2,447	2,434	2,468	2,384	2,323

No assurance can be given that Federal and State student financial assistance will continue to be funded at current levels.

Faculty

The College employs 182 full-time and 51 part-time faculty in fiscal 2017 and has a student-faculty ratio of 11 to 1. Approximately 60% of the College faculty are tenured. Average salaries by full-time faculty rank are:

Rank	Number	Average Salary	Percent Tenured
Professor	42	$80,236	100%
Associate Professor	76	62,600	96%
Assistant Professor	55	54,002	0%
Instructor	9	43,869	0%

In addition to Faculty, the College currently employs approximately 420 staff members for an approximate total employee base of 650. Further, the College currently does not have any employees who are members of unions.

Retirement Plan

The College has certain contributory defined contribution pension plans for academic and non-academic personnel. Contributions for employees are determined on a percentage of annual salary. The cost of the retirement plans is paid currently and amounted to approximately $2,265,000 and $2,262,000 for the years ended May 31, 2016 and May 31, 2015, respectively. See Note 1 of the College's Fiscal Year 2016 Financial Statements.

Postretirement Benefit Plan

The College sponsors a postretirement medical plan for eligible retired employees. The cost of this coverage was approximately $115,000 and $90,000 for years ended May 31, 2016 and 2015, respectively.

Capital Campaign

On September 25, 2015, the College completed a seven-year comprehensive campaign (Campaign Gustavus) by recording commitments of $170.5 million, exceeding its goal by $20.5 million. Participation in the campaign was broad based, with 100% participation by the College's Board of Directors.

On October 1, 2015, the College immediately began planning for its next campaign which is anticipated to focus on strengthening the College's endowment. Currently, the Board continues deliberations as to the timing and goal for its next campaign. On November 15, 2016, the College announced a $4 million gift from President Rebecca and Dr. Thomas Bergman in support of the new Gustavus Acts Strategic Plan and its next campaign. On July 11, 2017, the College received a commitment of $40 million, the largest in College history, from a successful alumni couple. This gift, one of the largest of all-time among Minnesota colleges and universities, will support scholarships as well as the expansion and renovation of the Nobel Hall of Science.

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Endowment

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

Year Ended May 31	Endowment Investments
2012	$108,252,323
2013	121,520,751
2014	134,957,563
2015	141,800,724
2016	140,713,734
2017*	166,790,415

* *Unaudited*

The College's Investment Committee develops the objectives and policies for the College's endowment funds and regularly reports to the Board on these matters. The Investment Committee also selects and oversees the investment managers hired by the College to manage the endowment fund. The College has been growing its endowment over the past five years rather than spending it down to pay for other obligations. The College's successful management of the endowment is expected to continue for years to come.

For the years ended May 31, 2017 and 2016, the College appropriated for distribution 4.5% and 4.8%, respectively, of its endowment fund's average fair value using the prior twenty quarters as of November 30. The College anticipates a distribution of 4.5% from its endowment calculated similarly for fiscal year 2018. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to grow at an average rate of 4% annually. Actual returns in any given year may vary from this amount. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The College's target asset allocation is 75% equities, 10% fixed income, 5% opportunistic investments, and 10% real assets. The purpose of equity investments (domestic, international and emerging market) is primarily to provide capital appreciation. Equity investments are recognized to entail greater market volatility and increased risk of loss. The asset allocation for the College's endowment funds is as follows:

Asset Allocation (as of May 31, 2017)

Domestic Equities	27.8%
International Equities	19.3%
Global Equity	9.1%
Fixed Income	8.9%
Long / Short Equity	8.6%
Cash/Fixed	8.3%
Private Equity	7.7%
Real Asset	5.7%
Opportunistic	3.8%
Other	0.8%
Total	100.0%

Nearly 15% of the endowment is unrestricted, allowing the College flexibility in strategic deployment of the annual endowment payout. The College continues to take various prudent steps to conservatively manage its liquidity. As of May 31, 2016, the endowment had $60 million in monthly liquidity.

Presentation of Financial Statements

Appendix VII sets forth the financial statements for the fiscal year ended May 31, 2016 and 2015. The financial statements were prepared in accordance with generally accepted accounting principles (GAAP) and were audited by Baker Tilly Virchow Krause, LLP, independent accountants ("Baker Tilly"), as stated in their report appearing therein. Baker Tilly has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

The financial statements for the fiscal year ended May 31, 2017 are not complete as of the date of this Official Statement.

Statement of Financial Activity for Fiscal Years 2012 through 2016

The following table summarizes the College's statements of unrestricted activities for the Fiscal Years ended May 31, 2012 through 2016. For more complete information of the College for the Fiscal Years ended May 31, 2016 and 2015, see Appendix VII of this Official Statement containing the College's audited financial statements for that period.

GUSTAVUS ADOLPHUS COLLEGE

STATEMENT OF UNRESTRICTED ACTIVITIES
Years Ended May 31,

	2012	2013	2014	2015	2016
REVENUES, GAINS AND OTHER SUPPORT					
Tuition and fees	$ 87,347,715	$ 93,387,914	$ 95,643,875	$ 97,658,953	$ 97,296,768
Less: Scholarships and grants	42,240,318	46,704,535	48,520,018	51,838,598	52,673,088
Net tuition and fees	45,107,397	46,683,379	47,123,857	45,820,355	44,623,680
Government grants	1,364,648	1,448,925	1,394,926	1,504,692	1,344,737
Private gifts and grants	1,629,321	1,763,649	1,361,100	2,124,518	1,784,140
Endowment income	1,473,529	1,380,167	1,469,611	1,475,850	1,697,797
Investment income	226,972	189,167	186,902	183,797	262,360
Investment income (losses) net of endowment income	(2,895,323)	2,427,398	2,157,471	772,131	(1,722,041)
Other sources	3,401,092	3,256,832	3,331,946	3,466,437	3,370,996
Sales and services of auxiliary enterprises	22,528,666	22,103,967	22,734,924	23,341,142	22,881,315
Adjustment of actuarial liability	564	(60,333)	(79,223)	(400,943)	(312,385)
	72,836,866	79,193,151	79,681,514	78,287,979	73,930,599
Net assets released from restrictions	8,716,481	9,769,191	8,555,386	9,333,520	8,806,088
Total Revenues, Gains and Other Support	81,553,347	88,962,342	88,236,900	87,621,499	82,736,687
EXPENSES AND LOSSES					
Program expenses					
Instruction	35,478,814	35,576,755	37,282,141	37,081,362	36,359,511
Academic support	4,880,398	4,574,751	4,479,902	4,641,301	4,768,358
	40,359,212	40,151,506	41,762,043	41,722,663	41,127,869
Research	81,824	83,746	133,112	123,934	110,020
Public service	2,672,761	2,661,145	2,756,917	2,934,022	2,916,468
Student services	14,603,417	14,893,460	14,720,799	15,139,505	14,274,107
Auxiliary enterprises	15,400,147	14,772,053	15,257,620	15,708,359	15,052,967
Support expenses					
Institutional support	10,487,550	9,627,001	9,637,343	9,835,607	10,124,181
Asset impairment write off					3,926,746
Total Expenses and Losses	83,604,911	82,188,911	84,267,834	85,464,090	87,532,358
Change in Net Assets	(2,051,564)	6,773,431	3,969,066	2,157,409	(4,795,671)
Net Assets -- Beginning of Year	54,302,082	52,250,518	59,023,949	62,993,015	65,150,424
NET ASSETS -- END OF YEAR	$ 52,250,518	$ 59,023,949	$ 62,993,015	$ 65,150,424	$ 60,354,753

Source: Audited financial statements of the College

Long-Term Debt and Other Obligations

The College has the following long-term debt outstanding as of July 1, 2017:

1. $41,680,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-B, dated August 5, 2010. The bonds are secured by the full faith and credit of the College and a debt service reserve fund. The Series Seven-B Bonds are fixed rate bonds and have interest rates ranging from 4.00% to 5.00%. They have a final maturity of October 1, 2035. The outstanding balance on the Series Seven-B Bonds is $38,880,000. **The Series Seven-B Bonds will be advance refunded and defeased in full with proceeds of the Bonds.**

2. $11,410,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-W, dated July 30, 2013. The bonds are secured by the full faith and credit of the College. The Series Seven-W Bonds are fixed rate bonds and have interest rates ranging from 3.00% to 5.00%. They have a final maturity of October 1, 2034. The outstanding balance on the Series Seven-W Bonds is $10,275,000.

As of July 1, 2017, the total of long-term debt outstanding was $49,155,000. The College's long-term debt will decrease by the principal amount of the Series Seven-B Bonds retired and refunded and will increase by the principal amount of the Bonds upon issuance.

**Annual Debt Service for Fiscal Year 2016
and Pro Forma Coverage Statement**

The following table displays information related to the pro forma debt service coverage for the outstanding Series Seven-W Bonds and this Issue. Coverage is based on net income available for debt service for Fiscal Year 2016 and maximum annual debt service (MADS). Amounts available for debt service are detailed in footnote (a) to the table.

Any additional College indebtedness will increase the College's debt service requirements in the future and may reduce the pro forma debt service coverage ratio shown in the table.

The table is intended merely to show the relationship of amounts available for the College's debt service for Fiscal Year 2016 to MADS based on the outstanding Series Seven-W Bonds and the Bonds. It is not intended and should not be considered a projection of future revenues, expenses, and debt service or debt service coverage of the College. There is no assurance that the future amounts available for debt service, debt service and debt service coverage of the College or the respective relationships thereof will correspond to the pro forma amount available for debt service, pro forma debt service coverage, combined estimated long-term debt service or the respective relationships thereof shown by or reflected in the following table.

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Maximum Annual Debt Service and Pro Forma Coverage Statement

Fiscal Year Ending May 31	Amount Available for Debt Service[(a)]	MADS[(b)]	Coverage (times)
2016	$10,198,626	$3,834,219	2.66x

[(a)] *The net income available for debt service, based on the College's audited financial statements for Fiscal Year 2016 is calculated as shown below.*

		Fiscal Year 2016
Changes in unrestricted net assets		*$(4,795,671)*
Plus:	*Depreciation and amortization*	*6,683,650*
Plus:	*Interest expense on funded debt*	*2,349,475*
Plus:	*Losses on investments*	*1,722,041*
Plus:	*Asset impairment write off*	*3,926,746*
Adjustment of actuarial liability		*312,385*
Net income available for debt service		*$10,198,626*

[(b)] *Excludes debt service on the Series Seven-B Bonds to be advance refunded by the Bonds and includes debt service on the Bonds.*

PROPOSED FORM OF LEGAL OPINION

McGRANN SHEA CARNIVAL STRAUGHN & LAMB, CHARTERED

ATTORNEYS AT LAW

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AMY L. COURT

CHRISTY E. LAWRIE

OF COUNSEL
ROBERT O. STRAUGHN

RETIRED
ANDREW J. SHEA

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$52,515,000
Minnesota Higher Education Facilities Authority
Revenue and Refunding Bonds, Series 2017
(Gustavus Adolphus College)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue and Refunding Bonds, Series 2017 (Gustavus Adolphus College), in the aggregate principal amount of $52,515,000 (the "Bonds"), dated as of their date of delivery, more fully described in and issued pursuant to the Indenture (defined below).

The Bonds are issued for the purpose of funding a loan from the Authority to Gustavus Adolphus College, a Minnesota nonprofit corporation and institution of higher education (the "College"), in order to finance or refinance educational facilities owned or to be owned and operated by the College and located on its campus in the city of Saint Peter, Minnesota. We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College and the Trust Indenture (the "Indenture") between the Authority and Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"), each dated as of September 1, 2017, one or more opinions of Stinson Leonard Street LLP, as counsel to the College, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Stinson Leonard Street LLP, as to the Loan Agreement having been duly authorized and executed and being binding upon the College and as to the corporate organization, tax-exempt status and unrelated trade or business activities, good standing, and powers of the College. As to title to the Project Site (as defined in the Loan Agreement and Indenture), we have relied on information contained in owner and encumbrances reports, title insurance policies or commitments, or title opinions, provided to us by the College or by counsel engaged by it, and have not undertaken any examination of the records of the College or original title records or abstracts of title.

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

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

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

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

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

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

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

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

Dated at Minneapolis, Minnesota, _______________, 2017.

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Straughn & Lamb, Chartered

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

$52,515,000
Minnesota Higher Education Facilities Authority
Revenue and Refunding Bonds, Series 2017
(Gustavus Adolphus College)

CONTINUING DISCLOSURE CERTIFICATE

September ___, 2017

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Gustavus Adolphus College, a Minnesota nonprofit corporation (the "Corporation"), in connection with the issuance by the Minnesota Higher Education Facilities Authority, an agency of the State of Minnesota (the "Issuer"), of its $52,515,000 Revenue and Refunding Bonds, Series 2017 (Gustavus Adolphus College) (the "Obligations"), issued pursuant to a Trust Indenture, dated as of September 1, 2017 (the "Indenture"), by and between the Issuer and Wells Fargo Bank, National Association, as trustee (the "Trustee"). Proceeds of the Obligations are being loaned by the Issuer to the Corporation pursuant to a Loan Agreement, dated as of September 1, 2017 (the "Loan Agreement"), between the Issuer and the Corporation. The Corporation covenants and agrees as follows:

Section 1. (a) Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Corporation for the benefit of the holders and beneficial owners of the Obligations and in order to assist the Participating Underwriter in complying with the Rule (defined below). References in this Disclosure Certificate to holders of the Obligations shall include the beneficial owners of the Obligations. This Disclosure Certificate constitutes the written undertaking under the Rule.

(b) Filing Requirements. Any filing under this Disclosure Certificate must be made solely by transmitting such filing to the MSRB (defined herein) through the Electronic Municipal Market Access ("EMMA") System at www.emma.msrb.org in the format prescribed by the MSRB. All documents provided to the MSRB shall be accompanied by the identifying information prescribed by the MSRB.

Section 2.Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means, with respect to the Corporation, a document or set of documents which contains (or includes by reference as provided in Section 3(a) hereof) the financial and operating data with respect to the Corporation described in Exhibit A hereto.

"Annual Report Date" means, with respect to each Annual Report, the date so designated in Exhibit A hereto.

"Audited Financial Statements" means the Corporation's annual financial statements which shall be audited and prepared in accordance with generally accepted accounting principles, as in effect from time to time.

"Code" means the Internal Revenue Code of 1986, as amended.

"Dissemination Agent" means such person from time to time designated in writing by the Corporation and which has filed with the Corporation a written acceptance of such designation.

"Final Official Statement" means the Official Statement, dated August 22, 2017 delivered in connection with the original issuance and sale of the Obligations, together with any preliminary official statement, amendments thereto or supplements thereof.

"IRS" means the Internal Revenue Service of the Department of the Treasury.

"Listed Events" means any of the events listed in Section 4 of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board, whose current address is 1300 I Street NW, Suite 1000 Washington, DC 20005.

"Participating Underwriter" means any of the original underwriter(s) of the Obligations required to comply with the Rule in connection with the offering of the Obligations.

"Rule" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the Securities and Exchange Commission or any successor to its functions governing state and municipal securities.

Section 3. Provision of Annual Reports.

(a) The Corporation shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package. The Corporation may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

(b) Not later than 15 days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the Corporation shall provide the Annual Report to the Dissemination Agent (if the Corporation is not the Dissemination Agent).

(c) If the Corporation is unable or fails to provide an Annual Report by the date required in subsection (a), the Corporation shall send in a timely manner a notice of such fact to the MSRB in the format prescribed by the MSRB, as described in Section 1(b) of this Disclosure Certificate.

(d) Concurrent with the filing of the Annual Report with the MSRB, the Corporation shall deliver to the Issuer a copy of the Annual Report.

Section 4. Reporting of Significant Events. The Corporation shall give, or cause to be given, to the MSRB, notice of the occurrence of any of the following events with respect to the Obligations, in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax-exempt status of the security;

(vii) modifications to rights of the security holders, if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution or sale of property securing repayment of the securities, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Corporation;

(xiii) consummation of a merger, consolidation, or acquisition involving the Corporation or sale of all or substantially all of the assets of the Corporation, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 5. Termination of Reporting Obligation. The Corporation's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Obligations. The obligations hereunder of the Corporation shall also terminate upon the release of the obligation of such party to pay any amounts due or to become due under the Loan Agreement; provided that if such release occurs because of any transfer of assets or the merger of the Corporation and the transferee or resultant organization assumes such obligations of the Corporation, the Corporation shall first require such transferee or resultant organization to assume the obligations of the Corporation hereunder.

Section 6. Dissemination Agent. The Corporation may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Corporation pursuant to this Disclosure Certificate. If at any time there is not any other designated Dissemination Agent, the Corporation shall be the Dissemination Agent.

Section 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Corporation may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is supported by an opinion of nationally recognized bond counsel to the effect that such amendment or waiver would not, in and of itself, cause the undertaking herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

Section 8. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Corporation from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Corporation chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Corporation shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 9. Default. In the event of a failure of the Corporation to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Obligations may take such action as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Corporation to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Loan Agreement or the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the Corporation to comply with this Disclosure Certificate shall be an action to compel performance.

Section 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Corporation, the Issuer, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 11. Reserved Rights. The Corporation reserves the right to discontinue providing any information required under the Rule if a final determination should be made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful or, subject to the provisions of Section 7 hereof, to modify the undertaking under this Disclosure Certificate if the Corporation determines that such modification is required by the Rule or by a court of competent jurisdiction.

Section 12 Electronic Signatures**.** An electronic signature of the Corporation to this Disclosure Certificate shall be as valid as an original signature and shall be effective to bind the Corporation to this Disclosure Certificate. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

GUSTAVUS ADOLPHUS COLLEGE

By:________________________________
Its: Chief Financial Officer, Vice President
for Finance and Treasurer

EXHIBIT A

ANNUAL REPORT INFORMATION

The Annual Report Date will be the date that is 270 days after the fiscal year-end, commencing with the fiscal year ended May 31, 2017.

1. Audited financial statements of the Corporation for the most recent complete fiscal year and if audited financial statements are not available by the Annual Report Date then the Annual Report shall contain unaudited financial statements prepared by the Corporation in a format similar to the financial statements contained in the Official Statement, and the audited financial statements of the Corporation shall be filed in the same manner as the Annual Report when they become available.

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

    a. If not included in the audited financial statements, information as of the end of the most recent complete academic or fiscal year, as appropriate, of the matters covered by the Sections entitled:

        - Student Body
        - Applications, Acceptances and Enrollments
        - Graduation Rate for First Year Students Graduating in Four Years
        - Student Retention
        - Tuition and Fees
        - Financial Assistance
        - Faculty
        - Postretirement Benefit Plan
        - Endowment
        - Long-Term Debt and Other Obligations
        - Estimated Maximum Annual Debt Service and Pro Forma Coverage Statement

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DEFINITIONS OF CERTAIN TERMS

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

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

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

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

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

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

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

Authorized Denominations: $5,000 and any integral multiple of $5,000.

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

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

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

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

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

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

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

Bond Purchase Agreement: The Bond Purchase Agreement dated August 15, 2017, among the Authority, the Underwriter and the Corporation, relating to the Bonds.

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

Bond Year: With respect to the Bonds, (a) the period from the Issue Date to the close of business on October 1, 2017, and (b) each succeeding 12-month period ending at the close of business on October 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

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

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

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

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

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

Completion Date: The date set forth in the Certificate of the Project Supervisor furnished pursuant to the Loan Agreement.

Construction Account: The Construction Account established under the Indenture.

Construction Period: The period between the date of commencement of renovation, expansion, acquisition, construction, furnishing and equipping the Project and the Completion Date.

Continuing Disclosure Certificate: The Continuing Disclosure Certificate delivered by the Corporation, dated as of the date of the Bond Closing, relating to the Bonds.

Corporation: Gustavus Adolphus College, a Minnesota nonprofit corporation, as owner and operator of the Institution, its successors and assigns. The Corporation is also referred to as the "College" elsewhere in this Official Statement.

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

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

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

Defaulted Interest: Defaulted Interest shall have the meaning ascribed to such term in the Indenture.

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

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

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

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

Escrow Account: The Escrow Account established under the Escrow Agreement

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

Escrow Agreement: The Escrow Agreement by and among the Corporation, the Authority and Wells Fargo Bank, National Association, in its capacity as Escrow Agent, the Series Seven-B Trustee and the Trustee, dated as of September 1, 2017.

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

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

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

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

Indenture: The Trust Indenture between the Authority and Wells Fargo Bank, National Association, as Trustee, dated as of September 1, 2017, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Independent: When used with reference to an attorney, engineer, architect, certified public accountant, consultant, insurance consultant or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Corporation or the Institution or the transaction to which such Certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Authority or the Corporation or the Institution as an officer, employee or member of the Authority, the Corporation or the Institution or the Board of Trustees of the Corporation.

Independent Counsel: An Independent attorney duly admitted to practice law before the highest court of any state.

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

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

Interest Payment Date: April 1 and October 1 of each year, commencing April 1, 2018, and any other date on which the principal of or interest on the Bonds shall be due and payable.

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

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

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

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

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

Negative Pledge Property: The real property and interests in real property and buildings and improvements subsisting thereon as they may exist from time to time consisting of the Nobel Hall of Science, the Schaefer Fine Arts Center, and the additions and improvements thereto being constructed as part of the Project, all located on the campus of the Institution in Saint Peter, Minnesota.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Corporation as owner or lessee and the Trustee as secured party pursuant to the Indenture, less the cost of recovery (including attorneys' fees) of such moneys from the insuring company or the condemning authority, plus investment earnings thereon.

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

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

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

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

Principal Trust Office: For the Trustee originally appointed under the Indenture, the designated corporate trust office of the Trustee which at the date of the Indenture is that specified in the Loan Agreement, and for any successor Trustee, shall mean its designated corporate trust office.

Project: The Project consists of the expansion, renovation, acquisition, construction, improvement and equipping of approximately 182,000 square feet (92,000 square feet expansion and 90,000 square feet renovation) to the Nobel Hall of Science and the Schaefer Fine Arts Center, all located on the Institution's campus, the principal street address of which is 800 West College Avenue, Saint Peter, Minnesota.

Project Buildings: The buildings and the other improvements described in the Indenture and expanded, renovated, acquired, improved or constructed, or refinanced, with proceeds of the Bonds, including investment earnings, and any other building constructed or improved, or refinanced, with the proceeds of the Series Seven-B Bonds or the Series Four-X Bonds, including investment earnings.

Project Costs: Project Costs shall have the meaning ascribed to such term in the Indenture.

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired, or refinanced, with proceeds of the Series Seven-B Bonds, the Series Four-X Bonds or the Bonds, including investment earnings and, with respect to such personal property acquired, or refinanced, with proceeds of the Series Seven-B Bonds or the Series Four-X Bonds, generally described in the Series Seven-B Bond Documents and the Series Four-X Bond Documents and Exhibit B to the Loan Agreement and described in the Certificate of the Project Supervisor furnished pursuant to the Series Seven-B Bond Documents or the Series Four-X Bond Documents or to be furnished pursuant to the Loan Agreement.

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

Project Site: The land or interests in land described on Exhibit A to the Loan Agreement owned by the Corporation and on which any Project Buildings are or will be located or otherwise improved as part of the Series Seven-B Project, the Series Four-X Project or the Project.

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

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

Redemption Account: The Redemption Account created under the Indenture.

Redemption Date: With respect to the Series Seven-B Bonds, October 1, 2019.

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

Refunding Account: The Refunding Account established under the Indenture.

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

Series Four-X Bond Documents: The Series Four-X Loan Agreement and Series Four-X Indenture.

Series Four-X Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-X (Gustavus Adolphus College), dated November 1, 1998, issued in the original principal amount of $11,695,000, the proceeds of which were loaned by the Authority to the Corporation to finance the Series Four-X Project.

Series Four-X Indenture: The Trust Indenture between the Authority and the Series Four-X Trustee, dated as of November 1, 1998.

Series Four-X Loan Agreement: The Loan Agreement between the Authority and the Corporation dated as of November 1, 1998.

Series Four-X Project: The expansion and remodeling of the Institution's Campus Center for dining and other student services and the construction, furnishing, and equipping of the College View Apartments for student housing and related demolition and site improvements on the Project Site as defined in the Series Four-X Indenture.

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

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

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

Series Seven-B Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-B (Gustavus Adolphus College), dated August 5, 2010, issued in the original principal amount of $41,680,000 the proceeds of which were loaned by the Authority to the Corporation to finance the Series Seven-B Project and to refund the Series Four-X Bonds.

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

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

Series Seven-B Project: The (a) site preparation for and construction, equipping and furnishing of a new, approximately 125,000 square foot academic building on the west mall area of the Institution's campus to house certain social science and other departments of the Institution, now known as the Warren and Donna Beck Academic Hall; and (b) design and construction of the west mall area of the Institution's campus.

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

Series Seven-B Reserve Account: The Reserve Account created under the Series Seven-B Indenture.

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

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

Term Bonds: Term Bonds shall have the meaning ascribed to such term in the Indenture.

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

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

Underwriter: Wells Fargo Bank, National Association, acting through its Municipal Products Group, as original purchaser of the Bonds.

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SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The Corporation represents that construction, acquisition and installation of the Project will be substantially completed by no later than January 31, 2021, and all amounts in the Construction Account will be expended by no later than August 31, 2019, subject only to "force majeure," as provided in the Loan Agreement. The Corporation may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be renovated, expanded, acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, or both, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the Corporation, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel who is Bond Counsel to the Authority to such effect is furnished to the Corporation, the Authority and the Trustee. The Corporation has agreed that it has previously paid or will itself pay all costs relating to the acquisition, construction, furnishing and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs exceed the proceeds of the Bonds, including investment earnings in the Construction Account.

Redemption of Series Seven-B Bonds

The Corporation represents that it will cause the principal of and interest due on the Series Seven-B Bonds to be paid through October 1, 2019, and will prepay and redeem the outstanding Series Seven-B Bonds maturing on and after October 1, 2020, on October 1, 2019.

Loan Repayments

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

(a) at least one (1) Business Day prior to each October 1 and April 1, commencing April 1, 2018, the Corporation shall deposit into the Bond and Interest Sinking Fund Account, a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and, at least one (1) Business Day prior to each October 1, commencing on October 1, 2018, a sum equal to the amount payable as principal (whether at maturity or mandatory sinking fund redemption) of the Bonds on such principal payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account (including amounts transferred from the Construction Account pursuant to the Indenture), and (ii) any credits permitted by the Indenture; and

(b) on or prior to a date established for the optional redemption or mandatory redemption and prepayment of any Bonds pursuant to the Loan Agreement, into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Bonds called for redemption from the Redemption Account; and

(c) forthwith into the Bond and Interest Sinking Fund Account or the Redemption Account, as appropriate, the amount of any deficiency in the event the funds on deposit in the Bond and Interest Sinking Fund Account or Redemption Account on any Bond principal or interest payment date are for any reason insufficient to pay principal of, premium, if any and interest on the Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

(d) [Reserved]

(e) into any fund or account designated by the Trustee such amount as may be determined by the Trustee to be necessary to comply with the provisions of the Loan Agreement and the Indenture, relating to arbitrage rebate.

Each payment under the Loan Agreement shall be made directly to the Trustee at its Principal Trust Office for the account of the Authority for deposit as provided in the Indenture. The Corporation shall furnish to the Authority, if the Authority so requests, advice of the transmittal of such payments at the time of transmittal of payment.

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

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

Use of Project Facilities

The Corporation will own, use and operate the Project Facilities at all times as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with any part of a program of a school or department of divinity for any religious denomination. The Corporation agrees not to use or permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance and Possession of Project Facilities

The Corporation agrees that, so long as there are Bonds outstanding, and subject to certain exceptions, the Corporation will keep the Project Facilities in good repair and good operating condition at its own cost. The Corporation will make such repairs, modifications and replacements as are necessary so that the Project Facilities will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation, and may make such repairs, modifications and replacements as in the Corporation's judgment are desirable, subject to the same conditions. The Corporation may sell, transfer, convey, lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities so long as (i) the tax-exempt status of the Bonds will not be affected thereby, and an opinion of Bond Counsel to such effect is provided to the Trustee, (ii) no such transaction or agreement shall be inconsistent with the Loan Agreement, the Indenture, or the Act, and (iii) the Corporation shall remain fully obligated under the Loan Agreement as if such transaction or agreement had not been made. The Corporation may demolish any of the Project Facilities which in the Corporation's judgment are worn out, obsolete or require replacement, are no longer used, or the Corporation, by resolution of the Board of Trustees, has determined in its judgment are no longer useful.

Operating Expenses and Liens

The Corporation will pay all utility charges and other charges arising from the operations of the Project Facilities which, if unpaid, would become a lien on the Project Facilities, and will not permit to be established or to remain unsatisfied any mechanics' lien for labor or materials furnished in connection with the acquisition and construction of the Project or with any remodeling, additions, modifications, improvements, repairs, renewals or replacements; provided, that the Corporation may in good faith contest such utility and other charges and any mechanics' or other liens filed or established against the Project Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Authority or Trustee shall notify the Corporation that, in the opinion of Independent Counsel, by nonpayment of any such items the Project Facilities or any part thereof will be subject to loss or forfeiture, in which event the Corporation shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Taxes and Other Governmental Charges

The Corporation will pay, as the same respectively become due, all taxes, special assessments, license fees and governmental charges of any kind whatsoever that may at any time be lawfully assessed or levied against or with respect to the operations of the Corporation, or the Project Facilities or any improvements, equipment or related property installed or brought by the Corporation therein or thereon, or the Bonds, the Loan Agreement, the Indenture, or the interest of the Authority, the Trustee, or the Bondholders therein. The Corporation may, at its expense, in good faith contest any such taxes, assessments, license fees and other governmental charges and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the Corporation that, in the Opinion of Independent Counsel, by nonpayment of any such items the Project Facilities or any part thereof, or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

Insurance

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

(f) Insurance against loss and/or damage to the Project Facilities and contents under a policy or policies covering such risks as are ordinarily insured against by similar institutions, including (without limiting the generality of the foregoing) fire and extended coverage in an amount not less than the lesser of (i) full insurable value of the Project Facilities and contents, or (ii) the principal amount of the Outstanding Bonds or (if greater) 80% of the full insurable replacement value of the Project Facilities and content, but any such policy may have a deductible amount of not more than $250,000. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of co-insurance provisions or otherwise, without the prior consent thereto in writing by the Trustee. The term "full insurable replacement value" shall mean the actual replacement cost of the Project Buildings (excluding foundation, excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and contents and the Project Equipment. All policies evidencing insurance required by this subparagraph (a) with respect to the Project Facilities shall be carried in the names of the Corporation and the Trustee as their respective interests may appear and include a lender's loss payable endorsement with the Trustee named as loss payee.

(g) Comprehensive general public liability insurance, including blanket contractual liability and personal injury liability and automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $10,000,000, with a deductible amount of not more than $250,000 per occurrence, and against liability for injury to property in the minimum amount for each occurrence of $100,000.

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

All insurance required under the Loan Agreement shall be taken out and maintained in responsible insurance companies selected by the Corporation. In the event any of the above-described policies are canceled before the expiration date thereof, notice will be delivered in accordance with the policy provisions. The Corporation may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. The Corporation shall annually, on or before October 1 of each year, provide the Trustee a Certificate of Insurance Compliance in the form attached to the Loan Agreement.

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

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed, there shall be no abatement or reduction in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $1,000,000, the Corporation (A) 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 may be desired by the Corporation and as will not impair the character or significance of the Project Facilities as educational facilities, and (B) will apply for such purpose so much as may be necessary of any Net Proceeds of insurance policies resulting from claims for such losses not in excess of $1,000,000, or any additional moneys of the Corporation necessary therefor. All Net Proceeds of insurance resulting from claims for losses up to such amounts shall be paid to the Corporation. To the extent that the claim for loss resulting from such damage or destruction exceeds $1,000,000, the Corporation shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

The Bonds may be redeemed in whole if all or substantially all of the Project Facilities are damaged or destroyed to such extent that (i) they cannot be reasonably restored within six months or (ii) normal use and operation of the Project Facilities are interrupted for a six-month period or (iii) the cost of restoration exceeds the available Net Proceeds by an amount described in the Loan Agreement. The Bonds may be redeemed in part if (i) all or a portion of the Project Facilities have been damaged or destroyed, (ii) the Corporation determines that such Project Facilities are not needed in its operations, (iii) the Corporation has elected not to repair, rebuild, restore or replace such Project Facilities, and (iv) the Corporation elects that available Net Proceeds shall be deposited in the Redemption Account and used for the redemption or purchase of outstanding Bonds on the next date for which due notice of redemption can be given. (Also see "THE BONDS – Prior Redemption – Extraordinary Optional Redemption" in the body of this Official Statement.)

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to any part of the Project Facilities shall be taken in any proceeding involving the exercise of the right of eminent domain, there shall be no abatement or reduction in the Loan Repayments payable by the Corporation under the Loan Agreement. All Net Proceeds of awards not in excess of $1,000,000 shall be paid to the Corporation. All Net Proceeds of awards over $1,000,000 shall be paid to and held by the Trustee and the Corporation shall either redeem and prepay the Bonds in whole or in part or rebuild or restore such facilities, as more fully provided in the Loan Agreement.

If the Bonds are to be redeemed in whole or in part, such redemption shall be as described in the second paragraph under the caption "Damage or Destruction" above.

Removal of Project Equipment and Building Equipment

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

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

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

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

In connection with (a) and (b) above, if the depreciated book value on the records of the Corporation of the Project Equipment or in connection with (c) above, the depreciated value of Building Equipment to be substituted, released or removed equals or exceeds $100,000 the Corporation will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the substitution, release or removal of such equipment will not materially impair the character or revenue producing significance or value of the Project Facilities.

Indemnification

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

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

Corporation to Maintain its Existence and Accreditation

The Corporation agrees that, so long as the Bonds are outstanding, it will maintain its existence as a nonprofit corporation and maintain the Institution's existence as a nonprofit institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies and that it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee corporation or institution, as the case may be, is other than the Corporation, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the Corporation in the Loan Agreement, and 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 unlawful discrimination and requiring that the institution be nonsectarian; and (b) the Corporation shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal Revenue Code and regulations thereunder.

Federal Income Tax Status

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

Institution to be Nonsectarian

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

Determination of Taxability

In the event a Determination of Taxability is made at any time that interest on the Bonds is includable in gross income of the recipient for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole or in part on the next date for which due notice can be given and any date thereafter at a redemption price equal to par plus accrued interest plus additional interest from the Date of Taxability. (See also "THE BONDS – Prior Redemption – Extraordinary Optional Redemption" and "– Determination of Taxability" in the body of this Official Statement.) If a Determination of Taxability should occur, any monetary damage or loss resulting from or incident thereto shall be limited to the additional interest rate on the Bonds, as more fully set forth in the Loan Agreement.

Other Covenants

The Corporation further agrees to comply with all applicable laws and regulations against unlawful discrimination, and not to discriminate as prohibited by Minnesota Statutes, Section 363A.13; to provide and file such financing statements and other instruments of further assurance as the Authority or Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds and to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; and to observe all applicable State laws and regulations, including those of the Authority, the Department of Education and the Minnesota Office of

Higher Education, subject to the right of contest. The Corporation agrees to indemnify the Authority and the Trustee from losses arising from certain representations made by the Corporation regarding the absence of hazardous waste on the Project Facilities.

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

Events of Default

Following are Events of Default under the Loan Agreement:

(a) If the Corporation shall fail to make any Loan Repayment when due, and either (i) on a Bond principal or interest payment date or redemption date (established or required to be established), the available moneys on deposit in the Bond and Interest Sinking Fund Account and Redemption Account are insufficient to pay when due principal of and interest on the Bonds, or (ii) such failure shall continue for five Business Days after notice from the Trustee or the Authority to the Corporation that such payment has not been made; or

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

(c) [Reserved]

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

(e) If the Corporation files a petition in voluntary bankruptcy, or for the composition of its affairs or for its corporate reorganization under any state or Federal bankruptcy or insolvency law, or makes an assignment for the benefit of creditors, or consents in writing to the appointment of a trustee or receiver for itself or for the whole or any substantial part of the property of the Corporation; or

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

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

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

Remedies on Default

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

(a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due and payable under the Loan Agreement for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same shall become immediately due and payable.

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

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

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

Amendments

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

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THE INDENTURE

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

Granting Clauses

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

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

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

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

Accounts

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

Authorized Investments

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

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of 60 days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the Corporation (giving the Corporation the privilege of curing such default in the name of the Authority, if permitted by law) by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the Holders of not less than a majority in principal amount of the Bonds then outstanding; or

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

Remedies

If an Event of Default shall exist, the Trustee may, and upon written request of the Holders of a majority in aggregate principal amount of the 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 the Bonds then outstanding, by written notice to the Authority and to the Trustee, to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured by the Indenture (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last Interest Payment Date) shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

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

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

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to the Reference Rate, which advances are given priority of payment. The Trustee also has a first lien with right of payment prior to payment on account of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers under the Indenture unless indemnified to its satisfaction against all costs and expenses. The Trustee and its affiliates, officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the Corporation to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum combined capital, surplus and undivided profits of $10,000,000 in event of merger, resignation or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court. Provision is also made for removal of the Trustee by Bondholders or the Authority, at the request of the Corporation, provided that the Authority may, but is not required to, remove the Trustee, with or without the request of the Corporation if an Event of Default has occurred and is continuing or a default which with the passage of time or the giving of notice will become an Event of Default has occurred and is continuing. The Authority may not remove a successor Trustee properly appointed by the Bondholders.

Concerning the Bondholders

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

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

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

Defeasance

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

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

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

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

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

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

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

Supplemental Indentures

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

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

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

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

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

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

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

Amendments to the Loan Agreement

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

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee shall consent to or execute any other amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the

Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

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

THE DEPOSITORY TRUST COMPANY

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

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

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

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

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

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

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

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

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

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

FINANCIAL STATEMENTS INCLUDING INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE FISCAL YEARS ENDED MAY 31, 2016 AND 2015

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BAKER TILLY

Baker Tilly Virchow Krause, LLP
225 S Sixth St, Ste 2300
Minneapolis, MN 55402-4661
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fax 612 238 8900
bakertilly.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Gustavus Adolphus College
Saint Peter, Minnesota

We have audited the accompanying financial statements of Gustavus Adolphus College (the "College"), which comprise the statements of financial position as of May 31, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gustavus Adolphus College as of May 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
September 26, 2016

GUSTAVUS ADOLPHUS COLLEGE

STATEMENTS OF FINANCIAL POSITION
May 31, 2016 and 2015

ASSETS

	2016	2015
Cash and cash equivalents	$ 38,308,353	$ 35,343,139
Receivables		
Students accounts, net of allowance for doubtful accounts of $590,000 and $700,000	644,690	636,078
Government grants	399,444	414,187
Accrued interest	33	25,100
Contributions	18,481,000	11,890,000
Other	276,155	849,818
Inventories	407,322	403,027
Prepaid expenses and other assets	1,204,694	1,240,781
Students notes receivable, net	2,807,934	2,870,294
Investments		
Cash and short-term investments	1,419,119	1,707,069
Investments other than endowment	37,026,441	23,900,603
Interest in buildings, net of accumulated depreciation of $856,740 and $1,029,858	549,398	729,880
Real estate held for resale	1,336,340	1,336,340
Beneficial interest in funds held in trust	1,342,011	2,019,833
Other	895,456	828,001
Deposits held by trustee		
Cash and short-term investments	3,469,810	5,329
Fixed income securities		3,456,191
Endowment investments	140,713,734	141,800,724
Construction in progress	3,012,108	4,506,709
Property, plant and equipment, net	109,237,350	113,970,525
TOTAL ASSETS	$ 361,531,392	$ 347,933,628

LIABILITIES AND NET ASSETS

	2016	2015
LIABILITIES		
Accounts payable	$ 3,775,572	$ 1,611,558
Accrued liabilities	14,531,857	16,083,493
Deferred revenue	6,221,477	6,389,797
Future interest discount on pooled life income funds	428,338	512,119
Annuities payable	10,056,988	9,686,148
Funds held for others	2,881,080	2,981,146
Long-term debt	51,492,119	52,441,326
U.S. government grants refundable	2,678,619	2,747,474
Total Liabilities	92,066,050	92,453,061
NET ASSETS		
Unrestricted	60,354,753	65,150,424
Temporarily restricted	102,069,490	86,159,434
Permanently restricted	107,041,099	104,170,709
Total Net Assets	269,465,342	255,480,567
TOTAL LIABILITIES AND NET ASSETS	$ 361,531,392	$ 347,933,628

See accompanying notes to financial statements.

GUSTAVUS ADOLPHUS COLLEGE

STATEMENT OF ACTIVITIES
Year Ended May 31, 2016
With Comparative Totals for 2015

	2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2015 Total
REVENUES, GAINS AND OTHER SUPPORT					
Tuition and fees	$ 97,296,768			$ 97,296,768	$ 97,658,953
Less: Scholarships and grants	52,673,088			52,673,088	51,838,598
Net tuition and fees	44,623,680			44,623,680	45,820,355
Government grants	1,344,737			1,344,737	1,504,692
Private gifts and grants	1,784,140	$ 28,608,191	$ 2,905,361	33,297,692	10,321,087
Endowment income	1,697,797	4,193,313	186,205	6,077,315	5,511,212
Investment income	262,360		124	262,484	183,913
Investment income (losses) net of endowment income	(1,722,041)	(7,077,603)	(142,338)	(8,941,982)	4,109,042
Other sources	3,370,996		466	3,371,462	3,467,866
Sales and services of auxiliary enterprises	22,881,315			22,881,315	23,341,142
Adjustment of actuarial liability	(312,385)	(81,255)	(1,005,930)	(1,399,570)	(340,585)
	73,930,599	25,642,646	1,943,888	101,517,133	93,918,724
Change in donor designation		(926,502)	926,502		
Net assets released from restrictions	8,806,088	(8,806,088)			
Total Revenues, Gains and Other Support	82,736,687	15,910,056	2,870,390	101,517,133	93,918,724
EXPENSES AND LOSSES					
Program expenses					
Instruction	36,359,511			36,359,511	37,081,362
Academic support	4,768,358			4,768,358	4,641,301
	41,127,869			41,127,869	41,722,663
Research	110,020			110,020	123,934
Public service	2,916,468			2,916,468	2,934,022
Student services	14,274,107			14,274,107	15,139,505
Auxiliary enterprises	15,052,967			15,052,967	15,708,359
Support expenses					
Institutional support	10,124,181			10,124,181	9,835,607
Asset impairment write off	3,926,746			3,926,746	
Total Expenses and Losses	87,532,358			87,532,358	85,464,090
Change in Net Assets	(4,795,671)	15,910,056	2,870,390	13,984,775	8,454,634
Net Assets - Beginning of Year	65,150,424	86,159,434	104,170,709	255,480,567	247,025,933
NET ASSETS - END OF YEAR	$ 60,354,753	$ 102,069,490	$ 107,041,099	$ 269,465,342	$ 255,480,567

See accompanying notes to financial statements.

GUSTAVUS ADOLPHUS COLLEGE

STATEMENT OF ACTIVITIES
Year Ended May 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 97,658,953			$ 97,658,953
Less: Scholarships and grants	51,838,598			51,838,598
Net tuition and fees	45,820,355			45,820,355
Government grants	1,504,692			1,504,692
Private gifts and grants	2,124,518	$ 3,890,809	$ 4,305,760	10,321,087
Endowment income	1,475,850	3,903,247	132,115	5,511,212
Investment income	183,797		116	183,913
Investment income net of endowment income	772,131	3,274,249	62,662	4,109,042
Other sources	3,466,437		1,429	3,467,866
Sales and services of auxiliary enterprises	23,341,142			23,341,142
Adjustment of actuarial liability	(400,943)	(24,949)	85,307	(340,585)
	78,287,979	11,043,356	4,587,389	93,918,724
Net assets released from restrictions	9,333,520	(9,333,520)		
Total Revenues, Gains and Other Support	87,621,499	1,709,836	4,587,389	93,918,724
EXPENSES				
Program expenses				
Instruction	37,081,362			37,081,362
Academic support	4,641,301			4,641,301
	41,722,663			41,722,663
Research	123,934			123,934
Public service	2,934,022			2,934,022
Student services	15,139,505			15,139,505
Auxiliary enterprises	15,708,359			15,708,359
Support expenses				
Institutional support	9,835,607			9,835,607
Total Expenses	85,464,090			85,464,090
Change in Net Assets	2,157,409	1,709,836	4,587,389	8,454,634
Net Assets - Beginning of Year	62,993,015	84,449,598	99,583,320	247,025,933
NET ASSETS - END OF YEAR	$ 65,150,424	$ 86,159,434	$ 104,170,709	$ 255,480,567

See accompanying notes to financial statements.

GUSTAVUS ADOLPHUS COLLEGE

STATEMENTS OF CASH FLOWS
Years Ended May 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 13,984,775	$ 8,454,634
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation, amortization and depletion	6,683,650	6,863,706
Amortization of bond premium	(105,070)	(105,070)
Loss on disposal of property, plant and equipment	3,561	
Asset impairment write off	3,926,746	
Losses (gains) on investments	3,792,762	(8,563,621)
Actuarial adjustment of annuities payable	1,719,693	486,524
Pooled life income adjustments	172,323	205,944
Loan cancellations and reinstatements	39,399	24,590
Change in assets and liabilities		
Student receivables	(8,612)	74,428
Government grants receivable	14,743	(67,638)
Accrued interest receivable	25,067	25,708
Contributions receivable - operations	560,713	413,218
Other receivables	573,663	(554,633)
Inventories	(4,295)	42,656
Prepaid expenses and other assets	36,087	(64,234)
Accounts payable	524,762	(84,897)
Accrued liabilities	(1,551,636)	2,062,492
Deferred revenue	(168,320)	3,868,881
Funds held for others	38,757	88,452
Contributions restricted for plant and long-term investment	(21,647,167)	(4,727,631)
Investment income restricted for plant, loans, and long-term investment	(186,329)	(132,231)
Net Cash Flows from Operating Activities	8,425,272	8,311,278
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(74,329,396)	(62,488,057)
Proceeds from sale of investments	58,541,538	64,548,331
Purchases of property, plant and equipment	(2,641,039)	(2,879,042)
Disbursements of loans to students	(463,593)	(590,023)
Repayments of loans from students	486,554	498,072
Net Cash Flows from Investing Activities	(18,405,936)	(910,719)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in deposits with bond trustee	(20,566)	
Repayment of principal on indebtedness	(870,000)	(845,000)
Receipts of investment income restricted for plant, loans and long-term investment	186,329	132,231
Contributions received restricted for plant and long-term investment	14,495,454	2,365,413
Decrease in refundable U.S. government grants	(68,855)	(55,276)
Increase in liability for new split interest agreements	587,990	333,261
Payments to annuitants and pooled life income beneficiaries	(1,364,474)	(1,431,430)
Net Cash Flows from Financing Activities	12,945,878	499,199
Net Change in Cash and Cash Equivalents	2,965,214	7,899,758
CASH AND CASH EQUIVALENTS - Beginning of Year	35,343,139	27,443,381
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 38,308,353	$ 35,343,139
Supplemental disclosures of cash flow information		
Interest paid	$ 2,353,225	$ 2,375,200
Noncash investing and financing activities		
Property, plant and equipment acquired through accounts payable	1,875,888	196,561

See accompanying notes to financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Gustavus Adolphus College (the "College") is an institution of higher education affiliated with the Evangelical Lutheran Church in America. The accounting policies of the College reflect practices common to universities and colleges and conform to accounting principles generally accepted in the United States of America. The more significant accounting policies are summarized below:

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

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

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

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

Releases from Restrictions - Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed and the law allows the release of the restriction) are reported on the statement of activities as net assets released from restrictions. Occasionally donor restrictions related to net assets may be clarified or changed, at which time they are reflected as reclassification of prior year net assets on the statement of activities.

Revenue Recognition - The timing and classification of revenue are summarized below:

Tuition and Fees and Auxiliary Revenue - Revenues from tuition and fees and auxiliary enterprises are recognized in the period the goods or services are provided as increases in unrestricted net assets. Financial assistance in the form of scholarships and grants that cover a portion of tuition, living and other costs is reflected as a reduction of tuition and fees revenues.

Contribution Revenue - Contributions are recognized as revenues when the donor's commitments are received, as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Gifts of assets other than cash are recorded at their estimated fair value at the date of gift.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a release to unrestricted net assets is made to reflect the expiration of such restrictions.

The College reports unrestricted contributions of depreciable assets, or of cash and other assets to be used to acquire them, as temporarily restricted revenue. The restriction on the related temporarily restricted net asset is released over the estimated useful lives of the assets using the College's depreciation policies.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Gains and Losses - Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Income and net gains on investments of endowment and similar funds are reported in the statement of activities as follows:

> as increases in unrestricted net assets for board-designated endowment funds and to restore donor-restricted endowment funds with deficiencies;

> as increases in permanently restricted net assets if the terms of the gift that gave rise to the investment require that they be added to the principal of a permanent endowment fund;

> as increases in temporarily restricted net assets in all other cases.

Losses from investments on donor-restricted endowment funds are reported as decreases in permanently or temporarily restricted net assets to the extent of the prior accumulated earnings of each individual endowment fund, with the remainder reflected as reductions to unrestricted net assets. Losses on board-designated endowment funds are reported as decreases in unrestricted net assets.

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

Receivables - Student accounts receivable are carried at the unpaid balance of the original amount billed to students less an estimate made for doubtful accounts based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Student accounts receivable are written off when deemed uncollectible. Recoveries of student accounts previously written off are recorded when received. Receivables are generally unsecured. A student account receivable is considered to be delinquent if not paid by the due date. A monthly service fee is charged on delinquent amounts.

Inventories - Bookstore inventories are valued at cost using the first-in, first-out method. All other inventories are valued at the lower of cost (first-in, first-out) or market.

Beneficial Interest in Funds Held in Trust - The beneficial interest in funds held in trust and related contribution revenue are recognized at the date the trusts are established for the present value of estimated future payments to be received. Perpetual trusts are valued based upon the market value of the trust assets which approximates fair value of the beneficial interest in the trusts.

Deposits Held by Trustee - Cash, short-term investments and fixed income securities held by the trustee include amounts restricted for debt service as required by the trust indentures.

Investments - Investments in publicly traded securities are stated at fair value based on quoted market prices from national security exchanges. Other investments, for which quoted prices are not available, are stated at fair value as estimated by management using values provided by external investment managers or general partners. Other investments are recorded at cost, except those items received as gifts, which are valued at fair value at the date of the gift.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment - Physical plant assets are stated at cost less accumulated depreciation. The College depreciates its assets on the straight-line basis over estimated useful lives as follows: buildings 40 years, improvements 3 to 20 years, equipment 5 to 25 years, and library books 15 years. Normal repair and maintenance expenses are charged to operations as incurred. The College capitalizes physical plant additions in excess of $5,000.

Impairment of Long-Lived Assets - The College reviews long-lived assets, including property, equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. During fiscal 2016, the College determined that architect costs related to the Nobel Hall project were not recoverable, and therefore, wrote-off approximately $3,927,000. See note 10. There were no impairments recorded in fiscal 2015.

Asset Retirement Obligations - Asset retirement obligations of $2,735,000 and $2,632,000, for the years ended May 31, 2016 and 2015, respectively, included in accrued liabilities represent estimated costs and obligations associated with the retirement of long-lived assets. These liabilities were initially recorded at fair value and the related retirement costs were recorded as decreases in unrestricted net assets. Asset retirement costs are subsequently accreted over the useful lives of the related assets. Accretion of approximately $160,000 and $159,000 was recorded for the years ended May 31, 2016 and 2015, respectively. Approximately $57,000 and $11,000 of asbestos was abated for the years ended May 31, 2016 and 2015, respectively.

Deferred Revenue - Certain revenue related to summer education programs and fall student deposits are deferred and recognized as revenue in the same period expenses are recognized. Students are generally billed for courses and programs prior to the start of the course or program.

Funds Held for Others - The College acts as custodian for funds transferred from various organizations for investment management and administrative purposes. The funds are to be distributed back to these organizations as they request them. The College recognizes the funds as a liability in the accompanying statements of financial position.

U.S. Government Grants Refundable - Funds provided by the U.S. Government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and are included as a liability in the statements of financial position. Revenues from other government grants are recognized as they are earned in accordance with the agreement. Any funding received before it is earned is recorded as a refundable advance. Expenses incurred before cash is received are recorded as receivables.

Scholarships and Grants - Scholarships and grants are offered by the College to attract and retain students. The College offers institutional grants to students in the form of merit-based scholarships and need-based grants at the College's discretion.

Grants to Specified Students - Amounts received from state and federal agencies designated for the benefit of specified students are considered agency transactions and, therefore, are not reflected as revenues and expenses of the College.

Fund Raising and Advertising Expenses - Fund raising expenses totaled $2,973,000 and $2,603,000 for the years ended May 31, 2016 and 2015, respectively. Advertising expenses totaled $487,000 and $378,000 for the years ended May 31, 2016 and 2015, respectively. The College expenses advertising costs at the time incurred.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plan - Retirement benefits are provided for the College's eligible staff through a defined contribution 403(b) plan for which Teachers Insurance and Annuity Association (TIAA) is the trustee. Under this arrangement, the College and plan participants make contributions to the plan. Contributions for eligible employees are determined on a percentage of annual compensation. The percentage contributed by the College was 7% for each of the years ended May 31, 2016 and 2015. The College's share of the cost of these benefits was approximately $2,265,000 and $2,262,000 for the years ended May 31, 2016 and 2015, respectively.

Self-Funded Insurance - A portion of the College's medical and dental plan is maintained as a self-funded health plan. Specific and aggregate stop loss coverage on the health plan is provided to limit the ultimate exposure of the College. A liability is provided for claims incurred but not reported and is included in accrued liabilities on the statements of financial position. Management reviews this accrual on an on-going basis and believes it is adequate to cover such claims.

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

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

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

The College follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the College for uncertain tax positions as of May 31, 2016 or 2015. The College's tax returns are subject to review and examination by federal and state authorities.

The most significant areas that potentially subject the College to unrelated business income tax include conferences and events, athletic space and various services provided by the dining service, post office and central duplicating services to the public. At May 31, 2016 and 2015, the College has no current obligation for unrelated business income tax.

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

New Accounting Pronouncements - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers.* This new accounting guidance outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2017 with early application permitted for fiscal years beginning after December 15, 2016. The College is assessing the impact this new standard will have on its financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued) - In April 2015, FASB issued ASU 2015-03, *Interest-Imputation of interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. Under the new guidance, debt issuance costs related to a recognized debt liability are presented as a direct reduction to the carrying amount of that debt liability. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The College elected to adopt the guidance in fiscal 2016. ASU 2015-03 is to be applied retrospectively, and as a result, the guidance was retrospectively applied to fiscal 2015. The adoption of the standard did not have a significant impact on the College's statement of financial position or results of operations.

In May 2015, FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. Under the new guidance, investments measured at net asset value, as a practical expedient for fair value, are excluded from the fair value hierarchy disclosure requirements. ASU 2015-07 is effective for fiscal years beginning after December 15, 2016 with early application permitted. The College elected to adopt the guidance in fiscal 2016. ASU 2015-07 is to be applied retrospectively, and as a result, the guidance was retrospectively applied to fiscal 2015. The adoption of the standard did not have a significant impact on the College's statement of financial position or results of operations.

In January 2016, FASB issued ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities.* This new guidance is intended to improve the recognition and measurement of financial instruments and eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. ASU 2016-01 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted for fiscal years beginning after December 15, 2017. However, the new guidance permits entities that are not public business entities to adopt upon issuance the provision that eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost. The College elected to adopt this provision in fiscal 2016. ASU 2016-01 is to be applied by means of a cumulative-effect adjustment to the statement of financial position as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values (including disclosure requirements) should be applied prospectively to equity investments that exist as of the date of adoption of ASU 2016-01. The College is assessing the impact the remainder of this standard will have on its financial statements.

In February 2016, FASB issued ASU No. 2016-02, *Leases*. ASU No. 2016-02 was issued to increase transparency and comparability among entities. Lessees will need to recognize nearly all lease transactions (other than leases that meet the definition of a short-term lease) on the statement of financial position as a lease liability and a right-of-use asset (as defined). Lessor accounting under the new guidance will be similar to the current model. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2018, with earlier application permitted. Upon adoption, lessees and lessors will be required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach, which includes a number of optional practical expedients that entities may elect to apply. The College is assessing the impact this standard will have on its financial statements.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. In addition, the ASU will no longer allow entities to imply a time restriction on contributions restricted by donors to acquire long-lived assets, including gifts of cash restricted for those acquisitions. Instead, the restrictions will expire when the long-lived assets are placed in service. The College currently implies a time restriction on such contributions, and at May 31, 2016, has included approximately $35 million of such contributions in temporarily restricted net assets that will be reclassified to unrestricted net assets upon implementation of the new standard. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The College is assessing the impact this standard will have on its financial statements.

NOTE 2 - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

At May 31, 2016 and 2015, the College's unrestricted net assets were allocated as follows:

	2016	2015
Operations	$ 4,556,510	$ 4,587,042
Endowment funds	21,170,653	22,346,971
Gift annuity agreements	1,213,852	1,510,126
Loans to students	452,749	464,387
Plant	32,960,989	36,241,898
	$ 60,354,753	$ 65,150,424

Temporarily restricted net assets consist of the following at May 31, 2016 and 2015:

	2016	2015
Gifts and other unexpended revenues and gains available for:		
Scholarships, instruction and other departmental support	$ 4,226,549	$ 4,081,761
Acquisition of buildings and equipment	21,441,964	3,536,329
Contributions receivable	15,346,000	8,753,000
	41,014,513	16,371,090
Endowment funds	25,595,226	32,052,254
Life income and trust agreements	420,845	842,186
Net investment in plant	35,038,906	36,893,904
	$ 102,069,490	$ 86,159,434

Permanently restricted net assets consist of the following at May 31, 2016 and 2015:

	2016	2015
Endowment funds	$ 95,360,399	$ 91,770,397
Contributions receivable for endowment funds	3,135,000	3,137,000
Student loan funds	592,056	583,715
Gift annuity agreements and similar funds	7,953,644	8,679,597
	$ 107,041,099	$ 104,170,709

NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors during the years ended May 31, 2016 and 2015, as follows:

	2016	2015
Amortization of contributions expended for long-lived assets	$ 1,974,374	$ 2,008,172
Scholarships, instruction and other departmental support	6,831,714	7,325,348
	$ 8,806,088	$ 9,333,520

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable include the following unconditional promises to give at May 31, 2016 and 2015:

	2016	2015
Temporarily restricted - operations	$ 1,061,000	$ 1,622,000
Temporarily restricted - plant projects	15,191,000	7,680,000
Permanently restricted - endowment	3,362,000	3,368,000
Gross unconditional promises to give	19,614,000	12,670,000
Less: Unamortized discount	(160,000)	(154,000)
Allowance for uncollectible promises	(973,000)	(626,000)
	$ 18,481,000	$ 11,890,000

At May 31, 2016, net contributions receivable of $14,603,000 are due in less than one year and $3,878,000 are due in one to five years. Promises due in one to five years were discounted at historical rates between 0.9% and 6.9% at May 31, 2016 and 2015. Promises due in less than one year were not discounted.

NOTE 5 - STUDENT NOTES RECEIVABLE

The College issues loans to students based on financial need. Student notes are funded through the Federal Perkins Loan program or institutional loan program. Student notes receivable are carried at the amount of unpaid principal less an estimate for doubtful accounts. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of loan recipients to repay the amounts per the loan terms. At both May 31, 2016 and 2015, student notes receivable represented approximately 1.0% of total assets.

At May 31, 2016 and 2015, student notes receivable consisted of the following:

	2016	2015
Federal government programs	$ 3,025,561	$ 3,081,146
Institutional programs	2,373	9,148
	3,027,934	3,090,294
Less allowance for doubtful accounts:		
Beginning of year	(220,000)	(220,000)
Increases	(14,315)	(1,652)
Write-offs	14,315	1,652
End of year	(220,000)	(220,000)
	$ 2,807,934	$ 2,870,294

Funds advanced by the Federal government of $2,678,619 and $2,747,474 at May 31, 2016 and 2015, respectively, are ultimately refundable to the government and are classified as liabilities in the statements of financial position.

NOTE 5 - STUDENT NOTES RECEIVABLE (Continued)

After a student is no longer enrolled at a higher education institution and after a grace period, interest is charged on student notes receivable and is recognized as it is charged. Student notes receivable through the loan programs are considered to be past due if a payment is not made within 30 days of the payment due date, at which time, late charges are charged and recognized. The Federal Perkins Loan Program receivables may be assigned to the U.S. Department of Education. Students may be granted a deferment, forbearance, or cancellation of their student loan receivable based on eligibility requirements defined by the U.S. Department of Education.

At May 31, 2016, the amounts past due under student loan programs are as follows: less than 240 days - $12,000, 240 days to two years - $37,005, two years to five years - $11,065 and no past-due amounts greater than five years, for a total past due amount of $60,070. At May 31, 2015, the amounts past due under student loan programs are as follows: less than 240 days - $10,738, 240 days to two years - $22,750, two years to five years - $14,826 and more than five years - $1,566 for a total past due amount of $49,880.

NOTE 6 - INVESTMENTS

The following summarizes the College's investments in funds other than endowment, which are recorded at fair value, at May 31, 2016 and 2015:

	2016	2015
Government obligations	$ 17,545,342	$ 3,574,312
Bonds	34,634	36,610
Mutual funds	19,446,465	20,289,681
	$ 37,026,441	$ 23,900,603

Other investments totaling $895,456 and $828,001 as of May 31, 2016 and 2015, respectively, includes $259,045 and $256,481, respectively, of certificates of deposit carried at cost.

NOTE 6 - INVESTMENTS (Continued)

The following summarizes the College's endowment investments, which are recorded at fair value unless otherwise noted, at May 31, 2016 and 2015:

	2016	2015
Cash and short-term investments ($2,971 and $1,473 at cost for 2016 and 2015, respectively)	$ 306,540	$ 5,044,866
Contract for deed receivable (at cost)	24,892	26,281
Marketable securities		
Equity securities	167,599	181,886
Mutual funds	75,398,272	75,505,701
Alternative investments		
Commodity funds	496,079	1,232,472
Fund of funds	60,638,500	55,930,711
Real estate funds	56,039	461,713
Beneficial interest in funds held in trust	3,625,813	3,417,094
	$ 140,713,734	$ 141,800,724

The College’s alternative investments are intended to reduce the volatility of the endowment fund and provide a complementary source of return and diversification to traditional investments. Alternative investments include hedge fund, private equity, real estate, and natural resource strategies accessed through both direct funds and diversified fund-of-funds. Investments are broadly diversified by manager, strategy, geography, sector, and company/issue.

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The following summarizes total investment return for the years ended May 31, 2016 and 2015:

	2016	2015
Dividend, interest and other income, net of fees of $172,084 and $173,003 for 2016 and 2015, respectively	$ 1,190,579	$ 1,240,546
Net gains (losses) on investments	(3,792,762)	8,563,621
	$ (2,602,183)	$ 9,804,167

NOTE 7 - FAIR VALUE MEASUREMENTS

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

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

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

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include using the reporting entity's own data.

Valuation Techniques and Inputs

Level 1 - Level 1 assets include:

> Short-term investments (consisting primarily of money market funds), domestic equity securities and mutual funds for which quoted prices are readily available or that trade with sufficient frequency and volume to enable the College to obtain pricing information on an ongoing basis.

Level 2 - Level 2 assets include:

> Investments in fixed income securities (comprised of asset backed securities and government securities) for which quoted prices are not readily available. The fair values are estimated using Level 2 inputs based on multiple sources of information, which may include market data and/or quoted market prices from either markets that are not active or are for the same or similar assets in active markets.

Level 3 - Level 3 assets include:

> Beneficial interest in funds held in trust for which quoted prices are not readily available. The fair values are estimated using an income approach by calculating the present value of the future distributions expected to be received based on a combination of Level 2 inputs (interest rates and yield curves) and significant unobservable inputs (entity specific estimates of cash flows). Since the College has an irrevocable right to receive the income earned from the trust's assets, the fair value of the College's beneficial interest is estimated to approximate the fair value of the trusts' assets.

NOTE 7 - FAIR VALUE MEASUREMENTS (Continued)

Alternative investments are measured at fair value using the net asset value (NAV) per share (or its equivalent) of such investment funds as a practical expedient for fair value. The College has estimated the fair value of these funds by using the net asset value provided by the investee. The College adopted ASU 2015-07, *Disclosures for Investment in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, during the year ended May 31, 2016. Under the new guidance, investments measured using the net asset value per share (or its equivalent) practical expedient are not classified in the fair value hierarchy.

Except for the implementation of ASU 2015-7, there have been no changes in the techniques and inputs used as of May 31, 2016 and 2015.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset.

While the College believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

NOTE 7 - FAIR VALUE MEASUREMENTS (Continued)

The following table summarizes assets measured at fair value on a recurring basis as of May 31, 2016:

	Total	Level 1	Level 2	Level 3
Short-term investments	$ 3,773,379	$ 3,773,379		
Domestic equity securities	167,599	167,599		
Fixed income securities	17,579,976		$ 17,579,976	
Mutual funds				
Domestic equity	44,787,052	44,787,052		
Fixed income	16,191,357	16,191,357		
International equity	31,449,477	31,449,477		
Real assets	2,416,851	2,416,851		
Beneficial interest in funds held in trust	5,604,235			$ 5,604,235
Subtotal by valuation hierarchy	121,969,926	$ 98,785,715	$ 17,579,976	$ 5,604,235
Alternative investments measured using NAV				
Long/short global equity funds	12,799,895			
Open-end commingled funds	23,569,533			
Private equity funds	18,475,956			
Real asset funds	6,345,234			
Subtotal by NAV	61,190,618			
Total assets at fair value	$ 183,160,544			

The following table summarizes assets measured at fair value on a recurring basis as of May 31, 2015:

	Total	Level 1	Level 2	Level 3
Short-term investments	$ 5,048,722	$ 5,048,722		
Domestic equity securities	181,886	181,886		
Fixed income securities	7,067,113		$ 7,067,113	
Mutual funds				
Domestic equity	46,616,151	46,616,151		
Fixed income	15,832,861	15,832,861		
International equity	30,732,011	30,732,011		
Real assets	2,614,359	2,614,359		
Beneficial interest in funds held in trust	6,008,447			$ 6,008,447
Subtotal by valuation hierarchy	114,101,550	$ 101,025,990	$ 7,067,113	$ 6,008,447
Alternative investments measured using NAV				
Long/short global equity funds	13,630,042			
Open-end commingled funds	17,814,496			
Private equity funds	19,965,917			
Real asset funds	6,214,441			
Subtotal by NAV	57,624,896			
Total assets at fair value	$ 171,726,446			

NOTE 7 - FAIR VALUE MEASUREMENTS (Continued)

The following table presents a reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended May 31, 2016:

	Balances May 31, 2015	Net realized and unrealized losses	Purchases	Sales	Net transfers in (out) of Level 3	Balances May 31, 2016
Beneficial interest in funds held in trust	$ 6,008,447	$ (424,909)	$ 347,414	$ (326,717)	$	$ 5,604,235

The amount of total losses for the period included in change in net assets attributable to the change in unrealized losses relating to Level 3 assets still held at May 31, 2016.	$ (424,838)

The following table presents a reconciliation of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended May 31, 2015:

	Balances May 31, 2014	Net realized and unrealized gains	Purchases	Sales	Net transfers in (out) of Level 3	Balances May 31, 2015
Beneficial interest in funds held in trust	$ 5,409,958	$ 117,278	$ 618,077	$ (136,866)	$	$ 6,008,447

The amount of total gains for the period included in change in net assets attributable to the change in unrealized gains relating to Level 3 assets still held at May 31, 2015.	$ 117,278

NOTE 7 - FAIR VALUE MEASUREMENTS (Continued)

The College uses the net asset value as a practical expedient to determine fair value of all underlying investments which do not have a readily determinable fair value and are in investment companies or similar entities that report their investment assets at fair values.

The following table lists the alternative investments in which net asset value was utilized as the practical expedient for estimating fair value by major category as of May 31, 2016:

	Long/Short Global Equity Funds	Open-End Commingled Funds	Private Equity Funds	Real Asset Funds
Fair value, May 31, 2016	$12,799,895	$23,569,533	$18,475,956	$6,345,234
Significant Investment Strategy	Global long/short equities	International and emerging market equities	Primarily buyout, venture, distressed and growth equity in U.S. and international	U.S. real estate, global energy and forestry
Remaining Life	N.A.	N.A.	1 to 13 years	1 to 13 years
Dollar Amount of Unfunded Commitments	None	None	$19,629,000	$4,484,000
Timing to Draw Down Commitments	N.A.	N.A.	1 to 7 years	1 to 5 years
Redemption Terms	One fund has quarterly redemption with 45 days notice; the remaining fund has annual redemption with 105 days notice	Two funds have redemptions with 30 days notice; the remaining fund has daily liquidity	N.A.	N.A.
Redemption Restrictions	1 to 2-year initial lockup	N.A.	N.A.	N.A.
Redemption Restrictions in Place at Year End	N.A.	N.A.	N.A.	N.A.

NOTE 8 - ENDOWMENT

The College's endowment consists of approximately 625 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the governing board to function as endowments. As required by generally accepted accounting principles ("GAAP"), net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The College's governing board has interpreted the Minnesota enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the College to appropriate for expenditure or accumulate so much of an endowment fund as the College determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. The College's governing board has determined it is prudent to preserve the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. See Note 1 for further information on net asset classifications.

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

1. The duration and preservation of the fund
2. The purposes of the College and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the College
7. The investment policies of the College

Endowment net asset composition by type of fund consists of the following as of May 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (641,869)	$ 25,595,226	$ 95,360,399	$ 120,313,756
Board-designated endowment funds	21,812,522			21,812,522
Total endowment net assets	$ 21,170,653	$ 25,595,226	$ 95,360,399	$ 142,126,278

Endowment net asset composition by type of fund consists of the following as of May 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (219,173)	$ 32,052,254	$ 91,770,397	$ 123,603,478
Board-designated endowment funds	22,566,144			22,566,144
Total endowment net assets	$ 22,346,971	$ 32,052,254	$ 91,770,397	$ 146,169,622

NOTE 8 - ENDOWMENT (Continued)

Changes in endowment net assets for the year ended May 31, 2016, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, May 31, 2015	$ 22,346,971	$ 32,052,254	$ 91,770,397	$ 146,169,622
Investment return:				
Investment income, net of fees $172,084	357,742	547,685	22,668	928,095
Net appreciation (depreciation) - realized and unrealized	(339,539)	(2,803,649)	13,448	(3,129,740)
Total investment return	18,203	(2,255,964)	36,116	(2,201,645)
Contributions			2,672,650	2,672,650
Matured deferred gifts			294,820	294,820
Appropriation of endowment assets for expenditure (spending rate)	(1,697,797)	(4,201,064)		(5,898,861)
Other changes:				
Change in donor designation			586,416	586,416
Transfers to board designated endowment funds	503,276			503,276
Endowment net assets, May 31, 2016	$ 21,170,653	$ 25,595,226	$ 95,360,399	$ 142,126,278

Changes in endowment net assets for the year ended May 31, 2015, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, May 31, 2014	$ 20,745,340	$ 28,852,627	$ 88,878,010	$ 138,475,977
Investment return:				
Investment income, net of fees $173,003	299,825	733,622	23,186	1,056,633
Net appreciation - realized and unrealized	1,907,092	6,376,553	164,290	8,447,935
Total investment return	2,206,917	7,110,175	187,476	9,504,568
Contributions			2,327,375	2,327,375
Matured deferred gifts			377,536	377,536
Appropriation of endowment assets for expenditure (spending rate)	(1,475,850)	(3,910,548)		(5,386,398)
Other changes:				
Transfers to board designated endowment funds	870,564			870,564
Endowment net assets, May 31, 2015	$ 22,346,971	$ 32,052,254	$ 91,770,397	$ 146,169,622

NOTE 8 - ENDOWMENT (Continued)

Funds with Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the College to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $641,869 and $219,173 as of May 31, 2016 and 2015, respectively. These deficiencies generally resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the governing board. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters - The College has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the College must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, the long-term minimum need of the endowment is to exceed a total return averaging at least the annual spending rate plus inflation, fees and costs. Actual returns in any year may vary from this amount. The long-term objective is to build endowment value over time by achieving incremental returns in excess of need while appropriately managing portfolio risk.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the College relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The College targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - For the years ended May 31, 2016 and 2015, the College appropriated for distribution 4.8% of its endowment fund's average fair value using the prior twenty quarters as of November 30. In establishing this policy, the College considered the long-term expected return on its endowment. Accordingly, over the long term, the College expects the current spending policy to allow its endowment to grow at an average of 4% annually. Actual returns in any given year may vary from this amount. This is consistent with the College's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 9 - POOLED LIFE INCOME FUND

As of May 31, 2016, the Gustavus Adolphus College Pooled Life Income Fund (the Fund) owned a portion of three buildings which were purchased from and leased back to the College in prior years. At May 31, 2016 and 2015, leaseback interest in the buildings recorded in the financial statements was $549,398 and $729,880, respectively. Depreciation for financial statement purposes is recorded using the straight-line method over periods of 40 to 45 years. Depreciation totaling $39,952 and $50,963 was recorded in fiscal 2016 and 2015, respectively. The Fund and the College also entered into a lease agreement whereby the land under the buildings is leased from the College over a term of 99 years. The land and building leases under which the Fund leases the buildings and subleases the underlying land to the College are for a term of 20 years. The leases provide for the Fund to receive annual rental on the facilities, which for fiscal years 2016 and 2015 totaled $312,017 and $390,538, respectively, with payment to the College for the land, which was $5,639 and $7,223 in 2016 and 2015, respectively. Terms of the lease arrangements provide for adjustments to the rental amount every five years based on changes in the Consumer Price Index.

As the units of the Fund mature on the death of each donor or beneficiary, the Fund transfers that portion of the building and leasehold interests back to the College. The land and building leases grant the College the right to purchase the Fund's fractional ownership interests in the buildings at the fair market value of the Fund's fractional ownership interests at the date the option is exercised. During 2016, $369,711, including related income, was transferred back to the College as the result of donor deaths or assignments. This included $353,600, net of $213,070 accumulated depreciation, related to buildings. During 2015, $520,838, including related income, was transferred back to the College as the result of donor deaths or assignments. This included $496,653, net of $287,338 accumulated depreciation, related to buildings.

Future interest discount on pooled life income funds funded by the above rental arrangement totaled $428,338 and $512,119 at May 31, 2016 and 2015, respectively.

NOTE 10 - CONSTRUCTION IN PROGRESS

At May 31, 2016, the following projects were in progress:

	Estimated Total Cost	Cost To Date	Funding Plan
Anderson Hall renovation	$ 8,000,000	$ 2,682,661	Gifts and operations
Baseball initiative (initial architect fees)	25,000	20,012	Operations
Chiller project	270,000	107,818	Operations
Energy projects	160,000	105,481	Operations
Heating plant project	175,000	25,103	Operations
Library renovation (initial architect fees)	75,000	56,738	Gifts and operations
South Mall (initial architect fees)	Unknown	14,295	Gifts and operations
		$ 3,012,108	

The College has entered into an agreement with the general contractor for $6,100,000 for the Anderson Hall renovation project which is expected to be completed by January 2017.

During the year ended May 31, 2016, management, in consultation with the Board of Directors, decided to pursue an alternative plan for the Nobel Hall project resulting in a write off $3,927,000 of initial architect fees related to the project that had been incurred in prior years.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following as of May 31, 2016 and 2015:

	2016	2015
Land	$ 955,993	$ 955,993
Land improvements	11,291,781	11,096,208
Buildings	169,350,171	168,679,891
Equipment	28,667,129	28,422,778
Library books	8,775,597	8,696,652
	219,040,671	217,851,522
Less: Accumulated depreciation	(110,162,827)	(104,249,272)
	108,877,844	113,602,250
Memorial garden, net	359,506	368,275
	$ 109,237,350	$ 113,970,525

NOTE 12 - POSTRETIREMENT BENEFIT PLAN

The College sponsors a postretirement medical plan (the “plan”) that covers eligible employees who retire after age 60 with at least 20 years of service. The plan is contributory for those employees and their spouses who retired after 1992. Eligible employees who retire after May 31, 2005, pay 100% of the cost of medical insurance (100% of group premiums). The College accrues its share of the cost of postretirement benefits during the service lives of employees.

Accrued postretirement benefit obligation components are as follows for the years ended May 31, 2016 and 2015:

	2016	2015
Active employees	$ 376,418	$ 359,564
Current retirees	1,374,527	1,624,081
Accrued postretirement benefit obligation	$ 1,750,945	$ 1,983,645

The above accrued postretirement benefit obligation is included in accrued liabilities in the statements of financial position.

NOTE 12 - POSTRETIREMENT BENEFIT PLAN (Continued)

The following is a reconciliation of the benefit obligation and the value of plan assets at May 31, 2016 and 2015:

	2016	2015
Change in projected benefit obligation		
Benefit obligation at June 1	$ 1,983,645	$ 1,703,119
Interest cost	56,975	52,550
Service cost	20,180	14,125
Actuarial (gain) loss	(82,332)	347,834
Benefits paid	(227,523)	(133,983)
Projected benefit obligation at May 31	$ 1,750,945	$ 1,983,645
Change in plan assets		
Fair value of plan assets at June 1	$ 0	$ 0
Employer contribution	227,523	133,983
Participant contribution	338,640	231,430
Benefits paid	(566,163)	(365,413)
Fair value of plan assets at May 31	$ 0	$ 0
Funded Status		
Unfunded status at May 31	$ (1,750,945)	$ (1,983,645)

Net periodic postretirement benefit expense for the years ended May 31, 2016 and 2015, is comprised of the following:

	2016	2015
Service cost	$ 20,180	$ 14,125
Interest cost	56,975	52,550
Amortization of prior service gain	(14,758)	(14,758)
Amortization of unrecognized loss	52,734	38,031
Net periodic benefit cost	$ 115,131	$ 89,948

Benefits expected to be paid for each of the five years subsequent to May 31, 2016 are estimated to be $168,000, $172,000, $169,000, $157,000 and $149,000, respectively. Benefits expected to be paid 2022 through 2026 are $652,000. Contributions from the College and retirees expected to be paid to the plan for the year ended May 31, 2017, are estimated to be $312,000.

NOTE 12 - POSTRETIREMENT BENEFIT PLAN (Continued)

The estimated interest cost, service cost, net loss and expected benefits to be paid for the year ended May 31, 2017, and the estimated benefit obligation at May 31, 2017, are as follows:

	2017
Change in projected benefit obligation	
Benefit obligation at June 1	$ 1,750,945
Interest cost	51,168
Service cost	21,762
Expected benefits to be paid	(168,482)
Projected benefit obligation at May 31	$ 1,655,393

The above assumptions and calculations are based on census data as of June 1, 2015 and other information as of the measurement date for the plan. The accrued benefit cost represents the full obligation for the retirees and the current service cost for eligible employees at May 31, 2016. A 8.0% rate of increase in the per capita costs of covered health care benefits was assumed at May 31, 2016, decreasing 0.5% per year to an ultimate level of 4.5% in fiscal years ending May 31, 2025 and later. A discount rate of 3.1% and 3.2% was used to determine the accrued postretirement benefit obligation for fiscal 2016 and 2015, respectively.

The effect of a 1.0% increase in each future health care trend rate would increase the combined service cost and interest cost by approximately $7,700 or 10.0% and the accumulated postretirement benefit obligation as of May 31, 2016, by approximately $139,300 or 8.0%. The effect of a 1.0% decrease in each future health care trend rate would decrease the combined service cost and interest cost by approximately $6,700 or 8.7% and the accumulated postretirement benefit obligation by approximately $124,700 or 7.1%.

It is reasonably possible that changes in these estimates could occur in the near term and that actual results could differ from these estimates.

NOTE 13 - LONG-TERM DEBT

The College had the following long-term debt outstanding at May 31, 2016 and 2015:

	Original Amount	2016	2015
Minnesota Higher Education Facilities Authority Revenue Bonds - Gustavus Adolphus College (Series Seven-B Bonds of 2010)	$ 41,680,000	$ 39,380,000	$ 39,870,000
Minnesota Higher Education Facilities Authority Revenue Bonds - Gustavus Adolphus College (Series Seven-W Bonds of 2013)	11,410,000	10,660,000	11,040,000
Principal Outstanding on Bonds		50,040,000	50,910,000
Premiums on Bonds	2,504,992	1,926,283	2,031,353
Deferred Debt Acquisition Costs	595,526	(474,164)	(500,027)
		$ 51,492,119	$ 52,441,326

The College has loans outstanding with the Minnesota Higher Education Facilities Authority ("the Authority") in connection with bonds issued by the Authority:

During August 2010, the Minnesota Higher Education Facilities Authority issued Revenue Bonds Series Seven-B (Gustavus Adolphus College) on behalf of the College totaling $41,680,000. The bond proceeds were used to finance the construction, furnishing and equipping of Beck Academic Hall, the development of a new west mall and to finance the refunding of the Authority’s outstanding Mortgage Revenue Bonds, Series Four-X (Gustavus Adolphus College). The Series Seven-B Revenue Bonds have interest rates varying from 3.00% to 5.00% and mature in annual installments of $500,000 on October 1, 2016, $3,020,000 to $4,035,000 on October 1 in the years 2017 through 2023, $910,000 and $945,000 on October 1, 2024 and 2025, respectively, and payments of $6,770,000 and $5,755,000 due October 1, 2031 and 2035, respectively. The term bonds maturing in the years in 2031 and 2035 are subject to annual sinking fund payments on October 1 in the years 2026 through 2035 in amounts varying from $990,000 to $1,540,000.

The College is required to maintain debt service reserve funds under the Series Seven-B bond issue. The reserve funds totaled $3,469,810 and $3,461,520 at May 31, 2016 and 2015, respectively. The Series Seven-B bonds are secured by a pledge of the loan repayments and the reserve account. The Series Seven-B bonds also require that certain liquidity and debt service coverage ratios be maintained.

During July 2013, the Minnesota Higher Education Facilities Authority issued Revenue Bonds Series Seven-W (Gustavus Adolphus College) on behalf of the College totaling $11,410,000. The bond proceeds were used to finance the refunding of the Authority’s outstanding Variable Rate Demand Revenue Bonds Series Five-X (Gustavus Adolphus College) plus interest to the redemption date on September 2013. The Series Seven-W Revenue Bonds have interest rates varying from 2.00% to 5.00% and mature in annual installments of $385,000 to $500,000 on October 1 in the years 2016 through 2023, $2,840,000 in 2028 and $4,345,000 in 2034. The term bonds maturing in the years in 2028 and 2034 are subject to annual sinking fund payments on October 1 in the years 2024 through 2034 in amounts varying from $520,000 to $810,000. The bonds are secured by a pledge of the loan repayments, the payment of which is a general obligation of the College. In addition, the bonds require that certain liquidity and debt service coverage ratios be maintained.

NOTE 13 - LONG-TERM DEBT (Continued)

The College adopted ASU 2015-03, *Interest - Imputation of interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs,* during the year ended May 31, 2016. Under the new guidance, debt issuance costs related to a recognized debt liability are presented as a direct reduction to the carrying amount of that debt liability. As required by the new guidance, the amendments were applied retrospectively to the year ended May 31, 2015.

Annual maturities of all long-term debt for each of the five years subsequent to May 31, 2016, approximate $885,000, $3,415,000, $3,585,000, $3,745,000 and $3,905,000, respectively.

Total interest expense for the years ended May 31, 2016 and 2015, amounted to approximately $2,349,000 and $2,372,000, respectively.

Costs of bond issuance are deferred and amortized on a straight-line basis over the term of the related indebtedness. Amortization of approximately $26,000 was recorded for each of the years ended May 31, 2016 and 2015.

NOTE 14 - LINE OF CREDIT AGREEMENT

The College has an unsecured line of credit totaling $5,000,000 with a local bank which is payable on demand. The agreement expires on December 1, 2016. The line of credit is payable at an interest rate equal to the Wall Street Journal prime rate plus 1.25%. The interest rate will never be less than 4.5%. In addition, the line of credit is subject to a non-use fee of 0.15% of any unused portion to be accrued and charged monthly. At May 31, 2016 and 2015, the College had no borrowings outstanding under this agreement.

NOTE 15 - DEFERRED GIFT AGREEMENTS

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

When a gift is received under one of these arrangements, it is split into the amount representing the actuarial present value of future distributions back to the donor and the remaining gift value to be retained for the benefit of the College or third-party beneficiaries. The actuarial liability is adjusted annually using the mortality table appropriate for the type of arrangement, number of lives covered and age(s) of the donor(s). The College used historical gift date interest rates ranging from 1.2% to 10.2%, in making the calculations for the years ended May 31, 2016 and 2015.

During the year ended May 31, 2016, the College received gift income of approximately $235,000 relating to deferred gift agreements. Total assets held by the College under deferred gift agreements and liabilities related to these agreements totaled approximately $20,610,000 and $11,022,000, respectively, at May 31, 2016.

During the year ended May 31, 2015, the College received gift income of approximately $254,000 relating to deferred gift agreements. Total assets held by the College under deferred gift agreements and liabilities related to these agreements totaled approximately $21,785,000 and $10,753,000, respectively, at May 31, 2015.

NOTE 16 - ALLOCATION OF EXPENSES

The College allocated interest expense of approximately $2,244,000 and $2,267,000; depreciation and amortization of approximately $6,675,000 and $6,839,000; operation and maintenance of plant expense of approximately $11,150,000 and $11,290,000; and lease payments of approximately $256,000 and $315,000 to program and support functions for the years ended May 31, 2016 and 2015, respectively.

NOTE 17 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents, short-term investments, marketable securities and other investments, accounts receivable and notes and mortgages. Cash, cash equivalents and investment holdings are concentrated in a limited number of financial institutions and amounts in excess of FDIC and similar coverages are subject to the usual risks of balances in excess of those limits. Investments are diversified in order to reduce credit risk. Concentrations of credit risk with respect to the notes and mortgages are limited due to the College holding a secured position in these agreements.

Student notes and receivables and other receivables are due from a variety of sources concentrated primarily in the midwestern United States. In addition, the College's students receive a substantial amount of support from state and federal student financial assistance programs which are subject to audit by governmental agencies. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the College's programs and activities.

NOTE 18 - RELATED PARTY TRANSACTIONS

As of May 31, 2016 and 2015, contributions receivable included approximately $4,657,000 and $3,579,000, respectively from members of the Board of Directors and employees of the College. No compensation is paid to members of the Board of Directors.

The College has invested in two private equity investments in which a member of the Investment Committee and Board of Directors has an affiliation. The individual fully disclosed their interest in these investments when they were discussed, did not receive a commission or referral fee, and did not participate in the voting regarding these investments. Capital contributions as of May 31, 2016, total approximately $5,910,000 and $90,000 is outstanding on future commitments. The value of these funds approximates $1,393,000 and $1,884,000 as of May 31, 2016 and 2015, respectively.

The College conducts various treasury functions with a local bank in which an officer of the College serves on the Board of Directors. A report is filed on an annual basis with the President of the College and the Audit Committee of the Board of Directors disclosing the scope of these treasury activities.

NOTE 19 - SUBSEQUENT EVENTS

The College has evaluated subsequent events through September 26, 2016, which is the date that the financial statements were issued.

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