OFFICIAL STATEMENT DATED SEPTEMBER 12, 1990

NEW ISSUE

Rating: Requested from Standard & Poor's Corporation

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

$3,000,000

Minnesota Higher Education Facilities Authority

Mortgage Revenue Bonds, Series Three-B

(Gustavus Adolphus College)

Dated Date: October 1, 1990

Interest Due: April 1 and October 1, commencing April 1, 1991

The Bonds will mature annually on October 1 as follows:

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1992	$55,000	1997	$100,000	2002	$140,000	2007	$205,000
1993	$75,000	1998	$105,000	2003	$150,000	2008	$220,000
1994	$80,000	1999	$115,000	2004	$165,000	2009	$235,000
1995	$90,000	2000	$125,000	2005	$175,000	2010	$550,000
1996	$95,000	2001	$130,000	2006	$190,000		

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after October 1, 2000 may be redeemed prior to maturity commencing October 1, 1999, and in whole on any date thereafter or in part on any interest payment date thereafter. The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in whole but not in part in the event of a Determination of Taxability, as described herein.

Bids must be for not less than $2,946,000 and accrued interest on the total principal amount of the Bonds and must be accompanied by a certified or cashier's check in the amount of $30,000, payable to the order of the Authority. Bidders shall specify rates in integral multiples of 5/100 or 1/8 of 1%. Rates must be in ascending order. The Bonds will be issued in integral multiples of $5,000, and are fully registered as to principal and interest. Norwest Bank Minnesota, National Association, Minneapolis, Minnesota will act as Trustee, Registrar and Paying Agent.

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of 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.

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than par with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the initial Purchaser of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than par until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale.

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

BID OPENING: September 26, 1990 (Wednesday) at 11:00 A.M., Central Time
AWARD: September 26, 1990 (Wednesday) at 2:00 P.M., Central Time

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SPRINGSTED
PUBLIC FINANCE ADVISORS

Further information may be obtained from SPRINGSTED Incorporated, Financial Advisor to the Issuer, 85 East Seventh Place, Suite 100, Saint Paul, Minnesota 55101 (612) 223-3000.

This Official Statement constitutes a "near-final" Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission and, when supplemented by an addendum prepared by the Authority or Springsted Incorporated as its Financial Advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds together with certain additional information as more fully provided in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the initial Purchaser (the "Purchaser") in connection with the sale of the Bonds, shall constitute a "Final Official Statement" of the Authority as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

No dealer, broker, salesman or other person has been authorized by the Authority or the College to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either the Authority or the College. The information contained herein, except as it relates to the Authority, has been obtained from the College and is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE COLLEGE SINCE THE DATE THEREOF.

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.

Reference is made to the Official Terms of Offering set forth in this Official Statement and the Terms and Conditions for information relating to registration and reoffering the Bonds under the Minnesota Securities Act and certain obligations of the Authority and the Purchaser with respect to the preparation and delivery of the Final Official Statement.

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.

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

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.

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 or the Final Official Statement, they will be furnished on request.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Catherine M. Warrick, Chair	Faculty Member, Metropolitan State University, Saint Paul, Minnesota.
Carol A. Blomberg, Vice Chair	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
Kathryn D. Jarvinen, Secretary	Hospital Administrator, Winona, Minnesota.
Jack Amundson	Partner, McMahon, Hartman, Amundson & Co., Saint Cloud, Minnesota.
Earl R. Herring	Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota.
Tom Martinson	Principal of Private City Planning Practice, Minneapolis, Minnesota.
David Powers (Ex Officio)	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.
Steve Senich	Director of Physical Therapy, Leisure Hills Health Care Center, Hibbing, Minnesota.
John Young, Jr.	Salesman/Construction Foreman, Olson Pool Company, Hawley, Minnesota.

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

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OFFICIAL TERMS OF OFFERING

$3,000,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES THREE-B

(Gustavus Adolphus College)

Sealed bids for the Bonds will be received and will be opened by Dr. Joseph E. LaBelle, Executive Director, Minnesota Higher Education Facilities Authority (the "Authority") or his duly appointed representative on Wednesday, September 26, 1990 at 11:00 A.M., Central Time, at Suite 450, Galtier Plaza, 175 East Fifth Street, Saint Paul, Minnesota 55101, telephone (612) 296-4690. Consideration for award of the Bonds will be by the Board of the Authority at its meeting at 2:00 P.M., Central Time, of the same day.

DETAILS OF THE BONDS

The Bonds will be dated October 1, 1990, as the date of original issue, and will bear interest payable on April 1 and October 1 of each year, commencing April 1, 1991. Interest will be computed upon the basis of a 360-day year of 12 30-day months and will be rounded pursuant to rules of the MSRB. The Bonds will be issued in the denomination of $5,000 each, or in integral multiples thereof as requested by the Purchaser, and fully registered as to principal and interest. Principal will be payable at the main corporate office of the Trustee and interest on each Bond will be payable by check or draft of the Trustee mailed to the registered holder thereof at his address as it appears on the books of the Trustee as of the 15th day of the calendar month next preceding the interest payment.

The Bonds will mature annually on October 1 in the amounts and years as follows:

1992	$55,000	1997	$100,000	2002	$140,000	2007	$205,000
1993	$75,000	1998	$105,000	2003	$150,000	2008	$220,000
1994	$80,000	1999	$115,000	2004	$165,000	2009	$235,000
1995	$90,000	2000	$125,000	2005	$175,000	2010	$550,000
1996	$95,000	2001	$130,000	2006	$190,000		

The Bonds will bear additional interest at a rate of 2.00% per annum in the event of a Determination of Taxability as described in the Loan Agreement and the Trust Indenture.

OPTIONAL REDEMPTION

At the option of the Authority all Bonds maturing on or after October 1, 2000 may be redeemed prior to maturity commencing October 1, 1999. Redemption of the outstanding Bonds may be on any date if in whole or on any interest payment date if in part, and if in part, in any maturity or maturities as the College shall direct and by lot within a maturity in integral multiples of $5,000.

The Bonds are also subject to redemption in whole on any date or in part on any interest payment date in certain events of damage or destruction described in a Loan Agreement between the College and the Authority and a Trust Indenture between the Authority and the Trustee, or in whole but not in part in the event of a Determination of Taxability as defined therein. All prepayments shall be at a price of par and accrued interest.

SECURITY AND PURPOSE

The Bonds will be issued as Additional Bonds pursuant to a Trust Indenture between the Authority and the Trustee originally executed in connection with the issuance of the Authority's Mortgage Revenue Bonds, Series Two-N on behalf of the College in 1987, as supplemented by a First Supplemental Trust Indenture in connection with the issuance of the Authority's Mortgage Revenue Bonds, Series Two-V on behalf of the College in 1989 and a Second Supplemental Trust Indenture in connection with the Bonds. The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College pursuant to the Loan Agreement, as supplemented by First and Second Supplemental Loan Agreements, or from other amounts pledged therefor pursuant to the Trust Indenture. The Bonds are additionally secured on a parity with the Series Two-N Bonds and the Series Two-V Bonds by a full faith and credit pledge of the College, a mortgage on and security interest in certain property of the College, a security interest in certain Unrestricted Current Fund Revenues of the College, and a debt service reserve in an amount of $394,000 plus 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale). **The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit or taxing powers of the State of Minnesota are pledged.** The Authority has no taxing powers. The proceeds will be used for constructing, furnishing and equipping a new classroom building, and acquisition and installation of a chiller and related equipment to improve and expand an air conditioning system, all on the College's campus in St. Peter, Minnesota.

TYPE OF BID

A sealed bid for not less than $2,946,000 and accrued interest on the total principal amount of the Bonds shall be filed by an eligible bidder with the undersigned on the Official Bid Form prior to the time set for the opening of bids. Also prior to the time set for bid opening, a certified or cashier's check in the amount of $30,000, payable to the order of the Authority, shall have been filed with the undersigned or Springsted Incorporated, the Authority's financial advisor. Any bid for which said check has not been filed will not be considered. The check of the Purchaser will be retained by the Authority as liquidated damages in the event the Purchaser fails to comply with the accepted bid. The Authority will deposit the check of the Purchaser, the amount of which will be deducted at settlement. Rates offered by bidders shall be in integral multiples of 5/100 or 1/8 of 1%. No basic rate of interest specified for a maturity shall exceed the basic rate of interest specified for any subsequent maturity. Bonds of the same maturity shall bear a single basic rate from the date of the Bonds to the date of maturity.

AWARD

Subject to the Authority's reservation of rights as described below, the Bonds will be awarded to the bidder offering the lowest dollar interest cost to be determined by the deduction of the premium, if any, from, or the addition of any amount less than par to, the total dollar interest on the Bonds from their date to their final scheduled maturity. The Authority's computation of the total net dollar interest cost of each bid, in accordance with customary practice, will be controlling.

The Authority reserves the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause, or, (iii) reject any bid which the Authority determines to have failed to comply with the terms herein.

TERMS AND CONDITIONS OF CONTRACT OF SALE

In addition to the provisions of the Official Terms of Offering, the sale of the Bonds will be subject to the Terms and Conditions of Contract of Sale set forth on the Official Bid Form. Reference is made to the Official Bid Form for a complete statement of the Terms and Conditions of Contract of Sale.

REOFFERING OF BONDS

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than par with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the Purchaser of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than par until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale set forth on the Official Bid Form to be executed by the Authority and the Purchaser in connection with the sale of the Bonds.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Authority has requested and received a rating on the Bonds from a rating agency, the Authority will pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the Purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

TRUSTEE/REGISTRAR/PAYING AGENT

The Trustee will be Norwest Bank Minnesota, National Association, which shall also act as Registrar and Paying Agent.

CUSIP NUMBERS

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

OFFICIAL STATEMENT

The Authority has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will be distributed and designated as a "near-final" Official Statement as required by Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement and the Official Bid Form or for any additional information prior to sale, any prospective Purchaser is referred to the Financial Advisor of the Authority, Springsted Incorporated, 85 East Seventh Place, Suite 100, Saint Paul, Minnesota 55101, telephone (612) 223-3000.

The Official Statement, when supplemented by an addendum prepared by the Authority or its Financial Advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds, together with certain additional information as more fully described in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the Purchaser of the Bonds, shall constitute a "Final Official Statement" of the Authority, as that term is defined in Rule 15c2-12. Pursuant to the Terms and Conditions, the Authority shall agree that, no more than seven business days after the award of sale of the Bonds (unless the Purchaser fails to comply with the obligation to provide certain information as required by Section 1 of the Terms and Conditions), it shall provide without cost to the Purchaser c/o the Account Manager 150 copies of such Final Official Statement and shall designate the Account Manager as its agent for purposes of distributing copies of the Final Official Statement.

SETTLEMENT

It is expected that on or about October 24, 1990, the Bonds will be delivered without cost to the Purchaser at the office of the Authority or at such other place mutually satisfactory to the Authority and the Purchaser. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Faegre & Benson of Minneapolis, Minnesota, as to the validity and exemption of the Bonds from federal and State of Minnesota income tax, which opinion will be printed on the Bonds, and of customary closing papers, including a no-litigation certificate and a certificate pertaining to information in the Official Statement. Certain legal matters will be passed on for the College by its counsel, MacKenzie, Gustafson, Lucas & Riley, Ltd., St. Peter, Minnesota. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Trustee not later than 1:00 P.M., Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms of payment.

Dated August 29, 1990

BY ORDER OF THE MINNESOTA HIGHER
EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle
Executive Director

SCHEDULE OF BOND YEARS

$3,000,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES THREE-B

Year	Principal	Bond Years	Cumulative Bond Years	
1992	$55,000	110.0000	110.0000	______
1993	$75,000	225.0000	335.0000	______
1994	$80,000	320.0000	655.0000	______
1995	$90,000	450.0000	1,105.0000	______
1996	$95,000	570.0000	1,675.0000	______
1997	$100,000	700.0000	2,375.0000	______
1998	$105,000	840.0000	3,215.0000	______
1999	$115,000	1,035.0000	4,250.0000	______
2000	$125,000 c	1,250.0000	5,500.0000	______
2001	$130,000 c	1,430.0000	6,930.0000	______
2002	$140,000 c	1,680.0000	8,610.0000	______
2003	$150,000 c	1,950.0000	10,560.0000	______
2004	$165,000 c	2,310.0000	12,870.0000	______
2005	$175,000 c	2,625.0000	15,495.0000	______
2006	$190,000 c	3,040.0000	18,535.0000	______
2007	$205,000 c	3,485.0000	22,020.0000	______
2008	$220,000 c	3,960.0000	25,980.0000	______
2009	$235,000 c	4,465.0000	30,445.0000	______
2010	$550,000 c	11,000.0000	41,445.0000	______

Average Maturity:	13.82 Years
Bonds Dated:	October 1, 1990
Interest Due:	April 1, 1991 and each October 1 and April 1 to maturity.
Principal Due:	October 1, 1992-2010 inclusive.
Optional Call:	Bonds maturing on or after October 1, 2000 are callable commencing October 1, 1999 at par. (See Official Terms of Offering.)

c: subject to optional call

OFFICIAL STATEMENT

$3,000,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY MORTGAGE REVENUE BONDS, SERIES THREE-B

(GUSTAVUS ADOLPHUS COLLEGE)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Gustavus Adolphus College, St. Peter, Minnesota, (the "College") in connection with the issuance of the Authority's $3,000,000 Mortgage Revenue Bonds, Series Three-B (Gustavus Adolphus College). In this Official Statement, "Bonds" refers to the Series Three-B Bonds except that in Appendix IV, SUMMARY OF DOCUMENTS, "Bonds" means the Series Two-N Bonds, the Series Two-V Bonds, the Series Three-B Bonds and any Additional Bonds.

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

The Bonds are being issued as Additional Bonds under the Trust Indenture (the "Original Indenture") between the Authority and Norwest Bank Minneapolis, National Association, now called Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as trustee (the "Trustee"), dated August 1, 1987, entered into in connection with the issuance of the Authority's $2,550,000 Mortgage Revenue Bonds, Series Two-N (Gustavus Adolphus College) (the "Series Two-N Bonds"), the First Supplemental Indenture (the "First Supplemental Indenture") between the Authority and the Trustee in connection with the issuance of the Authority's $1,440,000 Mortgage Revenue Bonds, Series Two-V (the "Series Two-V Bonds") and the Second Supplemental Indenture (the "Second Supplemental Indenture") between the Authority and the Trustee in connection with the Bonds. The Original Indenture, the First Supplemental Indenture and the Second Supplemental Indenture together are referred to as the "Indenture."

In connection with the Series Two-N Bonds and the Series Two-V Bonds the Authority and the College entered into Loan Agreements (the "Original Loan Agreement" and the "First Supplemental Loan Agreement") and the Authority and the College will enter into a Second Supplemental Loan Agreement (the "Second Supplemental Loan Agreement") to provide for the issuance of the Bonds. The Original Loan Agreement, the First Supplemental Loan Agreement and the Second Supplemental Loan Agreement together are referred to as the "Loan Agreement." Pursuant to the Loan Agreement between the College and the Authority, the College will covenant as a general obligation of the College to make payments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Bonds will be loaned to the College by the Authority to finance the construction, furnishing and equipping of a new classroom building and acquisition and installation of a chiller and related equipment and piping to improve and expand the air conditioning system to be located on the campus of the College.

The Bonds will be secured on a parity with the Series Two-N Bonds and the Series Two-V Bonds by a pledge by the College of its full faith and credit, by the Reserve Account, by a mortgage on and security interest in certain College buildings and equipment, and by a security interest in certain Unrestricted Current Fund revenues of the College. After the Bond Closing, the Reserve Account will consist of investments of $394,000 of proceeds of the Series Two-N Bonds and Series Two-V Bonds plus a sum of 10% of the proceeds of the Bonds (par value less original issue discount according to the reoffering scale) initially expected to be $300,000.

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

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

RISK FACTORS

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

Risk of Insufficient Collateral

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

Adequacy of Revenues

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

Dependence on Tuition and Enrollment

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

Financial Aid

Approximately 56% of the College's students currently receive Federal or State financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which would in turn have an adverse effect on the College's revenues. The largest single source of financial aid for students of the College is the federal Stafford Loan program. Stafford Loans are made by banks and other financial institutions and a 100% guarantee against default is provided by one of 55 different guaranty agencies, which are in turn reinsured (on a sliding scale from 80% to 100%) by the U.S. Department of Education. The largest such guarantor, located in Minnesota, is not receiving 100% reinsurance due to its default rate and as a result is experiencing financial difficulty. The resulting uncertainty may adversely affect, at least temporarily, the making of Stafford Loans by some lenders. Approximately 40% of the current student body have Stafford Loans outstanding.

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.

Foreclosure of the Mortgage

The Bonds are limited obligations of the Authority and are payable solely from revenues derived from the College under the Loan Agreement or the Reserve Account. If sufficient payments are not forthcoming from the College, it may be necessary for the Trustee to exercise its remedies under the Indenture and the Mortgage. The value of the mortgaged property upon foreclosure of the Mortgage may be affected by a number of factors, including the following. The mortgaged buildings are designed for College housing and academic purposes in a campus setting and their use and marketability for other purposes may be limited. Attempts to foreclose under mortgages are frequently met with protracted litigation and/or bankruptcy proceedings, which proceedings cause delays in realizing on collateral and may otherwise limit the value of the collateral.

Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and computed pro forma debt service coverage is provided in Appendix I under the caption "Long-Term Debt Service and Pro Forma Coverage." The pro forma coverage assumes constant levels of College debt and revenue available to pay debt, which may not in fact occur in the future. The pro forma coverage is merely an illustrative computation as reflected in the applicable table, and constitutes no assurance as to the future sufficiency of College revenues to satisfy College operating costs and Bond and other debt service requirements.

Limited Obligation

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

Bankruptcy

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

Other Possible Risk Factors

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

(1) Reinstatement of or establishment of mandatory governmental wage and price controls.

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

(3) Employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without corresponding increase in revenues.

(4) Adoption of Federal, State or local legislation or regulations having an adverse effect on the future operating or financial performance of the College.

THE BONDS

The Bonds will be dated October 1, 1990 and will mature annually each October 1, commencing October 1, 1992, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each April 1 and October 1, commencing April 1, 1991.

The Bonds will be registered at the office of Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as Trustee; the Trustee will also be the Registrar and Paying Agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Owner thereof or the Owner's authorized attorney satisfactory to the Trustee, subject to such reasonable regulations as the Trustee may prescribe, and shall be without expense to the Owner, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for new Bonds of the same maturity which may be of any authorized denominations so long as the aggregate principal amount thereof equals the aggregate principal sum of the Bonds surrendered. Payment of principal will be at the corporate office of the Trustee and payment of interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Authority.

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

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

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

(b) Subject to the provisions of Article VII of the Indenture, the Trustee may make payment of any defaulted interest on the Bonds in any other lawful manner, if after notice given to the Authority by the Trustee of the proposed payment pursuant to this paragraph (b), such payment shall be deemed practicable by the Trustee.

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

Prior Redemption

Series Three-B Bonds maturing on or after October 1, 2000 are subject to optional redemption on October 1, 1999, and in whole on any date thereafter or in part on any interest payment date thereafter, and if in part, in such order of maturity as the College shall direct and by lot within a maturity, in integral multiples of $5,000, at par plus accrued interest.

The Bonds will also be subject to optional redemption at par and accrued interest in integral multiples of $5,000, as a whole or in part, in certain cases of damage to or destruction or condemnation of the Project Facilities, and in whole but not in part upon a Determination of Taxability as provided in the Loan Agreement (see Appendix IV, "SUMMARY OF DOCUMENTS - The Loan Agreement"). If Bonds are redeemed in whole, they may be called on any date; if redeemed in part, redemption may be on any interest payment date.

Partial Redemption

In the case of Bonds of denominations greater than $5,000, if less than all of such Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of principal amount shall be treated as though it was a separate Bond of the denomination of $5,000 bearing the number borne by such fully registered Bond and a subnumber assigned by the Trustee. If it is determined that one or more, but not all of the $5,000 units of principal amount represented by any such Bond is to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units, the Owner of such fully registered Bond shall forthwith surrender such Bond to the Trustee for (1) payment of the redemption price of the $5,000 unit or units of principal amount called for redemption and (2) exchange for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such Bond which shall be issued to the registered Owner thereof, without charge therefor. If the Owner of any such Bond of a denomination greater than $5,000 shall fail to present such Bond to the Trustee for payment and exchange as aforesaid, such Bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the $5,000 unit or units of principal amount called for redemption (and to that extent only). Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and shall be available for the redemption of said $5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture 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.

Notice of Redemption

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

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Series Three-B 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 Series Three-B Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic rate from the date of taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption" on page 14 and Appendix III, "DEFINITION OF CERTAIN TERMS."

The College will have the option to redeem the Series Three-B Bonds in full but not in part on on the next practicable date after a Determination of Taxability at a price of par and accrued interest (including additional interest from the date of taxability).

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	
Bond Proceeds	$3,000,000
College Funds	931,000
	$3,931,000
Uses:	
Classroom Building Project	$2,904,000
Chiller Project	625,000
Debt Service Reserve	300,000
Underwriter's Discount and Issuance Costs	102,000
	$3,931,000

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

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

THE PROJECT

The Project consists of the following two components:

1. The construction, furnishing and equipping of Confer Hall, a new 22,000 square foot classroom building attached to Vickner Hall. Confer Hall will contain space for general classrooms and faculty offices. Construction on the building began in June 1990 and the College expects to complete it in early 1991. The College has a fixed price contract with Kraus Anderson, Inc., as general contractor.

2. The acquisition and installation of a 500-ton chilled water unit, cooling tower and piping to provide air conditioning to five campus buildings, including the Library, the Student Union, food service building, Nobel Hall and Olin Hall. Installation of the system was completed in June, 1990.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds are being issued on a parity with the Authority's Series Two-N Bonds and Series Two-V Bonds (see page I-10) as Additional Bonds under the Indenture. The Bonds are special obligations of the Authority payable solely from payments made by or on behalf of the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture including moneys and investments in the Reserve Account. Loan repayments shall be a general obligation of the College. The College has agreed, pursuant to the terms of the Loan Agreement and the Indenture to make Loan Repayments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds.

A total of $394,000 was initially deposited into the Reserve Account in connection with the Series Two-N Bonds and the Series Two-V Bonds, which equals the Reserve Requirement for the Series Two-N Bonds and Series Two-V Bonds. Pursuant to the Indenture, the Reserve Account will be increased by an amount equal to 10% of the net proceeds of the Series Three-B Bonds (par value less original issue discount according to the reoffering scale). The addition to the Reserve Account for the Series Three-B Bonds will be funded from Bond proceeds, initially expected to be approximately $300,000.

Pursuant to a Combination Mortgage, Security Agreement and Fixture Financing Statement, dated August 1, 1987, (the "Original Mortgage"), the College has mortgaged and granted a security interest in certain dormitory facilities to the Authority to secure its obligations to make timely Loan Repayments on the Series Two-N Bonds, which the Authority has assigned to the Trustee (see "SUMMARY OF DOCUMENTS - The Mortgage"). The College also executed the First Supplemental Combination Mortgage, Security Agreement and Fixture Financing Statement, dated September 1, 1989 (the "First Supplemental Mortgage"), in connection with the issuance of the Series Two-V Bonds. The College will execute the Second Supplemental Combination Mortgage, Security Agreement and Fixture Financing Statement, dated August 1, 1990 (the "Second Supplemental Mortgage" and together with the Original Mortgage and the First Supplemental Mortgage, the "Mortgage") to mortgage additional facilities so that the combined mortgaged facilities shall have an insured value as of the close of each Fiscal Year during the terms of the Bonds, the Series Two-N Bonds and the Series Two-V Bonds of not less than 150% of the outstanding aggregate principal balance of the Bonds, the Series Two-N Bonds and the Series Two-V Bonds as of the close of the same Fiscal Year. In the event there is a deficiency, additional property shall be added to the Mortgage within 30 calendar days. The Authority will assign its interest in the Second Supplemental Mortgage to the Trustee to be held by the Trustee as part of the Trust Estate.

Norelius Hall, a 391-bed dormitory with an insured value of $5,736,000 as of June 1, 1988, is mortgaged for the Series Two-N and Series Two-V Bonds. The College will mortgage Confer Hall, with a construction cost of approximately $2,904,000 and Schaefer Fine Arts Center, with an insured value as of June 1, 1988 of $2,023,000 as additional security for the Series Two-N Bonds, the Series Two-V Bonds and the Series Three-B Bonds, which will be outstanding in the total amount of $6,755,000 upon the issuance of the Bonds.

The College has assigned to the Trustee a security interest in all Unrestricted Current Fund Revenues, which upon receipt the College shall deposit into a special Revenue Account held by a depository bank. Upon the occurrence of an Event of Default, upon notice to the depository bank, the Revenue Account shall be transferred to the Trustee who shall use the Unrestricted Current Fund revenues then on deposit in or subsequently deposited into the Revenue Account to pay first, tuition and fees (not to exceed 4.60% annually) pledged for the $1,030,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series E (Gustavus Adolphus College); second, to pay principal of and interest on the Bonds and the Series Two-N Bonds and the Series Two-V Bonds (and any Additional Bonds outstanding) due on the next interest payment date; third, to pay ordinary and necessary expenses of operation and maintenance of the College and any other obligations of the College incurred prior to such Event of Default or incurred thereafter with the consent of the Trustee; and fourth, if necessary, to restore funds and investments in the Reserve Account to the level of the Reserve Requirement specified in the Indenture.

Under the Original Loan Agreement (amended by the First Supplemental Loan Agreement where indicated) the College has covenanted that:

(a) At the end of each Fiscal Year, commencing with the Fiscal Year ending on May 31, 1988, Unrestricted Current Fund revenues shall be not less than Unrestricted Current Fund expenditures, including mandatory transfers, in at least two of the preceding three Fiscal Years, according to the principles of accounting to be used for audits of colleges and universities as in effect on August 1, 1987, as required by the American Institute of Certified Public Accountants, (as amended in the First Supplemental Loan Agreement). In the event that, following any Fiscal Year, the College shall not be in compliance with this paragraph (a), the College may cure such default by making a transfer to the Unrestricted Current Fund, within 90 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposit may be made from Unrestricted Endowment Funds or funds functioning as endowment but not if the Unrestricted Endowment Funds or funds functioning as endowment will, as a result, be less than $1,500,000. No such deposit may be made from any proceeds of the Bonds or other borrowed funds.

(b) At May 31, 1988 and at the end of each Fiscal Year thereafter, the total of marketable investments and cash included in unencumbered Unrestricted Endowment Funds of the College, including funds functioning as endowment, shall not be less than $1,500,000. Within 90 days (as amended in the First Supplemental Loan Agreement) after the end of each Fiscal Year, the College shall furnish to the Trustee a certificate of an Authorized Institution Representative accompanied by a valuation report of an independent investment manager showing the amounts of Unrestricted Endowment Funds, the investments thereof, the valuations of such investments, and the amount thereof (if any) which is pledged to secure obligations of the College or is otherwise encumbered, all as of the end of the Fiscal Year. If at the end of any Fiscal Year, the value of marketable investments and cash included in unencumbered Unrestricted Endowment Funds (including funds functioning as endowment) does not equal or exceed $1,500,000, the College shall obtain (from gifts, removal of encumbrance or restriction, sale of tangible property or otherwise) and cause to be credited to unencumbered Unrestricted Endowment Funds additional unencumbered moneys or investments at least equal to the amount of the deficiency as promptly as possible, but in any event within 90 days after the close of the Fiscal Year, and shall report the same to the Trustee, but proceeds of borrowed funds or from the sale of tangible property leased back by the College for a term of more than two years or with a repurchase option shall not be included in computation of amounts eligible to cure the deficiency.

(c) The College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding), unless in each of the last two Fiscal Years for which audited financial statements are available (i) the ratio of total Unrestricted Current Fund assets to total Unrestricted Current Fund liabilities shall have been at least 1:00 to 1:00 and (ii) the Debt Service Coverage Ratio was at least 110% of Maximum Annual Debt Service of (A) then outstanding Funded Debt and (B) Funded Debt thereafter issued or proposed to be issued; provided that if the additional Funded Debt proposed to be issued is to finance student housing, student dining, student union or other revenue producing facilities there shall be added to the amount of Net Income Available for Debt Service for each of said Fiscal Years, for purposes of clause (ii) above, the estimated amount of Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be issued is to finance other College facilities and if the Board of Trustees has increased tuition, student fees or other rates or charges at or after the end of either of such Fiscal Years, for purposes of clause (ii) above, there shall be added to Net Income Available for Debt Service for the earlier Fiscal Year or Years the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the College and the Trustee.

Such covenants are for the benefit of the holders of the Series Three-B Bonds, as well as the holders of the Series Two-V Bonds and the Series Two-N Bonds. The College believes itself to be in compliance with (a), (b) and (c) above and at Bond Closing, the College will represent to the Authority that it is in compliance.

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

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

ACCOUNTS

Summary

The Indenture will provide for the continuation or 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 Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, a Redemption Account and a Revenue Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Construction Account, except that the amount of the addition to the Reserve Requirement (approximately $300,000) will be deposited into the Series Three-B subaccount of the Reserve Account and accrued interest will be deposited in the Series Three-B subaccount of the Bond and Interest Sinking Fund 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 and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds, the Series Two-N Bonds and the Series Two-V Bonds.

Construction Account

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

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Series Three-B subaccount of the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from the Revenue Account (if held by the Trustee), from earnings on other accounts established under the Indenture (other than the Revenue Account) and from Loan Repayments made by the College. The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds, the Series Two-N Bonds and the Series Two-V Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

There shall be initially deposited into the Series Three-B subaccount of the Reserve Account from Bond proceeds an amount equal to 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale), initially estimated to be $300,000, as additional Reserve Requirement for the Bonds. Cash and investments in the Reserve Account are irrevocably pledged to the payment of principal of and interest on the Bonds, the Series Two-N Bonds and the Series Two-V Bonds, as may be required from time to time. All amounts paid by the College as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement. In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall restore the deficiency forthwith.

Interest and income of the Reserve Account shall be transferred to the Bond and Interest Sinking Fund Account if not necessary to maintain the balance in the Reserve Account as above provided, and when the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds, Series Two-N Bonds and Series Two-V Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund Account, or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds, Series Two-N Bonds and Series Two-V 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.

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption Account. Funds in this Account will be available to maintain required balances in other accounts and to purchase or redeem the Bonds, Series Two-N Bonds or Series Two-V Bonds. No specific amounts are required. Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement. In accordance with provisions in the First Supplemental Indenture, any excess funds in the Bond and Interest Sinking Fund Account or the Reserve Account shall be transferred by the Trustee to the Redemption Account.

Revenue Account

The College has agreed to establish and maintain, so long as any of the Bonds, Series Two-N Bonds or Series Two-V Bonds are outstanding, an account or accounts with a bank or banks whose deposits are insured by the Federal Deposit Insurance Corporation into which the College shall deposit all Unrestricted Current Fund revenues promptly when received. So long as no Default or Event of Default shall exist, the College shall be entitled to use and invest all moneys in the Revenue Account to meet current expenses of operation and maintenance, to meet debt service on the Bonds, the Series Two-N Bonds, the Series Two-V Bonds and other obligations of the College, for capital expenditures, and for any other lawful purpose.

In an Event of Default, the Trustee shall have the right to require the depository bank or banks to transfer all moneys in the Revenue Account to the Trustee, and the College covenants that it shall direct such orders and execute such documents as may be required by the depository bank or banks or the Trustee to effect and complete the transfer of all such moneys to the Trustee and further covenants that it shall assign and deliver to the Trustee such certificates of deposit, other investments or cash as shall then be credited to the Unrestricted Current Fund, including any amounts transferred from the Unrestricted Current Fund to Board Designated Funds in the then current Fiscal Year or (if longer) in the preceding 90 days; and thereafter, so long as such Event of Default exists, the College covenants that it will deposit all Unrestricted Current Fund revenues promptly when received with the Trustee for credit to the Revenue Account.

If such Event of Default shall be cured, then at the written request of an Authorized Institution Representative, the Trustee shall return moneys and investments of the Revenue Account to the depository bank or banks, or other depository bank or banks designated by the College, and the College shall thereafter deposit to and use moneys in the Revenue Account as if no Event of Default had occurred.

If a Default or an Event of Default exists but the Trustee has not required the transfer of the Revenue Account to the Trustee, the College shall expend moneys from the Revenue Account solely to meet ordinary and current operation and maintenance expenses, debt service on the Bonds, the Series Two-N Bonds, the Series Two-V Bonds, and other obligations of the College when due.

General Bond Reserve Account

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

Permitted Investments

Moneys on deposit to the credit of the Construction Account, Bond and Interest Sinking Fund Account, the Reserve Account, or the Redemption Account shall be invested by the Trustee only in Authorized Investments described in Section 5.05 of the Indenture. Obligations so purchased shall be deemed at all times to be a part of the respective fund or account, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to such fund or account. The type, amount and maturity of any such investments shall conform to any instructions of the Authorized Institution Representative. Any interest and income accruing on and any profit realized from such investment shall be credited against Loan Repayments to be deposited by the College under the Loan Agreement. Any such interest or other investment income or profit not credited to Loan Repayments and deposits therefor under the Loan Agreement, and not needed to provide payments on the Bonds and Series Two-N Bonds and Series Two-V Bonds, shall be used as promptly as possible and in integral multiples of $5,000 for the redemption of Bonds or the purchase of Bonds on the market, it being intended that interest, income and profit shall not be permitted to accumulate but shall be used to provide for the payment of principal of and interest on the Bonds or for the prior redemption or retirement of Bonds. Investment of funds shall be limited as to amount and yield of investment in such manner that no part of the outstanding Bonds shall be deemed "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986 and Arbitrage Regulations thereunder.

THE AUTHORITY

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $250 million. The Authority has had 56 issues (including refunded and retired issues) totaling $188,265,000 of which $117,005,000 (excluding the Bonds) is outstanding as of September 2, 1990. An additional issue in the principal amount of $5,155,000 is expected to be closed on September 18, 1990. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

FINANCIAL ADVISOR

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

RATING

An application for a rating of the Bonds has been made to Standard & Poor's Corporation ("S&P"), 25 Broadway, New York, New York. If a rating is assigned, it will reflect only the opinion of S&P. Any explanation of the significance of the rating may be obtained only from S&P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised or withdrawn if, in the judgment of S&P, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

LITIGATION

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

LEGALITY

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

Certain legal matters will be passed upon for the College by MacKenzie, Gustafson, Lucas & Riley, Ltd., St. Peter, Minnesota.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) a limitation of $150,000,000 on the aggregate principal amount of "tax-exempt nonhospital bonds" (generally defined as bonds for other than acute care, in-patient hospital facilities) that is allocated to the College or any

501(c)(3) organization under common management or control with the College as an owner or user of facilities financed with proceeds of such bonds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts and (3) provisions which require that certain investment earnings be rebated periodically to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. Certificates will be furnished by officers of the Authority and the College to Bond Counsel at closing to the effect that, at the date of issuance of the Bonds, not more than $150,000,000 of tax-exempt nonhospital bonds (including the Bonds) are outstanding allocable to the College and 501(c)(3) organizations under common management or control. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs with respect to the Series Three-B Bonds, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Series Three-B Bonds are subject to optional in whole but not in part, redemption without premium, and the Series Three-B Bonds shall bear additional interest at a rate of two percent (2%) per annum from the date of taxability until the respective dates on which the principal of the Bonds is paid. (See "THE LOAN AGREEMENT- Determination of Taxability" in Appendix IV). A determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability. A Determination of Taxability as to Series Two-N Bonds, Series Two-V Bonds or Series Three-B Bonds does not constitute a Determination of Taxability with respect to the other two Series. The consequences relating to a Determination of Taxability are different for each Series. If a Determination of Taxability shall occur with respect to the Series Two-N Bonds, such bonds are subject to mandatory redemption in full at the earliest practical date. If a Determination of Taxability shall occur with respect to the Series Two-V Bonds, such bonds are subject to optional redemption in whole but not in part on any interest payment date.

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

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

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

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

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

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

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

APPENDIX I

THE COLLEGE

Gustavus Adolphus College is a four-year, co-educational, liberal arts college located in St. Peter, Minnesota. The College was founded originally in 1862 as the Minnesota Preparatory School in Red Wing, Minnesota. After one year, it was named St. Ansgar's Academy and moved to East Union, Minnesota. In 1876, the institution was moved to St. Peter where it was named Gustavus Adolphus College to honor 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 North Central Association of Colleges and Secondary Schools as well as by appropriate professional organizations. The College is also registered with the Minnesota Higher Education Coordinating Board in accordance with Minnesota Statutes.

Governance

The College is governed by a Board of Trustees who serve three-year terms. The current Board has 35 members.

<u>Board of Trustees</u>

Philip C. Helland	Chancellor Emeritus, Minnesota Community College System, Burnsville, Minnesota
John Himle	Principal and CEO, Himle Horner Incorporated, Bloomington, Minnesota
Dwight Holcombe	President & CEO, Marigold Foods, Inc., Minneapolis, Minnesota
Arland Hultgren	Professor, Luther Northwestern Theological Seminary, Saint Paul, Minnesota
Dwight Jaeger	Orthopedic Surgeon, St. Cloud Orthopedic Association, St. Cloud, Minnesota
John S. Kendall	President, Gustavus Adolphus College, St. Peter, Minnesota
Theodore M. Kunze	Minister, Augustana Lutheran Church, St. James, Minnesota
Gerald Larson, Vice Chair	Medical Doctor, Cambridge Clinic, Cambridge, Minnesota
Philip J. Lindau	President, Flour Milling and Special Commodities Unit, The Pillsbury Company, Minneapolis, Minnesota
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Patricia Lund	Vice President, Lunds, Inc., Minneapolis, Minnesota
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Margaret Matalamaki	Chairman, Board of Trustees, Blandin Foundation, Grand Rapids, Minnesota
Doris Y. McCulley	Medical Doctor, Winfield Moody Health Center, Chicago, Illinois
Terry R. Morehouse	Minister, Trinity Lutheran Church, Princeton, Minnesota
M. Susan Peterson	Minister, Gloria Dei Lutheran Church, Saint Paul, Minnesota
Patsy Sherman	Manager, Technical Development, 3M, Saint Paul, Minnesota
Florence L. Sponberg	Professor Emeritus, Mankato State University, Mankato, Minnesota
Mary Carol Strug	Pastor, Zion Lutheran Church, Lake Bronson, Minnesota
Gretchen Taylor	Homemaker, Mankato, Minnesota
C. Richard Youngdahl	Retired Chairman, Aubrey G. Lanston Company, New York, New York
Paul M. Youngdahl	Minister, Mount Olivet Lutheran Church, Minneapolis, Minnesota

President

Dr. John S. Kendall has served as President of Gustavus Adolphus College since 1981 and has been a professor in the department of psychology at the College since 1968. Between 1965 and 1968 he was vice president for academic affairs and professor of psychology, at Augustana College in Sioux Falls, South Dakota. From 1958 to 1965 he was a member of the department of psychology at the College, advancing from assistant professor to professor and chairman of the department.

President Kendall received a B.A. from the College in 1949 and a Ph.D in psychology from the University of Minnesota in 1959. In 1954, Dr. Kendall received a B.D. from the Lutheran School of Theology in Chicago, Illinois.

Dr. Kendall has announced his resignation as President of the College effective May 31, 1991. The College has formed a search committee and expects to choose a new President by May 31, 1991. Dr. Kendall will serve in a consultant capacity after that date.

Academic Information

The College offers the Bachelor of Arts degree through 24 academic departments, 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 Admissions Committee on the basis of course selection and achievement in secondary school, aptitude test scores, letters of reference, and, whenever possible, personal interviews by admissions counselors. Consideration is given to personal objectives, character, and maturity; but, the primary factor influencing the admissions decision is academic achievement. The average high school class rank of students currently enrolled at the College is in the 88th percentile. The average ACT composite score is 25, and the average SAT combined score is 1100.

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 campus consists of 240 acres overlooking St. Peter and the Minnesota River Valley. College facilities consist of 26 main campus buildings, including eleven residence halls. The total insured value of the College buildings is approximately $80,000,000.

The residence halls house 1,980 students or approximately 84% of the student body. All students are required to live in campus housing unless granted permission to live off-campus.

The majority of the College's buildings were constructed in the 1960's and early 1970's. The oldest building is Old Main, which was built in 1876 as the original College building. The most recent completed addition to the campus facilities is a twelve unit apartment building constructed in 1988.

In 1989, the College was awarded a $5.1 million grant -- the largest in the school's history -- from the F.W. Olin Foundation for a new science facility and equipment. Grant proceeds are disbursed by the Foundation to the College as spent. At May 31, 1990, $656,000 had been disbursed. Olin Hall will house the physics, math and computer sciences departments, as well as the academic computing department. In addition to classrooms and offices, the building will have seven physics department laboratories, including an astronomical observatory and special facilities for advanced optics and electronics. The math and computer sciences departments will receive an artificial-intelligence laboratory and a high-tech classroom for calculus courses. The building is to provide about 55,000 square feet of work space. Construction has begun, and occupancy is slated for the beginning of the 1991-92 school year.

Construction has commenced on Confer Hall, a classroom building which will provide approximately 22,000 square feet of work space. This building will contain classrooms and offices for use by the various language departments of the College. Confer Hall is being financed with proceeds of the Series Three-B Bonds.

Student Body

The College's head count enrollment and full-time equivalent (FTE) enrollment, actual and projected, are:

Fiscal Year	Head Count (Actual)	FTE (Actual)	Fiscal Year	Head Count (Projected)	FTE (Projected)
1985-86	2,174	2,156	1990-91	2,370	2,340
1986-87	2,172	2,152	1991-92	2,330	2,300
1987-88	2,337	2,287	1992-93	2,330	2,300
1988-89	2,451	2,389	1993-94	2,330	2,300
1989-90	2,380	2,364	1994-95	2,330	2,360

Concerning the 1989-90 first year class of 588, 482 or 77% were from Minnesota. A total of 26 states were represented. The next highest after Minnesota were Wisconsin (41), Iowa (15) and Illinois (16).

First Year Applications, Acceptances and Enrollment

	1986-87	1987-88	1988-89	1989-90	1990-91 (Est.)
Applications	1,210	1,357	1,556	1,443	1,185
Acceptances	1,081	1,097	1,124	1,194	1,100
Percent Accepted	89%	81%	72%	83%	92%
Enrollments	636	648	634	588	555
Percent Enrolled to Accepted	59%	59%	56%	49%	50%

Student Retention

For the past five academic years, the College has experienced the following overall retention rates.

Spring 1990 to Fall 1990: 94.2% (estimated)
Spring 1989 to Fall 1989: 91.8%
Spring 1988 to Fall 1988: 93.9%
Spring 1987 to Fall 1987: 91.2%
Spring 1986 to Fall 1986: 90.3%

Tuition and Fees

Tuition, room and board charges for each academic year include tuition for a regular full program of courses, academic fees, room, board, student activity charges, applied music fees, student teaching fee, laboratory fees, and linen and laundry service. Certain other fees may be charged depending on the course of study. The College estimates that the tuition, room and board charges represent approximately three-fourths of the cost to the College for each resident student.

The tuition, room and board charges for the 1990-91 academic year and the five previous years are:

Year	Tuition, Room and Board
1990-91	$13,750
1989-90	$12,800
1988-89	$11,750
1987-88	$10,800
1986-87	$10,150
1985-86	$ 9,450

The College offers an optional plan for incoming first year students called the Guaranteed Cost Plan, which ensures the student that the annual tuition, room and board will increase by no more than 2.5% per year. To participate in the plan, a student pays a nonrefundable fee. That fee for the 1990-91 first year class is $500.

Financial Assistance

Approximately 60% of the student body 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:

	1985-86	1986-87	1987-88	1988-89	1989-90
Grants/Scholarships:					
Federal	$ 713,967	$ 593,938	$ 702,233	$ 827,704	$ 865,230
State	1,326,761	1,606,567	1,884,128	1,824,880	2,073,486
College	2,287,177	2,710,118	3,045,646	3,373,863	3,479,534
Private	254,047	249,629	376,080	502,091	518,689
Total	$4,581,952	$5,160,252	$6,008,087	$6,528,538	$ 6,936,939
Loans	1,533,845	1,938,776	2,497,445	2,232,606	2,516,480
Work-Study	696,886	698,000	836,750	887,074	937,799
Grand Total	$6,812,683	$7,797,028	$9,342,282	$9,748,218	$10,391,218
Number Receiving Assistance	1,248	1,310	1,412	1,435	1,430

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

Faculty and Staff

The College employs 140 full-time and 42 part-time faculty for a total of 182 faculty members. Full-time faculty by rank, average salary and tenure are:

Rank	Number	Average Salary	Percent Tenured
Professor	44	$41,937	98%
Associate Professor	49	34,758	98
Assistant Professor	38	28,868	11
Instructor	11	25,513	0

Other than faculty, the College employs, full- and part-time, 400 staff members. Three persons are represented by the International Union of Operating Engineers; their contract expires in May 1991. The rest of the staff is nonunion.

Pension Plans

The College has certain contributing pension plans for academic and nonacademic personnel. The cost of the retirement plans is paid currently and amounted to approximately $652,000 for the 1989-90 fiscal year.

Capital Campaign

Gustavus Adolphus College is engaged in a $55 million, 125th Anniversary Fund campaign. The appeal was announced on May 28, 1988. At that time, goals of $40 million were established; however, early and substantial success with the campaign enabled the Board in January, 1990, to increase the goals to $55 million. The appeal seeks $20 million for endowment, $22,250,000 for construction and other capital projects, and $12,750,000 in funding for current operations and special programs. Scheduled for completion in May, 1992, the 125th Anniversary Fund has achieved $47.6 million in gifts and commitments towards the $55 million goal.

Endowment Funds

Following is a five-year history of the ending fund balances of the College's Endowment Funds and similar funds:

Year Ended May 31	Endowment Fund	Unrestricted Funds Functioning As Endowment	Deferred Gift Funds
1990	$16,575,531	$2,797,654	$6,353,543
1989	14,936,433	2,651,617	2,599,232
1988	13,718,142	2,512,504	1,521,782
1987	12,331,177	2,275,585	1,496,124
1986	10,339,595	1,826,642	1,214,819

The College is the beneficiary of various trusts which are held by independent trustees. These trusts had a total market value of approximately $33,000 at May 31, 1990. Trust income is paid to the donors until death at which time the assets will be distributed to the College.

Gifts, Grants and Contracts

Gifts, grants and contracts from Federal, State and private sources received by the College for the past five fiscal years have been:

Fiscal Year	Current Unrestricted Fund	Current Restricted Fund	Endowment Funds	Deferred Gift Funds	Plant Funds
1990	$1,970,938	$2,123,282	$ 709,341	$3,920,271	$1,499,305
1989	1,120,625	2,030,696	668,278	1,064,373	1,188,833
1988	1,153,855	1,836,486	786,662	63,724	1,024,736
1987	1,493,694	1,723,688	1,576,142	428,003	1,053,788
1986	1,042,305	1,735,978	917,800	221,035	648,975

Financial Statements

The College's fiscal year ends May 31 of each year. Financial records are maintained on the fund accounting system and financial statements have been prepared on the accrual basis of accounting except that depreciation is not recognized under generally accepted accounting principles applicable to nonprofit institutions of higher education. Appendix V sets forth the financial statements of the College for the year ended May 31, 1990 with comparative figures for 1989, and the report thereon by Adrian Helgeson and Company, Certified Public Accountants, Minneapolis, Minnesota. Adrian Helgeson and Company has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

Summaries of Current Funds Revenues, Expenditures and Other Changes

The following tables set forth summaries of revenues, expenditures and other changes for the College's unrestricted current fund for the past five fiscal years and the unrestricted current fund budget for fiscal year 1990-91. These tables should be read in conjunction with the financial statements found in Appendix V.

SUMMARY OF UNRESTRICTED CURRENT FUND REVENUE, EXPENDITURES AND OTHER CHANGES FOR THE YEARS ENDED MAY 31

	1990	1989	1988	1987	1986
Revenues:					
Tuition and Fees	$21,089,659	$19,918,168	$17,736,459	$15,598,741	$14,175,576
Government Grants	75,093	78,761	63,664	63,653	59,444
Private Gifts and Grants	1,970,938	1,120,625	1,090,191	1,430,041	982,861
Endowment Income	314,592	267,703	224,391	188,723	205,580
Sales and Services of Ed. Activities	20,071	25,825	17,092	710	33,119
Other Sources	563,805	529,868	479,979	458,540	484,765
Matured Deferred Gift Funds	7,021	-	95,579	116,652	-
Total Revenue Before Auxiliary Enterprises	$24,041,179	$21,940,950	$19,707,355	$17,857,060	$15,941,345
Sales and Services of Auxiliary Enterprises	7,118,137	7,025,203	6,423,003	5,901,389	5,422,747
Total Revenues	$31,159,316	$28,966,153	$26,130,358	$23,758,449	$21,364,092
Expenditures and Mandatory Transfers:					
Education and General:					
Instruction	$10,298,727	$ 9,529,471	$ 7,882,856	$ 6,980,941	$ 6,579,909
Research	30,884	19,690	18,733	18,249	19,638
Public Service	117,519	59,919	103,290	63,637	47,540
Academic Support	908,780	844,702	1,296,899	1,135,609	989,888
Student Services	2,354,337	2,177,699	1,762,091	1,675,766	1,552,885
Institutional Support	3,602,044	3,439,382	3,408,021	2,887,363	2,655,790
Operation and Maintenance	2,637,375	2,599,658	2,670,371	2,261,958	2,211,864
Scholarships and Grants	3,132,702	2,958,943	2,582,462	2,241,319	1,859,561
Educational and General Expenditures	$23,082,368	$21,629,464	$19,724,723	$17,264,842	$15,917,075
Mandatory Transfers for Principal and Interest	342,874	360,337	181,183	178,358	177,966
Loan Fund Matching Grant	-	14,949	-	-	-
Total Educational and General	$23,425,242	$22,004,750	$19,905,906	$17,443,200	$16,095,041
Auxiliary Enterprises:					
Expenditures	$ 6,088,553	$ 6,048,173	$ 5,723,244	$ 5,024,900	$ 4,642,687
Mandatory Transfers for Principal and Interest	-	-	-	158,999	57,225
Total Auxiliary Enterprises	$ 6,088,553	$ 6,048,173	$ 5,723,244	$ 5,183,899	$ 4,699,912
Total Expenditures and Mandatory Transfers	$29,513,795	$28,052,923	$25,629,150	$22,627,099	$20,794,953
Excess of Revenue Over Expenditures and Mandatory Transfers	$ 1,645,521	$ 913,230	$ 501,208	$ 1,131,350	$ 569,139
Other Transfers and Additions (Deductions):					
Unrestricted Current Fund to Retirement of Indebtedness Fund	$ (215,391)	$ (35,899)	$ -	$ -	$ -
Unrestricted Current Fund to Unexpended Plant Funds	(1,442,363)	(830,565)	(470,134)	(544,697)	(560,457)
Unrestricted Current Fund to Endowment Funds	-	(46,766)	(124,388)	(482,833)	-
Unrestricted Current Fund to Restricted Current Fund	-	-	-	(947)	(46,134)
Endowment Funds to Unrestricted Current Fund	12,233	-	9,576	124,898	97,036
Renewal and Replacement Fund to Unrestricted Current Fund	-	-	3,061	-	-
Fund Balance - End of Year:					
Appropriated	$ 206,678	$ 206,678	$ 206,678	$ 287,355	$ 59,584
Unappropriated	-	-	-	-	-
Total	$ 206,678	$ 206,678	$ 206,678	$ 287,355	$ 59,584

Source: *College's annual Audit Reports.*

GUSTAVUS ADOLPHUS COLLEGE

UNRESTRICTED CURRENT FUND
BUDGET FOR 1990-91

	1990-91 Budget
REVENUE	
Tuition and Fees	$22,032,475
Auxiliaries Income	7,668,048
Gifts and Grants	1,155,000
Endowment Income	336,000
Investment Income	396,000
Other Income	371,122
Total Revenue	$31,958,645
EXPENDITURES	
Mandatory	
Instruction	$ 1,259,385
Research	29,000
Public Service	47,993
Academic Support	380,848
Student Services	882,900
Institutional Support	1,698,987
Maintenance of Plant	2,845,997
Scholarships and Grants	4,083,142
Mandatory Debt Service	467,000
Auxiliary Enterprises	3,387,700
Salary and Benefits	16,414,265
Total Mandatory Expenditures	$31,497,217
Excess of Revenues Over Mandatory Expenditures	$ 461,428
Non-Mandatory	
Transfers to Plant Funds	$ 246,037
Transfer to Retirement of Indebtedness Funds	215,391
Excess of Revenues Over Expenditures	$ 0

Long-Term Debt of the College as of August 31, 1990

1. $1,030,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series E, dated March 1, 1973; interest rates range from 5.40% to 5.50%; final maturity due March 1, 1993; $265,000 is outstanding. The bonds are secured by a first mortgage on the Administration Building and Social Science Building; the full faith and credit of the College; a first lien on the first 4.6% of all general tuition fees; a debt service reserve of $77,232 and a repair and replacement reserve of $25,000; and the Authority's General Bond Reserve.

2. The College is indebted to the Greater Gustavus Fund, a corporation which exists for the benefit of the College, on an unsecured promissory note with a balance of $250,000 at August 31, 1990. The note is payable in annual installments of $50,000 commencing February 1, 1991 with the last payment due on February 1, 1995. Interest is payable quarterly at 9.75% per annum.

3. Commercial mortgage loan incurred in 1974; due in equal monthly installments including principal and interest of $434 to August, 1994 at 7.25% interest. The debt is secured by a mortgage on the President's home. Approximately $30,000 is outstanding.

4. Two unsecured demand notes evidencing loans by individuals at 5% to 5.5% interest. $2,500 is outstanding.

5. $2,550,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-N, dated August 1, 1987; interest ranges from 5.0% to 7.50%, final maturities due October 1, 2003; $2,365,000 is outstanding. The Series Two-N Bonds are secured on a parity with the Series Two-V Bonds and the Series Three-B Bonds by the full faith and credit of the College; a debt service reserve; a mortgage on and security interest in certain dormitory facilities; and a security interest in the College's Unrestricted Current Fund Revenues after the 4.6% of revenues pledged to secure the Series E Bonds.

6. $1,440,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-V, dated November 1, 1989; interest ranges from 6.50% to 7.40%, final maturity due October 1, 2004; $1,440,000 is outstanding. The Series Two-V Bonds are secured on a parity with the Series Two-N Bonds and the Series Three-B Bonds. (See paragraph 5 above).

7. The Series Three-B Bonds

   Total of long-term debt outstanding as of August 31, 1990 adjusted to include the Bonds is $7,352,500.

Short-Term Debt

The College maintains a $5,000,000 bank line of credit which it draws on from time to time during the summer months and repays after receipt of student fees in the fall. As of August 31, 1990, the College has drawn $875,000 for construction of the Project. The College has not borrowed during the summer of 1990 for operating purposes.

Long-Term Debt Service and Coverage

The table on page I-11 sets forth the principal and estimated debt service on the Bonds and the College's outstanding debt service by Fiscal Year. Debt service coverage calculations use $1,988,395, which for Fiscal Year 1990 was the sum of Unrestricted Current Fund revenues less expenditures and mandatory transfers, excluding mandatory transfers for debt service.

GUSTAVUS ADOLPHUS COLLEGE

Long-Term Debt Service and Pro Forma Coverage

GUSTAVUS ADOLPHUS COLLEGE
Long-Term Debt Service
And Pro-Forma Coverage

Fiscal Year Ending (1)	<-------The Principal (2)	Bonds-------> Principal & Interest (a) (3)	Currently Outstanding Long-Term Debt Service (4)	Projected Total Debt Service (5)	1990 Amount Available For Debt Service(b) (6)	Coverage (Times) (7)	Series Reserve Balances (8)	Coverage With Allowance For Reserves (9)
1991		$110,372	$537,109	$647,481	$1,988,395	3.07		3.07
1992	$0	220,744	542,038	762,782	1,988,395	2.61		2.61
1993	55,000	273,929	564,986	838,915	1,988,395	2.37	$77,232	2.46
1994	75,000	289,601	494,580	784,181	1,988,395	2.54		2.54
1995	80,000	289,388	497,124	786,512	1,988,395	2.53		2.53
1996	90,000	293,628	444,462	738,090	1,988,395	2.69		2.69
1997	95,000	292,290	439,297	731,587	1,988,395	2.72		2.72
1998	100,000	290,512	440,191	730,703	1,988,395	2.72		2.72
1999	105,000	288,284	434,437	722,721	1,988,395	2.75		2.75
2000	115,000	290,416	434,901	725,317	1,988,395	2.74		2.74
2001	125,000	291,745	433,497	725,242	1,988,395	2.74		2.74
2002	130,000	287,469	430,395	717,864	1,988,395	2.77		2.77
2003	140,000	287,579	430,564	718,143	1,988,395	2.77		2.77
2004	150,000	286,884	558,665	845,549	1,988,395	2.35	250,000	2.65
2005	165,000	290,229	269,620	559,849	1,988,395	3.55	144,000	3.81
2006	175,000	287,561		287,561	1,988,395	6.91		6.91
2007	190,000	288,873		288,873	1,988,395	6.88		6.88
2008	205,000	289,009		289,009	1,988,395	6.88		6.88
2009	220,000	287,965		287,965	1,988,395	6.90		6.90
2010	235,000	285,730		285,730	1,988,395	6.96		6.96
2011	550,000	570,900		570,900	1,988,395	3.48	300,000	4.01
Totals	$3,000,000	$6,093,108	$6,951,866	$13,044,974				

(a) Subject to change

(b) Unrestricted Current Fund Amount Available for Debt Service (Taken from May 31, 1990 audited financial statements):

REVENUES:		$31,159,316
EXPENDITURES:		
Educational and General	23,082,368	
Auxiliary Enterprises	6,088,553	
Mandatory Transfers	342,874	
TOTAL		29,513,795
EXCESS OF REVENUES OVER EXPENDITURES AND MANDATORY TRANSFERS		1,645,521
ADD: Mandatory Transfers for Debt Service		342,874
AMOUNT AVAILABLE FOR DEBT SERVICE		$1,988,395

Other Financial Transactions

During 1988 the College registered with the Securities and Exchange Commission the sale of units totaling $5,000,000 offered by the Gustavus Adolphus College Pooled Life Income Fund (the "Fund"). Units in the amount of $2,584,679 have been sold as of June 30, 1990.

As of May 31, 1990, the Fund owned Uhler Hall (a College dormitory) and Vickner Hall (a College classroom building) with a cost basis of $1,475,000 and $630,000, respectively. Fractional interest in buildings are purchased as the money become available and a total of $1,605,000 was acquired in the current fiscal year. Depreciation for financial statement purposes is recorded using the straight-line method over periods of 40 to 45 years. Depreciation totaling $20,582 was recorded in fiscal 1990. The Fund and the College have entered into a lease agreement whereby the land under the buildings is leased from the College over a term of 99 years. In addition, the College and the Fund have entered into land and building leases under which the Fund leases the buildings and subleases the underlying land to the College for a term of 20 years. The leases provide for the Fund to receive annual rental on the facilities totaling $225,750 with an annual payment to the College for the land of $8,550. Lease payments of the College are obligations of the Unrestricted Current Fund. Net lease payments to the Fund totaled $94,851 for the year ended May 31, 1990. 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 will transfer that portion of the building and leasehold interest back to the College. At the earlier of the end of the 20-year lease term or the time when the Fund's ownership in the building is reduced to 25% or less, 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.

PROPOSED FORM OF LEGAL OPINION

FAEGRE & BENSON
2200 NORWEST CENTER
90 SOUTH SEVENTH STREET
MINNEAPOLIS, MINNESOTA 55402-3901
612/336-3000
FACSIMILE 336-3026

SUITE 1150, 8400 TOWER
8400 NORMANDALE LAKE BOULEVARD
BLOOMINGTON, MINNESOTA 55437-1076
612/921-2200
FACSIMILE 921-2244

2500 REPUBLIC PLAZA
370 SEVENTEENTH STREET
DENVER, COLORADO 80202-4004
303/592-5900
FACSIMILE 592-5693

SUITE 500
1140 CONNECTICUT AVENUE N.W.
WASHINGTON, D. C. 20036-4001
202/728-0952
FACSIMILE 728-0957

10 EASTCHEAP
LONDON EC3M 1ET, ENGLAND
071/623-6163
FACSIMILE 623-3227

$3,000,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Three-B
(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 Mortgage Revenue Bonds, Series Three-B (Gustavus Adolphus College), in the aggregate principal amount of $3,000,000 (the "Bonds"), dated October 1, 1990, in the denomination of $5,000 each and integral multiples thereof, maturing on October 1 in the years and amounts and bearing interest at the basic rates per annum as follows:

Year	Amount	Basic Interest Rate	Year	Amount	Basic Interest Rate
1992	$ 55,000	%	2002	$140,000	%
1993	$ 75,000	%	2003	$150,000	%
1994	$ 80,000	%	2004	$165,000	%
1995	$ 90,000	%	2005	$175,000	%
1996	$ 95,000	%	2006	$190,000	%
1997	$100,000	%	2007	$205,000	%
1998	$105,000	%	2008	$220,000	%
1999	$115,000	%	2009	$235,000	%
2000	$125,000	%	2010	$550,000	%
2001	$130,000	%			

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds. Interest on the Bonds is payable on each April 1 and October 1, commencing April 1, 1991. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered holder thereof, at his address as it appears on the books of the Trustee as of the 15th day of the calendar month next preceding the interest payment date, and principal is payable at the principal corporate trust office of Norwest Bank Minnesota, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"). 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 located in the City of St. Peter, Minnesota (the "College"), in order to finance the costs of a project consisting of the construction, furnishing and equipping, including appurtenant site improvements, of a new classroom building and the acquisition and installation of a chiller and related equipment to improve and expand an air conditioning system, all on the College's campus (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement dated as of August 1, 1987 between the Authority and the College, as supplemented by a First Supplemental Loan Agreement dated as of September 1, 1989 between the Authority and the College, and as supplemented by a Second Supplemental Loan Agreement dated as of October 1, 1990 between the Authority and the College (collectively, the "Loan Agreement"), the Trust Indenture dated as of August 1, 1987 between the Authority and the Trustee (the "Original Indenture"), as supplemented by a First Supplemental Trust Indenture dated as of September 1, 1989 between the Authority and the Trustee, and as supplemented by a Second Supplemental Trust Indenture dated as of October 1, 1990 between the Authority and the Trustee (collectively, the "Indenture"), the Combination Mortgage, Security Agreement and Fixture Financing Statement from the College to the Authority and assigned by the Authority to the Trustee, dated as of August 1, 1987, as supplemented by a First Supplemental Combination Mortgage, Security Agreement and Fixture Financing Statement from the College to the Authority and assigned by the Authority to the Trustee, dated as of September 1, 1989, and as supplemented by a Second Supplemental Combination Mortgage, Security Agreement and Fixture Financing Statement from the College to the Authority and assigned by the Authority to the Trustee, dated as of October 1, 1990 (collectively, the "Mortgage"), the opinions of MacKenzie, Gustafson, Lucas & Riley, Ltd., 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. The Bonds are being issued as Additional Bonds under the Indenture, which was originally entered into in connection with the Authority's Mortgage Revenue Bonds, Series Two-N (the "Series Two-N Bonds), as supplemented by a First Supplemental Trust Indenture, which was entered into in connection with the Authority's Mortgage Revenue Bonds, Series Two-V (the "Series Two-V Bonds").

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 opinions of MacKenzie, Gustafson, Lucas & Riley, Ltd., as to the Loan Agreement and the Mortgage having been duly authorized and executed and being binding upon the College, as to the corporate organization, good standing and powers of the College, and as to the title to the Mortgaged Property (as defined in the Loan Agreement and Indenture) without examining the records of the College or original title records or abstracts of title.

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

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

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

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

3. The Bonds are secured on a parity with the Series Two-N Bonds and the Series Two-V Bonds by the assignment of the loan repayments payable by the College under the Loan Agreement to the Trustee in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds, the Series Two-N Bonds and the Series Two-V Bonds when due, by the pledge of the funds and investments held by the Trustee under the Indenture, by the mortgage lien on certain property owned and operated by the College and a security interest in the revenues and income arising therefrom provided by the Mortgage and by a security interest in certain additional revenues and accounts of the College when perfected according to law.

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is not includable in gross income for purposes of Federal income taxation or in taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax

preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is includable in "book income" or in "earnings or profits" for the purpose of determining the "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the environmental tax imposed on corporations, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture, the Loan Agreement and the Mortgage may be subject to bankruptcy, insolvency, reorganization, moratorium 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, October __, 1990.

DEFINITION OF CERTAIN TERMS

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

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

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 Regulation Sections 1.103-13 to 1.103-15 and Sections 1.148-0T to 1.150-1T.

Authority: The Minnesota Higher Education Facilities Authority.

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

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

Authorized Investments: Investments authorized for moneys in the accounts created under the Indenture including, obligations issued or guaranteed by the United States of America or obligations issued or guaranteed by certain federal agencies ("Federal Obligations"); general obligations of any state or political subdivision thereof which at the time of purchase are rated at least "AA" or "Aa" (in the case of states) or "AAA" or "Aaa" (in the case of political subdivisions); revenue bond obligations of any state or political subdivision which at the time of purchase are secured by specific revenues from the financed facilities or certain governmental obligations and which at the time of purchase are rated "AAA" or "Aaa"; savings accounts, time deposits or certificates of deposit secured by Federal Obligations or certificates of deposit, savings accounts, deposit accounts or time deposit accounts of banks (including the Trustee and affiliates of the Trustee) fully insured by the Federal Deposit Insurance Corporation; investment agreements, acceptable to the Trustee and issued by a corporation rated at least "AA" or "Aa" and repurchase agreements, secured by Federal Obligations.

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

Bond and Interest Sinking Fund Account: The Series Two-N subaccount, Series Two-V subaccount, or Series Three-B subaccount of the account established pursuant to the Indenture into which the Authority and Trustee shall deposit certain moneys for payment of principal of and interest on the Bonds, or all of such subaccounts, as appropriate.

Bonds: The Series Three-B Bonds or, where appropriate, the Series Two-N Bonds, the Series Two-V Bonds, the Series Three-B Bonds and any Additional Bonds then outstanding.

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

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

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

College: Gustavus Adolphus College, a Minnesota nonprofit corporation and institution of higher education located in St. Peter, Minnesota.

Construction Account: The Series Two-N subaccount or Series Three-B subaccount of the account established under the Indenture for the deposit of certain Bond proceeds and other funds to be used for the payment of Project Costs, or both of such subaccounts, as appropriate.

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

Determination of Taxability: A determination that the interest payable on one or more series of Bonds is includable in gross income for purposes of federal income taxation by reason of the application of the provisions of Section 103 of the Internal Revenue Code, related sections and regulations thereunder, in effect on the date of issuance of such series of Bonds, as more fully described in the Loan Agreement. A determination that interest on the Bonds is includible in the computation of any alternative minimum tax is not a Determination of Taxability. Except as otherwise provided in the Loan Agreement, a Determination of Taxability with respect to one series of Bonds issued under the Indenture shall not be deemed a Determination of Taxability with respect to any other series of Bonds issued under the Indenture.

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

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

Funded Debt: Indebtedness for borrowed money having a maturity date of more than one year and as defined in Section 6.13 of the Loan Agreement.

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

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

Indenture: The Trust Indenture between the Authority and Norwest Bank Minneapolis, National Association (now known as Norwest Bank Minnesota, National Association) of Minneapolis, Minnesota, as Trustee, dated as of August 1, 1987, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto, including the First Supplemental Trust Indenture dated as of September 1, 1989 between the Authority and the Trustee and the Second Supplemental Trust Indenture dated as of October 1, 1990 between the Authority and the Trustee.

Institution: The College.

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

Issue: The Three-B Bonds.

Loan Agreement: The Loan Agreement between the Authority and the Institution, as amended and supplemented by the First Supplemental Loan Agreement dated as of September 1, 1989 between the Authority and the Institution and the Second Supplemental Loan Agreement dated as of October 1, 1990 between the Authority and the Institution and as further amended or supplemented from time to time.

Loan Repayments: Payments required to be made by the College to the Trustee pursuant to Section 4.02 of the Loan Agreement, Section 4.02A of the First Supplemental Loan Agreement, or Section 4.02B of the Second Supplemental Loan Agreement or all of such Loan Repayments, as appropriate.

Maximum Annual Debt Service: The largest total amount of principal of and interest on Funded Debt payable by the College in any future Fiscal Year during which Bonds will (if paid at their stated maturity dates) be outstanding, and as further defined in Section 6.13 of the Loan Agreement.

Mortgage: The Combination Mortgage, Security Agreement and Fixture Financing Statement, dated as of August 1, 1987 from the College to the Authority and assigned by the Authority to the Trustee, as amended and supplemented by the First Supplemental Mortgage dated as of September 1, 1989 from the College to the Authority and assigned by the Authority to the Trustee, and a Second Supplemental Combination Mortgage, Security Agreement and Fixture Financing Statement dated as of October 1, 1990 from the College to the Authority and assigned by the Authority to the Trustee, and as further amended or supplemented from time to time.

Mortgaged Buildings: The buildings of the College included in the Mortgage from time to time.

Mortgaged Property: The Mortgaged Buildings, the sites thereof and Building Equipment and Project Equipment located therein; as the same may at any time exist.

Net Income Available for Debt Service: The excess of Unrestricted Current Fund Revenues over Unrestricted Current Fund Expenditures but excluding depreciation, amortization and interest from expenditures, all as determined by generally accepted accounting principles, as in effect on August 1, 1987.

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

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities and Mortgaged Property, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities and Mortgaged Property 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 Institution, and (iv) those additional encumbrances set forth in Exhibit C of the Mortgage.

Project: The Series Two-N Project, the Series 1983-A Project, the Series Three-B Project, or all of such Projects, as appropriate.

Project Buildings: The buildings constructed or improved as part of the Project.

Project Equipment: All furnishings, furniture, fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Series Two-N Bonds, the Series 1983-A Bonds or the Series Three-B Bonds and installed and located in or as part of the Project Buildings, or other College buildings, or elsewhere as part of the Project.

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

Project Site: The land on which certain Project Buildings are or will be located or improvements in connection with the Project have been made.

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

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

Reserve Account: The Reserve Account established under the Indenture, into which at Bond Closing will be placed Bond proceeds in an amount equal to the Reserve Requirement or portion of the Reserve Requirement required to be deposited therein in connection with the issuance of any series of Bonds. Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefor and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College fails to provide for payment of any rebate.

Reserve Requirement: The sum of (i) 10% of the proceeds of the Series Three-B Bonds (par less original discount according to the reoffering scale), plus (ii) $394,000, plus (iii) if Additional Bonds other than the Series Two-V Bonds and the Series Three-B Bonds are outstanding, the maximum amount of principal and interest of any Additional Bonds (other than the Series Two-V Bonds and the Series Three-B Bonds) payable in any Bond Year or (if less) 10% of the proceeds (par value less original issue discount according to the reoffering scale) received from the issuance and sale of the Additional Bonds (other than the Series Two-V Bonds and the Series Three-B Bonds).

Revenue Account: The Revenue Account established under the Loan Agreement with a bank or banks into which the College shall deposit all Unrestricted Current Fund revenues and as to which the College grants a security interest; the Revenue Account shall be transferred to and held by the Trustee if an Event of Default shall exist.

Series 1983-A Bonds: The Minnesota Higher Education Facilities Authority Pooled Revenue Bonds, Series 1983-A, dated October 1, 1983.

Series 1983-A Project: The acquisition, construction and equipping of the Lund Center for Physical Education and Health, a student athletic facility.

Series Three-B Bonds: Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Three-B (Gustavus Adolphus College), dated October 1, 1990, in the original aggregate principal amount of $3,000,000.

Series Three-B Project: The constructing, furnishing and equipping of a new classroom building and acquisition and installation of chiller and related equipment and piping to improve and expand the air conditioning system, to be located on the campus of the College in St. Peter, Minnesota.

Series Two-N Bonds: Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-N (Gustavus Adolphus College), dated August 1, 1987, in the original aggregate principal amount of $2,550,000.

Series Two-N Project: The remodeling of the Johnson Student Union, constructing and equipping of an interpretive center having approximately 2,000 square feet of covered space and 700 square feet of enclosed space for the arboretum, constructing of a ring road connection and 40-car parking lot for Wahlstrom Residence Hall and a 120-car parking lot for the Schaefer Fine Arts Center, and realigning and constructing of the South campus entry drive with a new stone entrance sign, all on the campus of the College in St. Peter, Minnesota.

Series Two-V Bonds: Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-V (Gustavus Adolphus College), dated November 1, 1989, part of the proceeds of which were used to prepay the outstanding amount of the promissory note dated as of October 1, 1983, executed in connection with the loan of part of the proceeds of the Series 1983-A Bonds to the College.

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

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

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

Unrestricted Current Fund: The Unrestricted Current Fund as defined by the American Institute of Certified Public Accountants for audits of universities and colleges, as of May 31, 1987.

Unrestricted Endowment Funds: The Unrestricted Endowment Funds including funds functioning as endowment funds as defined by the American Institute of Certified Public Accountants for audits of universities and colleges, as of May 31, 1987.

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SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Loan Repayments

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

(a) At least 10 business days prior to each April 1 and October 1, commencing April 1, 1991, into the Series Three-B subaccount of the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Series Three-B Bonds on the next succeeding interest payment date, and, commencing on October 1, 1992, a sum equal to the amount payable as principal of the Series Three-B Bonds on the next succeeding principal payment date, provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Series Three-B subaccount of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.03, 5.04 or 5.05 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings); and

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

(c) prior to a date established for the optional redemption and prepayment of the Series Three-B Bonds, into the Series Three-B subaccount of the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Series Three-B Bonds called for redemption from the Redemption Account; and

(d) into the Series Three-B subaccount of the Reserve Account forthwith any amounts then required to be deposited therein by Section 5.03 of the Indenture; and

(e) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f), 6.09A(f) or 6.09B(f) of the Loan Agreement and Section 5.05 of the Indenture, relating to arbitrage rebate calculations and payments.

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

As additional payments the College agrees to pay the annual fee of the Authority, fees and expenses of the Trustee and certain other expenses.

Use of Project Facilities

The College agrees to use the Project Facilities as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. The College agrees to operate the Mortgaged Buildings as revenue producing student housing facilities to the extent that such Mortgaged Buildings were student housing facilities at the time they were mortgaged. The College agrees not to permit use of the Project Facilities or Mortgaged Property in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities and Mortgaged Property

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

Title to Property and Liens

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

Taxes and Other Governmental Charges

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

The College may, at its expense, in good faith contest any such taxes, assessments, license fees and other charges and may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest unless the Authority or the

Trustee shall notify the College that, in the opinion of independent counsel, by nonpayment of any such items the Project Facilities or Mortgaged Property or any part thereof, or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

Damage or Destruction

If the Project Facilities or Mortgaged Property shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds, or both, as more fully provided in the Loan Agreement. If the Bonds are redeemed in part, the available Net Proceeds in respect of any Project Building or Mortgaged Building which the Institution elects not to repair, rebuild, restore or replace shall be used pro-rata (according to the amount of outstanding Bonds of each series) for the redemption of outstanding Bonds.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to any Project Building or Mortgaged Building shall be taken in any proceeding involving the exercise of the right of eminent domain, the College shall either redeem the Bonds or rebuild or restore such facilities, or both, as more fully provided in the Loan Agreement. If the Bonds are redeemed in part, the available Net Proceeds in respect of any Project Building or Mortgaged Building which the Institution elects not to repair, rebuild, restore or replace shall be used pro-rata (according to the amount of outstanding Bonds of each series) for the redemption of outstanding Bonds.

Insurance

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

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

(b) Comprehensive general public liability insurance against liability for personal injury in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $7,000,000 and against liability for property damage in the minimum amount for each occurrence of $100,000.

(c) Workers' compensation insurance in such amount as is customarily carried by organizations in like activities of comparable size and liability exposure to the College.

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

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

Indemnification

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

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

Institution to Maintain its Existence and Accreditation

The College agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and a nonprofit institution of higher education under the laws of Minnesota and its accreditation as an institution of higher education by recognized accrediting agencies and that it will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another institution except upon the conditions provided in the Loan Agreement. The conditions are the following: (i) if the surviving, resulting or transferee corporation, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Loan Agreement, and shall be either a state university or college or a nonprofit corporation and a nonprofit institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against discrimination and requiring that the institution be nonsectarian; and (ii) the College shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal Revenue Code and regulations thereunder.

College To Be Nonsectarian

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

Federal Income Tax Status

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

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Series Three-B Bonds is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Series Three-B Bonds, the Series Three-B Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability described in the Loan Agreement until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Series Three-B Bonds shall be subject to optional redemption, as a whole and not in part, on the next practicable date and any date thereafter and the redemption price therefor shall be equal to par plus accrued interest.

In the event a Determination of Taxability is made that interest payable on the Series Two-V Bonds is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Series Two-V Bonds, the Series Two-V Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability described in the Loan Agreement until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Series Two-V Bonds shall be subject to optional redemption, as a whole and not in part, on the next practicable date and any date thereafter and the redemption price therefor shall be equal to par plus accrued interest.

In the event a Determination of Taxability is made that interest payable on the Series Two-N Bonds is includible in gross income for purpose 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 Series Two-N Bonds, the Series Two-N Bonds shall be subject to mandatory redemption on a date to be determined by the Trustee following the Determination of Taxability, and the redemption price therefor shall be equal to par plus accrued interest.

Financial Covenants

The Institution covenants and agrees, so long as the Series Three-B Bonds shall remain outstanding, to comply with the following provisions:

(a) At the end of each Fiscal Year, Unrestricted Current Fund revenues shall be not less than Unrestricted Current Fund expenditures, including mandatory transfers, in at least two of the preceding three Fiscal Years, according to the principles of accounting to be used for audits of colleges and universities, as required by the American Institute of Certified Public Accountants, as in effect on August 1, 1987. In the event that, following any Fiscal Year, the College shall not be in compliance with this paragraph (a), the College may cure such default by making a transfer to Unrestricted Current Fund, within 90 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposits may be made from Unrestricted Endowment Funds or funds functioning as endowment, but not if such deposit will cause such unencumbered endowment funds to be less than $1,500,000. No such deposit may be made from proceeds of the Bonds or other borrowed funds.

(b) The total of marketable investments and cash constituting unencumbered Unrestricted Endowment Funds of the College, including funds functioning as endowment, as reported annually by an independent investment manager (a copy of which report is to be furnished to the Trustee), on May 31, 1988 and at the end of each Fiscal Year thereafter, shall not be less than $1,500,000. If at the end of any Fiscal Year, the market value of investments and cash included in unencumbered Unrestricted Quasi-Endowment Funds does not equal or exceed $1,500,000, the College shall cause to credited to unencumbered Unrestricted Endowment Funds additional unencumbered moneys or investments at least equal to the amount of the deficiency within 90 days after the close of the Fiscal Year, but proceeds of borrowed funds or from the sale of tangible property leased back by the College for a term of more than two years or with a repurchase option shall not be included in computation of amounts eligible to cure the deficiency.

(c) For so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt now outstanding), if in the then most recently ended Fiscal Year of the College the ratio of total Unrestricted Current Fund assets to total Unrestricted Current Fund liabilities shall have been at least one to one and the Debt Service Coverage Ratio was at least 110% of Maximum Annual Debt Service of (a) then outstanding Funded Debt and (b) Funded Debt thereafter issued or proposed to be issued. Reference should be made to the heading "SUMMARY OF SECURITY FOR THE BONDS" of this Official Statement, paragraph (c), for an explanation of possible additions to Net Income Available for Debt Service in computing the Debt Service Coverage Ratio test for additional Funded Debt.

Maintenance of Mortgage Security

The College covenants that so long as any of the Bonds are outstanding, the Mortgaged Buildings shall have, in the aggregate, a full insurable replacement value equal to at least 150% of the principal amount of outstanding Bonds.

Other Covenants

The College agrees to establish and maintain, according to the terms of Section 6.14 of the Loan Agreement, a Revenue Account into which the College shall deposit all Unrestricted Current Fund revenues.

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

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

Events of Default

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

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

(b) If the College shall fail to comply with the provisions of Section 4.02(e), 4.02B(e), 4.02A(e), 6.09(f), 6.09A(f), or 6.09B(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or

(c) If the College shall default in the observance of any of the covenants set forth in Section 6.13 of the Loan Agreement (relating to financial covenants), provided that failure to comply with Section 6.13(b) (relating to maintaining $1,500,000 in endowment funds) shall not become an Event of Default unless the College fails to restore the deficiency thereunder within a period of 90 days from the close of the Fiscal Year in which such deficiency was reported; or

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

(e) If there shall occur an event of default under the Mortgage; or

(f) If the Institution 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 Institution; or

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

(h) 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 Institution or of the whole or any substantial part of its property, and such custody or control shall not be terminated within sixty 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 Institution. 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 thirty days after notice and if the Institution has taken all action reasonably possible to remedy such default within such thirty-day period, the default shall not become an Event of Default for so long as the Institution shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The Institution agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the Institution from carrying out its agreements.

Remedies on Default

Whenever any Event of Default shall have happened, 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 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 or to foreclose the Mortgage or to enforce performance and observance of any obligation, agreement or covenant of the Institution under the Mortgage or the Loan Agreement.

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

Amendments

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

THE INDENTURE

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

Granting Clauses

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

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

(2) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture, (ii) moneys and investments in the Construction Account not paid out for Project Costs and moneys and investments in the Costs of Issuance Fund Account* not paid out for costs of issuance of the Series Two-V Bonds, 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

* *The Costs of Issuance Fund Account was created for payment of certain costs of issuance of the Series Two-V Bonds, which costs have been paid, and no amounts remain and no further amounts will be deposited in the Costs of Issuance Fund Account.*

(3) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the College or by anyone in behalf of them or with their written consent, to the Trustee, including, but not limited to, the Mortgage.

Accounts

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

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

Remedies

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

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

As more fully described in the "ACCOUNTS" section contained in the body of this Official Statement, the College agrees to establish and maintain an account or accounts (the "Revenue Account") into which the College shall deposit all Unrestricted Current Fund revenues promptly when received. If an Event of Default exists, the Trustee may require the transfer of all moneys in the Revenue Account to the Trustee and the assignment and delivery to the Trustee of such certificates of deposit, other investments or cash as shall then be credited to the Unrestricted Current Fund, including the certain specified funds which may have been transferred from the Unrestricted Current Fund to Board Designated Funds. Thereafter, as long as the Event of Default exists, the College is required to promptly deposit all Unrestricted Current Fund revenues with the Trustee for credit to the Revenue Account. If such Event of Default is cured, upon request of an Authorized Institution Representative, the Trustee shall return moneys and investments of the Revenue Account to the depository bank or banks designated by the College, and the College may thereafter deposit to and use moneys in the Revenue Account as if no Event of Default had occurred. In addition, under the Loan Agreement, if a Default or an Event of Default exists but the Trustee has not required the transfer of the Revenue Account to the Trustee, the College shall expend moneys from the Revenue Account solely to meet ordinary and current operation and maintenance expenses, debt service on the Bonds and other obligations of the College when due.

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

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to its prime rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the College to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum capital, surplus and undivided profits of $10 million in event of merger, resignation, or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court.

Concerning the Bondholders

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

The Trustee, upon the written request of the Holders of a majority in principal amount of the Bonds at the time outstanding, shall waive any default under the Indenture and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that a default in the payment of interest on the

Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustee shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Authority, the Trustee and the Holders of the Bonds shall be restored to their former positions and rights respectively. No waiver of any default or Event of Default, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

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

Defeasance

If the Authority and the College shall:

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

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

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

(d) surrender to the Trustee for cancellation all Bonds,

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

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

Supplemental Indentures

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

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

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

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

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

(e) to create a series of and authorize Additional Bonds.

In addition and subject to the provisions set forth below, the Holders of not less than 65% in aggregate principal amount of the Bonds under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all such Bonds (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture (except as provided in Section 2.09 of the Indenture), or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture.

Amendments to the Loan Agreement, and the Mortgage

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

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to any amendment, change or modification of the Loan Agreement or the Mortgage without the written approval or consent of the Holders of not less than 65% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the payments 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 office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for a new Bond or Bonds of the same series, aggregate principal amount, maturity and interest rate of any authorized denominations. Payment of principal will be at the corporate office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Trustee.

THE MORTGAGE

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

Under the Mortgage, in order to secure its obligations under the Loan Agreement, including payment of Loan Repayments in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds, the College grants to the Authority a security interest in the Equipment described therein and a first mortgage lien on its right, title and interest in and to the land described in Exhibit A to the Mortgage (the "Land"), and any buildings now standing or hereafter constructed or placed upon the Land (the "Mortgaged Buildings"). The Land, Mortgaged Buildings and Equipment together may herein be referred to as the "Mortgaged Property." The Authority is also granted a security interest in all of the general intangibles, rents, issues, condemnation awards, insurance proceeds and similar revenues and income arising from the ownership of the Mortgaged Property (to the extent the same may be perfected), and in the Revenue Account created under the Loan Agreement. Under an assignment, the Authority assigns the interest in the Mortgage and the Mortgaged Property to the Trustee.

The Loan Agreement provides that the College may remove Equipment from the Mortgaged Property and release such equipment from the lien of the Mortgage, upon the following conditions:

(a) the College may substitute equipment and related property for any Equipment, provided that such property so substituted shall not materially impair the character or revenue producing significance of the Mortgaged Property, and such substituted property shall be subject to the lien of the Mortgage in place of the replaced equipment;

(b) the College shall have the privilege of removing any Equipment without substitution therefor, provided that such removal does not impair the character or revenue producing significance of the Mortgaged Property.

The Loan Agreement also provides that at the request of the College and subject to the filing of a report, so long as no Default or Event of Default exists under the Loan Agreement, the Trustee shall release from the lien of the Mortgage any Mortgaged Buildings (including the sites thereof and equipment therein) to the extent that the full insurable replacement value of the Mortgaged Buildings exceeds 150% of the principal amount of outstanding Bonds.

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AUDIT REPORT

YEAR ENDED MAY 31, 1990

ADRIAN HELGESON AND COMPANY

Certified Public Accountants
1221 Nicollet Mall
Minneapolis. MN 55403

INDEPENDENT AUDITOR'S REPORT

July 27, 1990

To The Board of Trustees
Gustavus Adolphus College
Saint Peter, Minnesota

We have audited the accompanying balance sheet of Gustavus Adolphus College as of May 31, 1990 and the related statements of changes in fund balances and current funds revenues, expenditures, and other changes for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gustavus Adolphus College at May 31, 1990 and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

Adrian Helgeson and Company

Certified Public Accountants

GUSTAVUS ADOLPHUS COLLEGE

BALANCE SHEET

MAY 31, 1990

WITH COMPARATIVE FIGURES FOR 1989

ASSETS	1990	1989
Current Funds		
Unrestricted		
Short-Term Investments (Market Value Approximates Cost)	$ 5,104,910	$ 891,397
Student Accounts Receivable (Less Allowance for Doubtful Accounts of $73,471 and $74,236)	327,272	357,708
Receivable from a Beneficiary Trust		286,700
Other Receivables	289,728	226,863
Inventories, at Lower of Cost or Market	555,383	613,041
Prepaid Expenses	28,333	32,389
Due from Perkins Loan Fund	31,121	48,963
Due from Endowment Funds	184,250	16,792
Due from Gift Annuity Funds	234,340	63,740
Due from Unexpended Plant Funds		1,977,963
Due from Retirement of Indebtedness Funds		52,174
	6,755,337	4,567,730
Restricted		
Due from U.S. Government	139,399	116,841
Accrued Interest Receivable	109,347	147,800
Grants Receivable	10,652	9,376
Due from Unrestricted Current Fund	1,190,296	700,692
	1,449,694	974,709
Totals	$ 8,205,031	$ 5,542,439

LIABILITIES AND FUND BALANCES	1990	1989
Current Funds		
Unrestricted		
Cash Overdraft	$ 1,221,939	$ 662,750
Accounts Payable	933,976	721,325
Accrued Salaries and Related Benefits	1,722,783	1,687,937
Deferred Revenue	274,780	289,274
Student Housing Damage Deposits	160,081	130,651
Note Payable to Gustavus Adolphus College Pooled Life Income Fund	162,979	
Due to Restricted Current Funds	1,190,296	700,692
Due to College Loan Funds	161,206	168,322
Due to Pooled Life Income Funds	10,029	101
Due to Unexpended Plant Funds	710,590	
Total Liabilities	6,548,659	4,361,052
Fund Balance - Appropriated for		
Scholarships Reserve	44,389	44,389
President's Discretionary Reserve	162,289	162,289
Total Fund Balance	206,678	206,678
	6,755,337	4,567,730
Restricted		
Fund Balances	1,449,694	974,709
Totals	$ 8,205,031	$ 5,542,439

GUSTAVUS ADOLPHUS COLLEGE

BALANCE SHEET

MAY 31, 1990

WITH COMPARATIVE FIGURES FOR 1989

ASSETS - Continued	1990	1989
Loan Funds		
Perkins Loan Fund		
Cash	$ 25,917	$ 54,155
Student Notes Receivable (Less Allowance for College Portion of Doubtful Notes $22,000 Both Years)	2,810,695	2,630,087
Due from U.S. Government	8,432	10,499
	2,845,044	2,694,741
College Loan Funds		
Cash	26,021	8,586
Student Notes Receivable (Less Allowance for Doubtful Notes $40,000 Both Years)	94,390	97,497
Accrued Interest Receivable	6,513	8,291
Due from Unrestricted Current Fund	161,206	168,322
	288,130	282,696
Nursing Student Loan Fund		
Cash	23,654	30,551
Student Notes Receivable (Less Allowance for College Portion of Doubtful Notes $3,000 Both Years)	68,039	83,427
	91,693	113,978
Totals	$ 3,224,867	$ 3,091,415
Endowment Funds		
Short-Term Investment	$ 46,939	$ 16,500
Funds Held in Special Agency Accounts		
Cash and Cash Equivalents	1,732,528	902,537
Bonds (Market Value $3,012,992 and $2,940,164)	3,025,158	2,916,861
U.S. Government Securities (Market Value $4,532,149 and $4,163,001)	4,569,608	4,129,483
Stocks (Market Value $6,941,443 and $7,349,534)	5,850,530	5,739,716
Investment in Real Estate Partnership	244,000	119,000
Stocks (Market Value $22,481 and $24,861)	13,869	13,869
Bonds (Market Value $89,500)		89,500
Contracts for Deed Receivable	180,248	194,822
Real Estate Held for Sale	823,610	393,610
Funds Held in Trust (Market Value $1,054,000 and $917,000)	540,000	540,000
Other Investments	57,087	51,549
Due from Investment in Plant Fund	2,486,465	2,508,925
Totals	$19,570,042	$17,616,372

LIABILITIES AND FUND BALANCES - Continued	1990	1989
Loan Funds		
Perkins Loan Fund		
Due to Unrestricted Current Fund	$ 31,121	$ 48,963
Fund Balances		
U.S. Government Grants Refundable	2,537,893	2,386,563
College Fund Balance - Restricted	276,030	259,215
Total Fund Balances	2,813,923	2,645,778
	2,845,044	2,694,741
College Loan Funds		
Fund Balances - Restricted (Net of Amount Transferred to Perkins Loan Fund of $14,823 in 1990)	288,130	282,696
Nursing Student Loan Fund		
Fund Balances		
U.S. Government Grants Refundable	61,795	84,502
College Fund Balances		
Unrestricted	23,032	20,087
Restricted	6,866	9,389
	91,693	113,978
Totals	$ 3,224,867	$ 3,091,415
Endowment Funds		
Due to Unrestricted Current Fund	$ 184,250	$ 16,792
Fund Balances		
Endowment	16,575,531	14,936,433
Funds Functioning as Endowment		
Unrestricted	2,797,654	2,651,617
Restricted	12,607	11,530
Totals	$19,570,042	$17,616,372

GUSTAVUS ADOLPHUS COLLEGE

BALANCE SHEET

MAY 31, 1990

WITH COMPARATIVE FIGURES FOR 1989

ASSETS - Continued	1990	1989
Deferred Gift Funds		
Gift Annuity Funds		
Funds Held in Special Agency Accounts		
Cash and Cash Equivalents	$ 131,177	$ 86,290
Stocks and Bonds (Market Value $1,078,093 and $1,005,051)	1,112,179	1,045,111
Contract for Deed Receivable	868,804	881,335
Accrued Interest Receivable	23,268	23,747
Real Estate Held for Sale	168,000	
	2,303,428	2,036,483
Life Income Funds		
Cash	1,972	10,597
Funds Held in Special Agency Accounts		
Cash and Cash Equivalents	4,812	3,205
Stocks and Bonds (Market Value $79,889 and $79,398)	46,240	35,135
Accrued Interest Receivable	172	258
	53,196	49,195
Pooled Life Income Funds		
Funds Held in Special Agency Accounts		
Cash and Cash Equivalents	192,057	154,379
Due from Broker	63,902	
Note Receivable from Gustavus Adolphus College	162,979	
Interest in Buildings (Net of $20,582 Accumulated Depreciation in 1990)	2,084,418	500,000
Accrued Income Receivable	768	1,989
Due from Unrestricted Current Fund	10,029	101
	2,514,153	656,469
Annuity Trust Funds		
Cash	3,967	21,070
Funds Held in Special Agency Accounts		
Cash and Cash Equivalents	25,783	16,312
Stocks and Bonds (Market Value $1,649,327 and $1,104,234)	1,664,526	1,103,143
Interest in Limited Partnerships	146,000	146,000
Accrued Interest Receivable	17,314	12,937
	1,857,590	1,299,462
Charitable Remainder Unitrust Agreements		
Cash	25,932	87,303
Funds Held in Special Agency Accounts		
Cash and Cash Equivalents	40,249	8,568
Stocks and Bonds (Market Value $840,636 and $515,391)	841,071	498,397
Interest in Limited Partnerships	230,468	
Contracts for Deed Receivable	813,091	743,730
Accrued Interest Receivable	24,381	24,639
Real Estate Held for Sale	1,214,998	110,000
	3,190,190	1,472,637
Totals	$ 9,918,557	$ 5,514,246

LIABILITIES AND FUND BALANCES - Continued	1990	1989
Deferred Gift Funds		
Gift Annuity Funds		
Due to Unrestricted Current Fund	$ 234,340	$ 63,740
Annuities Payable	1,191,908	1,074,305
Fund Balances	877,180	898,438
	2,303,428	2,036,483
Life Income Funds		
Due to Income Beneficiaries	17,114	12,943
Fund Balances	36,082	36,252
	53,196	49,195
Pooled Life Income Funds		
Due to Income Beneficiaries	31,060	10,779
Fund Balance	2,483,093	645,690
	2,514,153	656,469
Annuity Trust Funds		
Annuities Payable	915,791	702,320
Held as Trustee for Other Institutions	27,179	11,448
Fund Balances	914,620	585,694
	1,857,590	1,299,462
Charitable Remainder Unitrust Agreements		
Due to Annuitants	12,262	11,451
Annuities Payable	922,680	894,453
Held as Trustee for Other Institutions	212,680	133,575
Fund Balances	2,042,568	433,158
	3,190,190	1,472,637
Totals	$ 9,918,557	$ 5,514,246

GUSTAVUS ADOLPHUS COLLEGE

BALANCE SHEET

MAY 31, 1990

WITH COMPARATIVE FIGURES FOR 1989

ASSETS - Continued	1990	1989
Plant Funds		
Unexpended		
Cash	$ 271,060	
Funds Held by Trustee		
Cash and Cash Equivalents		$ 575
Construction in Progress	1,782,407	356,404
Due from Unrestricted Current Fund	710,590	
	2,764,057	356,979
Renewal and Replacement		
Funds Held by Trustee		
Cash	1	10
U.S. Government Securities (Market Value Approximates Cost)	55,364	50,945
Accrued Interest Receivable	368	397
	55,733	51,352
Retirement of Indebtedness		
Cash	22,065	
Certificate of Deposit (Market Value $46,082)		50,000
Funds Held by Trustee		
Cash and Cash Equivalents	4	2,329
U.S. Government Securities (Market Value Approximates Cost)	487,008	343,912
Accrued Interest Receivable	9,774	9,867
	518,851	406,108
Investment in Plant		
Land	532,287	532,287
Land Improvements	1,977,579	1,926,607
Buildings	36,446,462	38,120,293
Equipment	6,666,190	6,311,609
Library Books	3,156,031	2,941,993
	48,778,549	49,832,789
Totals	$52,117,190	$50,647,228
Agency Funds		
Cash	$ 38,188	$ 24,825
Short-Term Investments (Market Value Approximates Cost)	47,035	48,708
Totals	$ 85,223	$ 73,533

LIABILITIES AND FUND BALANCES - Continued	1990	1989
Plant Funds		
Unexpended		
Construction Note Payable to Bank	$ 375,000	
Accounts Payable	125,756	$ 684
Due to Unrestricted Current Fund		1,977,963
Total Liabilities	500,756	1,978,647
Fund Balances (Deficits)		
Unrestricted	912,363	(656,192)
Restricted	1,350,938	(965,476)
Total Fund Balances (Deficits)	2,263,301	(1,621,668)
	2,764,057	356,979
Renewal and Replacement		
Fund Balances		
Unrestricted	30,733	26,352
Restricted	25,000	25,000
Total Fund Balances	55,733	51,352
Retirement of Indebtedness		
Accrued Interest Payable	53,325	35,616
Due to Unrestricted Current Fund		52,174
Total Liabilities	53,325	87,790
Fund Balances		
Unrestricted	1,615	1,581
Restricted	463,911	316,737
Total Fund Balances	465,526	318,318
	518,851	406,108
Investment in Plant		
Notes Payable to Individuals	2,500	2,500
Note Payable to Greater Gustavus Fund	250,000	
Mortgage Note Payable	30,288	33,181
Long-Term Obligations to Minnesota Higher Education Facilities Authority		
Capital Lease Obligation Payable	265,000	340,000
Note Payable - Student Union Remodeling	2,365,000	2,460,000
Note Payable - Lund Center for Physical Education and Health	1,440,000	1,788,902
Due to Endowment Funds	2,486,465	2,508,925
Total Liabilities	6,839,253	7,133,508
Net Investment in Plant	41,939,296	42,699,281
	48,778,549	49,832,789
Totals	$52,117,190	$50,647,228
Agency Funds		
Deposits and Revocable Trusts Held in Custody for Others	$ 85,223	$ 73,533
Totals	$ 85,223	$ 73,533

See accompanying Notes to Financial Statements.

GUSTAVUS ADOLPHUS COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MAY 31, 1990

	Current Funds						Plant Funds			
	Unrestricted									
	Unappropriated	Appropriated	Restricted	Loan Funds	Endowment Funds	Deferred Gift Funds	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant
Revenues and Other Additions										
Unrestricted Current Fund Revenues	$31,159,316									
Private Gifts and Grants - Restricted			$ 716,400		$ 709,341	$3,920,271	$1,479,305		$ 20,000	
Governmental Grants - Restricted			1,406,882							
Investment Income			923,906	$ 21,489	12,431		38,319	$ 4,381	40,276	
Realized Gains on Sales of Investments					1,076,673					
Interest on Notes Receivable				59,569						
U.S. Government Advances				133,408						
Service Cancellation Recoveries				4,237						
Proceeds from Sale of Plant Assets							1,605,000			
Excess Funds from Defeasance of Debt									3,258	
Expended for Plant Facilities ($926,595 Net of $230,524 Related Debt, Including $645,099 Charged to Current Funds Expenditures)										$ 696,071
Retirement of Indebtedness										746,131
Total Revenues and Other Additions	31,159,316		3,047,188	218,703	1,798,445	3,920,271	3,122,624	4,381	63,534	1,442,202
Expenditures and Other Deductions										
Educational and General Expenditures	23,082,368		2,458,805							
Auxiliary Enterprises Expenditures	6,088,553		71,357							
Indirect Cost Recoveries Earned			46,751							
Administrative and Collection Costs				29,679						
Loan Cancellations and Write-Offs				11,230						
Excess Cash Refunded to U.S. Government				26,500						
Realized Losses on Sales of Investments									3,061	
Matured Deferred Gift Funds						7,021				
Adjustment of Actuarial Liability for Annuities Payable						158,939				
Expended for Plant Facilities							50,972			
Retirement of Indebtedness									746,131	
Interest on Indebtedness									513,211	
Disposal of Plant Funds Assets										1,980,835
Loss on Extinguishment of Debt										57,876
Total Expenditures and Other Deductions	29,170,921		2,576,913	67,409		165,960	50,972		1,262,403	2,038,711

GUSTAVUS ADOLPHUS COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MAY 31, 1990

	Current Funds						Plant Funds			
	Unrestricted									
	Unappropriated	Appropriated	Restricted	Loan Funds	Endowment Funds	Deferred Gift Funds	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant
Transfers Among Funds - Additions (Deductions)										
Mandatory										
Principal and Interest	($ 342,874)						($ 643,812)		$ 986,686	
Nonmandatory										
Transfers from Unrestricted Current Fund to										
Unexpended Plant Funds	(1,442,363)						1,442,363			
Retirement of Indebtedness Funds	(215,391)								215,391	
Transfer from Endowment Funds to Unrestricted Current Fund	12,233				($ 12,233)					
Transfer from Unexpended Plant Funds to Restricted Current Fund			$ 4,710				(4,710)			
Transfer from Investment in Plant Fund to										
Unexpended Plant Funds							19,476			($ 19,476)
Retirement of Indebtedness Funds									144,000	(144,000)
Total Transfers	(1,988,395)		4,710		(12,233)		813,317		1,346,077	(163,476)
Net Increase (Decrease) for the Year			474,985	$ 151,294	1,786,212	$3,754,311	3,884,969	$ 4,381	147,208	(759,985)
Fund Balance (Deficit) at May 31, 1989	-	$206,678	974,709	3,042,452	17,599,580	2,599,232	(1,621,668)	51,352	318,318	42,699,281
Fund Balance at May 31, 1990	$ -	$206,678	$1,449,694	$3,193,746	$19,385,792	$6,353,543	$2,263,301	$55,733	$ 465,526	$41,939,296

See accompanying Notes to Financial Statements.

GUSTAVUS ADOLPHUS COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES

FOR THE YEAR ENDED MAY 31, 1990

WITH COMPARATIVE FIGURES FOR 1989

	1990					1989	
	Unrestricted						
	Unappropriated	Appropriated	Restricted	Total	Percentage	Total	Percentage
Revenues							
Tuition and Fees	$21,089,659			$21,089,659	79.4%	$19,918,168	80.7%
Governmental Grants	75,093		$1,354,707	1,429,800	5.4	1,416,698	5.7
Private Gifts and Grants	1,970,938		532,814	2,503,752	9.4	1,769,585	7.2
Endowment Income	314,592		642,641	957,233	3.6	1,037,858	4.2
Sales and Services of Educational Activities	20,071			20,071	.1	25,825	.1
Other Sources	563,805			563,805	2.1	529,868	2.1
Matured Deferred Gift Funds	7,021			7,021			
Total Revenues Before Auxiliary Enterprises	24,041,179		2,530,162	26,571,341	100.0%	24,698,002	100.0%
Sales and Services of Auxiliary Enterprises	7,118,137			7,118,137		7,025,203	
Total Revenues	31,159,316		2,530,162	33,689,478		31,723,205	
Expenditures and Mandatory Transfers							
Educational and General							
Instruction	10,298,727		483,951	10,782,678	41.7%	10,074,419	40.8%
Research	30,884		5,377	36,261	.1	24,430	.1
Public Service	117,519		55,240	172,759	.7	128,974	.5
Academic Support	908,780		277,172	1,185,952	4.6	1,153,972	4.7
Student Services	2,354,337		59,734	2,414,071	9.3	2,256,002	9.2
Institutional Support	3,602,044		148,198	3,750,242	14.5	3,645,310	14.8
Operation and Maintenance of Plant	2,637,375		27,267	2,664,642	10.3	2,660,780	10.8
Scholarships and Grants	3,132,702		1,401,866	4,534,568	17.5	4,353,287	17.6
Educational and General Expenditures	23,082,368		2,458,805	25,541,173	98.7	24,297,174	98.5
Mandatory Transfers for							
Loan Fund Matching Grant						14,949	.1
Principal and Interest	342,874			342,874	1.3	360,337	1.4
Total Educational and General	23,425,242		2,458,805	25,884,047	100.0%	24,672,460	100.0%
Auxiliary Enterprises Expenditures	6,088,553		71,357	6,159,910		6,137,515	
Total Expenditures and Mandatory Transfers	29,513,795		2,530,162	32,043,957		30,809,975	
Excess of Revenues Over Expenditures and Mandatory Transfers	1,645,521			1,645,521		913,230	
Other Transfers and Additions (Deductions)							
Unrestricted Current Fund to							
Endowment Funds						($ 46,766)	
Unexpended Plant Funds	($ 1,442,363)			($ 1,442,363)		(830,565)	
Retirement of Indebtedness Funds	(215,391)			(215,391)		(35,899)	
Endowment Funds to Unrestricted Current Fund	12,233			12,233			
Unexpended Plant Funds to Restricted Current Funds			$ 4,710	4,710			
Excess of Restricted Receipts Over Transfers to Revenue			470,275	470,275		24,004	
Net Increase in Fund Balances	$ -	$ -	$ 474,985	$ 474,985		$ 24,004	

See accompanying Notes to Financial Statements.

GUSTAVUS ADOLPHUS COLLEGE

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1990

Note 1. Significant Accounting Policies

Gustavus Adolphus College is a four-year liberal arts college affiliated with the Evangelical Lutheran Church in America. The accounting policies of the College reflect practices common to colleges and universities and conform to generally accepted accounting principles. The more significant accounting policies are summarized below:

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

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

Fund Accounting - The accounts of the College are segregated into six groups or funds - current, loan, endowment, deferred gift, plant and agency. Each group is treated as a separate entity, having its own assets, liabilities and fund balance to be used for the purpose for which it is designated.

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

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

Note 1. Significant Accounting Policies (Continued)

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

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

Investments - Investments are recorded at cost, except those items received as gifts, which are valued at fair market value on the date acquired. When the market value of an investment is below the carrying value and the decline is determined to be permanent, the resulting write-down is accounted for as a realized loss in the fund which owns the investment.

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

Inventories - Bookstore, food service and maintenance supplies inventories are valued at the lower of cost (first-in, first-out) or market.

Retirement Plans - The College has certain contributory pension plans for academic and nonacademic personnel. Contributions for employees are determined on a percentage of annual compensation. The cost of the retirement plans is paid currently and amounted to approximately $652,000 for the year. The College also provides health insurance coverage for retired employees. The cost of this coverage for the year was approximately $60,000.

Note 2. Arthur H. Anderson Charitable Trust

The College is the 40% beneficiary of the Arthur H. Anderson Charitable Trust which had a total market value of approximately $2,635,000 at May 31, 1990. The assets of the trust, consisting primarily of marketable securities, are held by Norwest Bank Minnesota, N.A. At the time the trust was established the College recorded its share of the estimated value, amounting to $540,000, as an endowment fund asset in accordance with its right to the income. During the current year the College received approximately $46,000 which has been included in endowment income.

Note 3. Short-Term Borrowing

The College has an unsecured line of credit of $5,000,000 with First National Bank of St. Peter payable on demand and expiring September 1990 with interest payable at one-half to one percent over prime. At May 31, 1990 the College had borrowed $375,000 under this agreement to finance certain construction projects.

Note 4. Notes and Mortgage Payable

At May 31, 1990 the plant funds were indebted on demand notes payable to individuals of $2,500 bearing interest at 5 - 5 1/2%. In addition, there was a 7 1/4% real estate loan to TCF Banking and Savings, F.A. with a balance of $30,288 which required monthly payments of $434.

The College was indebted to the Greater Gustavus Fund on a promissory note with a balance of $250,000 at May 31, 1990. The note is payable in annual installments of $50,000 commencing February 1, 1991 with the last payment due on February 1, 1995. Interest is payable quarterly at 9 3/4% per annum.

Note 5. Other Long-Term Debt

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

	Original Amount	Outstanding May 31, 1990
Capital Lease Obligation Payable - Administration Building and Social Science Building (1973 Series E)	$1,030,000	$ 265,000
Note Payable - Student Union Remodeling (1987 Series Two-N)	2,550,000	2,365,000
Note Payable - Lund Center for Physical Education and Health (1989 Series Two-V)	1,440,000	1,440,000
	$5,020,000	$4,070,000

The First Mortgage Revenue Bonds, Series E have interest rates varying from 5.4% to 5.5% and mature in amounts from $80,000 to $100,000 annually on March 1 through 1993. Under the capital lease agreement between the College and the Authority, the College must make payments sufficient to pay required debt service, an annual fee to the Authority, fees and expenses of the trustee and certain other expenses. The College has an option to purchase the leased premises for $10 at any time during the lease period upon repayment of all outstanding bonds.

Note 5. Other Long-Term Debt (Continued)

The Revenue Bonds, Series Two-N have interest rates varying from 5.4% to 7.5% and mature in semi-annual installments of $50,000 to $370,000 on October 1 and April 1 through October 1, 2003. The promissory note to the Authority is secured by the general obligation of the College and additionally secured by a first mortgage and equipment of Norelius Hall and a security interest in certain unrestricted current fund revenues of the College.

On November 1, 1989 the College entered into a loan agreement with the Minnesota Higher Education Facilities Authority. The Authority sold its mortgage Revenue Bonds, Series Two-V to the public and the College signed a promissory note for $1,440,000 of the proceeds. The bonds have interest rates varying from 6.5% to 7.4% and mature in annual installments of $10,000 to $260,000 on October 1 through 2004. The bonds are issued on a parity basis with the Series Two-N bonds as additional bonds under the indenture.

A portion of the net proceeds from the 1989 bond issue was used to enter into an "in substance" defeasance of the Pooled Revenue Bonds, Series 1983-A bond issue which had previously been issued by the Authority and which had an outstanding balance of $1,238,124. This was accomplished through the placement of U.S. Government securities with a trustee in an amount sufficient to repay principal and interest on the bonds as they become due. Accordingly, the 1983 bond issue is considered to be extinguished for financial reporting purposes and the securities and the outstanding obligation do not appear in the accompanying balance sheet at May 31, 1990. A loss of $57,876 on the extinguishment was charged to the investment in plant fund.

The College is required to maintain debt service reserve funds under the various bond issues in amounts aggregating $471,232 and a repair and replacement reserve, under the Series E issue, of $25,000.

Annual maturities of all long-term debt described in Notes 4 and 5 for each of the five years subsequent to May 31, 1990 are $235,610, $253,343, $293,595, $243,864 and $264,153, respectively. Total interest expense for the year ended May 31, 1990, including interest on short-term and interfund borrowing as well as on long-term debt, amounted to $584,201. Interest capitalized on construction projects totaled $5,183 for the year ended May 31, 1990.

Note 6. Interfund Borrowings

Interfund borrowings at the College are primarily a result of capital additions not currently funded and commingling of cash. The investment in plant fund was indebted to the endowment fund in the amount of $2,486,465 at year-end. Monthly payments of $17,949, including interest at 8% per annum, are payable until March 31, 1999 at which time the remaining principal balance of $2,195,033 is due. In addition, there were various other temporary interfund borrowings, some of which provide for interest.

Note 7. Construction in Progress

At May 31, 1990 the following projects were in progress:

	Estimated Total Cost	Cost to Date	Funding Plan
Olin Hall	$5,700,000	$ 627,733	Gifts and Current Operations
Chiller Project	625,000	572,770	Gifts and Current Operations
Nobel Hall Remodeling	512,000	244,588	Gifts
Confer Hall	3,350,000	180,771	Gifts and Current Operations
Writing Lab Project	120,000	95,539	Gifts
Communications Lab	61,000	44,911	Gifts
Preliminary Architectural Costs		16,095	
		$1,782,407	

The College is currently applying for up to $3,000,000 of long-term financing through the issuance of additional bonds by the Minnesota Higher Education Facilities Authority. The proceeds of this issue will be used as needed for the above projects.

Note 8. Funds Held in Trust

The College is the beneficiary of various trusts not included in the accompanying financial statements which held securities and real estate with a total market value of approximately $33,000 at May 31, 1990. Trust income is paid to the donors until death at which time the assets of the trusts will be distributed to the College. The College is also the income beneficiary of a perpetual trust from which it received approximately $2,300 during the current year.

Note 9. Greater Gustavus Fund

The Greater Gustavus Fund is a corporation which exists for the benefit of the College. Its assets, liabilities and fund balance are not included in the accompanying financial statements. At December 31, 1989, the most recent date for which audited financial statements are available, the Fund owned net assets with a cost of approximately $1,942,000. Income from the fund is periodically remitted to the College. During the year ended May 31, 1990 the College received approximately $236,000.

Note 10. Pledges

The College had outstanding pledges of approximately $1,098,000 at May 31, 1990. It was not practical to estimate the net realizable value of such pledges.

Note 11. Appropriated Unrestricted Current Fund Balance

The Board of Trustees has designated $206,678 as an appropriation of the unrestricted current fund balance to be used as follows: $44,389 for Scholarships Reserve and $162,289 for President's Discretionary Reserve.

Note 12. Pooled Life Income Fund

During 1988 the College registered with the Securities and Exchange Commission the sale of units totaling $5,000,000 offered by the Gustavus Adolphus College Pooled Life Income Fund (the Fund). Units in the amount of $2,492,336 have been sold to date.

As of May 31, 1990, the Fund owned Uhler Hall (a College dormitory) and Vickner Hall (a College classroom building) with a cost basis of $1,475,000 and $630,000, respectively. Fractional interests in buildings are purchased as the funds become available and a total of $1,605,000 was acquired in the current fiscal year. Depreciation for financial statement purposes is recorded using the straight-line method over periods of 40 to 45 years. Depreciation totaling $20,582 was recorded in fiscal 1990. The Fund and the College have entered into a lease agreement whereby the land under the buildings is leased from the College over a term of 99 years. In addition, the College and the Fund have entered into land and building leases under whch the Fund leases the buildings and subleases the underlying land to the College for a term of 20 years. The leases provide for the Fund to receive annual rental on the facilities totaling $225,750 with an annual payment to the College for the land of $8,550. Lease payments of the College are obligations of the unrestricted current fund. Net lease payments to the Fund totaled $94,851 for the year ended May 31, 1990. 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 will transfer that portion of the building and leasehold interests back to the College. At the earlier of the end of the 20-year lease term or the time when the Fund's ownership in the building is reduced to 25% or less, 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.

Note 13. Implementation of Depreciation Accounting

During fiscal year 1991 the College will adopt Statement of Financial Accounting Standards No. 93, "Recognition of Depreciation for Not-for-Profit Organizations," which will be applied on a retroactive basis. The implementation of depreciation accounting will reduce the investment in plant fund balance by an amount that is likely to be material.

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East Fifth Street
Saint Paul, MN 55101

SALE DATE: September 26, 1990

RE: $3,000,000 Mortgage Revenue Bonds, Series Three-B (Gustavus Adolphus College)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $2,946,000) and accrued interest to the date of delivery.

_________% 1992	_________% 1997	_________% 2002	_________% 2007
_________% 1993	_________% 1998	_________% 2003	_________% 2008
_________% 1994	_________% 1999	_________% 2004	_________% 2009
_________% 1995	_________% 2000	_________% 2005	_________% 2010
_________% 1996	_________% 2001	_________% 2006	

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated September 12, 1990. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $________________________

NET EFFECTIVE RATE: ______________ %

Account Members

____
Account Manager

BY: ________________________

Acceptance

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: September 12, 1990

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated by __________

TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than par pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than par without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than par. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than par until such time as such amendment to the Order of Registration is effective.

3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 250 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.

4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.

5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East Fifth Street
Saint Paul, MN 55101

SALE DATE: September 26, 1990

RE: $3,000,000 Mortgage Revenue Bonds, Series Three-B (Gustavus Adolphus College)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $2,946,000) and accrued interest to the date of delivery.

________% 1992	________% 1997	________% 2002	________% 2007
________% 1993	________% 1998	________% 2003	________% 2008
________% 1994	________% 1999	________% 2004	________% 2009
________% 1995	________% 2000	________% 2005	________% 2010
________% 1996	________% 2001	________% 2006	

In making this offer we accept all of the <u>Terms and Conditions of Contract of Sale</u> set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the <u>Official Statement</u> dated September 12, 1990. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the <u>Official Statement</u> and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $____________________

NET EFFECTIVE RATE: ____________ %

<u>Account Members</u>

____
Account Manager

BY: ____________________

Acceptance

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: September 12, 1990

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated by ________

TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than par pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than par without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than par. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than par until such time as such amendment to the Order of Registration is effective.

3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 250 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.

4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.

5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East Fifth Street
Saint Paul, MN 55101

SALE DATE: September 26, 1990

RE: $3,000,000 Mortgage Revenue Bonds, Series Three-B (Gustavus Adolphus College)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $2,946,000) and accrued interest to the date of delivery.

__________% 1992	__________% 1997	__________% 2002	__________% 2007
__________% 1993	__________% 1998	__________% 2003	__________% 2008
__________% 1994	__________% 1999	__________% 2004	__________% 2009
__________% 1995	__________% 2000	__________% 2005	__________% 2010
__________% 1996	__________% 2001	__________% 2006	

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated September 12, 1990. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: $________________________

NET EFFECTIVE RATE: ______________ %

Account Members

____
Account Manager

BY: ________________________

Acceptance

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: September 12, 1990

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated by __________

TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than par pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than par without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than par. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than par until such time as such amendment to the Order of Registration is effective.

3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 250 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.

4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.

5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.