OFFICIAL STATEMENT DATED JULY 1, 1983

NEW ISSUE

A rating application has been made to Moody's Investors Services, Inc.

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

HIGHER EDUCATION
FACILITIES AUTHORITY
380 JACKSON ST., STE. 450
ST. PAUL, MN 55101-3899

$1,970,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES TWO-G
(Trustees of the Hamline University of Minnesota)

Dated: August 1, 1983

Principal Amount	Due May 1	Principal Amount	Due May 1	Principal Amount	Due May 1
$ 45,000	1985	$ 75,000	1991	$125,000	1997
$ 50,000	1986	$ 75,000	1992	$125,000	1998
$ 50,000	1987	$100,000	1993	$150,000	1999
$ 50,000	1988	$100,000	1994	$150,000	2000
$ 75,000	1989	$100,000	1995	$525,000	2001
$ 75,000	1990	$100,000	1996		

The Bonds shall be fully registered with interest payable May 1 and November 1, commencing May 1, 1984. Interest will be by check or draft of First Trust Company of Saint Paul, in Saint Paul, Minnesota (the "Trustee"), payable to and mailed to the registered holder. Principal will be payable at the main corporate office of the Trustee.

The Bonds shall be special obligations of the Minnesota Higher Education Facilities Authority (the "Authority"), issued under a Trust Indenture between the Authority and the Trustee, payable from Loan Repayments made by Trustees of the Hamline University of Minnesota (the "University") pursuant to a Loan Agreement between the Authority and the University or out of other amounts pledged therefor under the Indenture, as described herein.

The Bonds shall be in the denomination of $5,000 or multiple integrals thereof. Bonds maturing May 1, 1993 and thereafter at the option of the Authority are subject to prepayment on any interest payment date on or after May 1, 1992 at a price of par and accrued interest. Optional prepayment shall be in inverse chronological order of stated maturity dates and by lot within a maturity date.

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

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

The Bonds are being offered for sale by the Authority at public, competitive sale on Monday, July 18, 1983 pursuant to the terms and conditions of the "Official Terms of Offering", Appendix III hereto. Inquiries relating to the offering may be addressed to the Authority's Financial Advisor, Springsted Incorporated, 800 Osborn Building, Saint Paul, Minnesota, 55102, 612/222-4241.

Bid Opening: **1:00 P.M. C.D.S.T., Monday, July 18, 1983**

Award: **3:00 P.M. C.D.S.T., Monday, July 18, 1983**

No dealer, broker, salesman or other person has been authorized by the Authority or the University to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the University. Certain information contained herein may have been obtained from sources other than records of the Authority or the University and is believed to be reliable, but is not guaranteed as to completeness and is not to be construed as a representation of the Authority or the University. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the University since the date hereof.

References in this Official Statement 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 references to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Full texts will be furnished upon request to the Authority.

This Official Statement was prepared for the information of bidders for the Bonds at public sale being held by the Authority. At Bond Closing, the successful bidder will receive the executed Certificate of officials of the Authority and University appearing on the inside back cover of this Official Statement. This Preliminary Official Statement may be used or reproduced, in whole or in part, except that if in part such fact shall be noted thereon, for distribution to investors. However, no assurance is given and no representation is made by the Authority or the University that no additional information is required when the Bonds are reoffered by the Purchaser thereof from the Authority to investors, or that this Official Statement states all facts which would be material to an investor purchasing Bonds from said Purchaser.

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. The registration of 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.

The University will cooperate in the registration or qualification of the Bonds under the securities laws of Minnesota or any other state at the request of the Purchaser of the Bonds from the Authority but the University shall have no obligation to pay any fee or expense in connection therewith.

Firms interested in offering a bid for the Bonds may obtain additional copies of the Official Statement upon request to Springsted Incorporated, 800 Osborn Building, Saint Paul, Minnesota, 55102, 612/222-4241. The successful bidder will be furnished with 100 copies of the Official Statement within three days of award of the Bonds.

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DEFINITIONS OF CERTAIN TERMS

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

Act: Sections 136A.25 to 136A.42, Minnesota Statutes, as amended. (Creates the Minnesota Higher Education Facilities Authority.)

Additional Bonds: Any bonds issued pursuant to the Indenture subsequent to the Bonds.

Additional Payments: Payments other than Loan Repayments required to be made by the University by provisions of the Loan Agreement.

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

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

Authorized Institution Representative: The person at the time designated to act on behalf of the University by written certificate furnished to the Authority and the Trustee.

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

Bond Closing: Delivery of the Bonds and payment therefor.

Bonds: The $1,970,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-G (Trustees of the Hamline University of Minnesota). (Reference to the Bonds may include reference to Additional Bonds where appropriate.)

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

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

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

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

Debt Service Reserve Account - Special Fund: A special fund of the Debt Service Reserve Account to which shall be credited at Bond Closing unrestricted cash and investments (other than Bond Proceeds) of the University of a market value at least equal to $1,190,900, and which shall be maintained in an amount which together with the current value of the amount in the Debt Service Reserve Account, not part of the Debt Service Reserve Account - Special Fund, shall equal the sum of 75% of the original principal amount of the Bonds or, if less, 100% of the principal amount of outstanding Bonds.

Default: Failure by the University to perform any covenant, agreement or condition of the Loan Agreement, exclusive of any notice required to constitute such failure as an Event of Default under the Loan Agreement.

Event of Default: A default which has not been cured and constitutes an Event of Default as described in the Loan Agreement or the Indenture.

Fiscal Year: The fiscal year of the University, initially June 1 through May 31.

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

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

Independent: When used with reference to an attorney, engineer, architect, certified public accountant, consultant, insurance consultant or other professional person, a person who (i) is in fact independent, (ii) does not have any material financial interest in the University or the transaction to which his certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Authority or the University as an officer, employee or member of the Board of Trustees, provided that a professional person or firm may be independent notwithstanding that a partner or associate of such person or firm is a member of the Board of Trustees, so long as such partner or associate does not participate on behalf of the University or such firm in the transaction to which the certificate or opinion relates.

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

Independent Engineer: An Independent engineer or an Independent architect qualified to practice engineering or architecture under the laws of Minnesota.

Institution: The University.

Loan: The aggregate sum loaned by the Authority to the University pursuant to the Loan Agreement.

Loan Agreement: The Loan Agreement, dated August 1, 1983, between the Authority and the University relating to the Bonds and the Project facilities, and any amendments thereto.

Loan Repayments: The payments made by the University for repayment of the Loan pursuant to the Loan Agreement.

1982 Audit Report: The "Report on Examination of Financial Statements and Additional Information Eleven Month Period Ended May 31, 1982" by Touche Ross & Co. for the University.

Outstanding Mortgage: The trust indenture dated June 1, 1969, between the University, as mortgagor and American National Bank and Trust Company, Saint Paul, Minnesota, as Trustee and mortgagee, securing the Trustees of Hamline University Dormitory and Auxiliary Facilities Bonds, Series A, B and C of 1969. Each of the Project Buildings is included in said mortgage.

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

Project: The renovation of Sorin Hall dining room and kitchen, refurbishing of Peterson, Osborn and Schilling Residence Halls, and electrical repair in Manor House.

Project Buildings: Sorin Hall, Peterson, Osborn and Schilling Residence Halls and Manor House.

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

Project Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery, or other personal property of a capital nature to be acquired and installed in the Project Buildings as part of the Project.

Project Facilities: The Project Buildings and the Project Equipment.

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

Redemption Account: The account established by the Indenture for deposit of moneys not required to be deposited in the Construction Account, the Bond and Interest Sinking Fund Account or the Debt Service Reserve Account, including excess insurance proceeds, and excess proceeds of any taking or condemnation by eminent domain. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the required reserve in the Debt Service Reserve Account, and (iii) to redeem or prepay outstanding Bonds on the next interest payment date, in inverse chronological order of stated maturity dates and by lot within a maturity date at a price of par and accrued interest, or to purchase outstanding Bonds at prices not exceeding a price of par and accrued interest.

Required Amount: The sum of cash and Qualified Investments in the Debt Service Reserve Account -Special Fund in the amount of (i) 75% of the original principal amount of the Bonds or (ii) if less, 100% of the outstanding principal sum of the Bonds, (iii) less funds and investments in the Debt Service Reserve Account, exclusive of amounts in the Debt Service Reserve Account - Special Fund.

Series Two-A Bonds: The Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Two-A (Trustees of the Hamline University of Minnesota), dated November 1, 1979 and issued in the original principal amount of $6,000,000.

Series Two-A Bond Documents: The lease dated November 1, 1979 and the agreement dated November 1, 1979, between the Authority and the University, the mortgage trust indenture dated November 1, 1979, between the Authority and First Trust Company of Saint Paul, as trustee, and the guaranty agreement dated November 1, 1979, between the University and said trustee, and any amendments thereto, relating to the Series Two-A Bonds.

University: Trustees of the Hamline University of Minnesota.

Unrestricted Funds: Cash and Qualified Investments, constituting assets of the University's current funds - unrestricted or endowment funds or plant funds if and to the extent that the principal and interest is available for Loan Repayments and not subject to any lien or similar encumbrance.

OFFICIAL STATEMENT

OF

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Trustees of the Hamline University of Minnesota (the "University" or "Institution") in connection with the sale of the Authority's $1,970,000 aggregate principal amount Revenue Bonds, Series Two-G (Trustees of the Hamline University of Minnesota) (the "Bonds").

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

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

Pursuant to the Loan Agreement between the Authority and the University the University shall repay the Loan from the Authority to the University by Loan Repayments which in the aggregate shall be in an amount sufficient to pay, in full and when due, all of the Bonds and interest thereon.

The Bonds are issued pursuant to and secured by the Indenture between the Authority and First Trust Company of Saint Paul, in Saint Paul, Minnesota, as Trustee (the "Trustee"). In addition, the Bonds are secured by the funds and investments on deposit in certain Accounts under the Indenture.

The foregoing introductory statement is only a summary stated in general terms. See the following pages, preceding pages of "DEFINITIONS OF CERTAIN TERMS," and Appendices of this Official Statement for more specific explanations.

THE BONDS

The Bonds will be dated August 1, 1983. The maturities of the Bonds are as set forth on the cover page. The Bonds will be fully registered as to both principal and interest, in the denomination of $5,000 each or multiple integrals thereof. Interest will be payable May 1 and November 1, commencing May 1, 1984. Principal shall be payable at the corporate office of the Trustee and interest shall be paid by check or draft of the Trustee mailed to the registered owner at his address as shown on the registration books maintained by the Trustee.

The Bonds maturing May 1, 1993 and thereafter are subject to optional prior redemption in inverse chronological order of maturity dates, and by lot within a stated maturity date, on any interest payment date on or after May 1, 1992 at a price of par and accrued interest.

The Bonds are also subject to redemption at par and accrued interest on any interest payment date, as a whole but not in part (i) in certain events of damage, destruction or condemnation (See "Damage or Destruction" and "Condemnation"), (ii) in the event interest on the Bonds shall be determined to be includable in the gross income of the holders for federal income tax purposes, or (iii) the University shall merge with or consolidate into or transfer substantially all of its assets to another nonprofit or public institution of higher education and as a result thereof the then rating of the Bonds shall be withdrawn or lowered and the holders of 51% or more in aggregate principal amount of the Bonds shall request that the Bonds be called (see "THE LOAN AGREEMENT - Institution to Maintain its Existence and Accreditation"), all as required by the Indenture and the Loan Agreement.

Mailed notice of redemption to bondholders of record shall be given by the Trustee, at least 30 days before the redemption date.

ADDITIONAL BONDS

In addition to the Bonds the Authority in its discretion may issue Additional Bonds to (i) complete the Project or to refund all the then outstanding Bonds, and (ii) provide funds for improvements or additions to or alterations, repairs or replacement of Project Facilities, provided that no such Additional Bonds shall be issued under the Indenture on a parity with the Bonds unless all of the conditions therefor of the Indenture are met including that the University shall have furnished evidence to the Trustee that the University is, and upon issuance of the Additional Bonds will be, in compliance with the provisions of the Loan Agreement relating to additional long-term debt and that the University shall deposit in the Debt Service Reserve Account from proceeds of the Additional Bonds or University funds, such additional cash and Qualified Investments that immediately following the issuance of the Additional Bonds, the current market value of cash and Qualified Investments in the Debt Service Reserve Account - Special Fund shall at least equal the Required Amount.

ESTIMATED USES OF FUNDS

Construction		$1,585,000
Debt Service Reserve Account		286,600
Costs of Issuance:		
Underwriting Discount	$ 59,100	
Other Costs of Issuance*	52,530	111,630
Less: Investment Earnings of Construction Account		(13,230)
	Total	$1,970,000

* Includes fees of the Authority.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable from payments made by the University as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture and will be secured by a pledge of the Loan Repayments under the Loan Agreement and other interests under the Loan Agreement (except the Authority's annual fee and rights to indemnity and reimbursement). The Bonds will not be secured by the Authority's General Bond Reserve Account or by a mortgage lien on or security interest in the Project Facilities.

There is a first mortgage lien (the "Outstanding Mortgage") on each of the Project Buildings for the security of three series of bonds issued by the University to the United States Government. The latest scheduled maturity of the bonds secured by the Outstanding Mortgage is June 1, 2009. As of June 2, 1983 the aggregate outstanding principal amount of the Outstanding Mortgage was $1,674,000.

It is the University's expectation that net revenues derived from operation of its student residence facilities and food service facilities will be sufficient to pay the Debt Service of the Bonds, however the University is obligated to make such payments from all available funds of the University. The University's 1983/84 budget includes additional charges intended to be sufficient to meet Debt Service of the Bonds payable during such Fiscal Year. The University by the terms of the Loan Agreement will 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 Debt Service as it becomes due.

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit or the taxing powers of the Authority or the State of Minnesota are pledged.

ACCOUNTS

Summary

The Indenture provides for the creation of certain trust accounts into which the proceeds from the sale of the Bonds, funds of the University and revenues received by the Trustee under the Loan Agreement are to be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Debt Service Reserve Account and Debt Service Reserve Account -Special Fund, and a Redemption Account. From the proceeds of the Bonds, deposits will be made to the Bond and Interest Sinking Fund Account, to the Construction Account, and to the Debt Service Reserve Account. At Bond Closing Unrestricted Funds of the University will be credited to the Authority's General Bond Reserve Account; however, the Bonds will not be secured by the General Bond Reserve Account. Thereafter, Loan Repayments received by the Trustee from the University are to be deposited to the Bond and Interest Sinking Fund Account. Earnings on the Bond and Interest Sinking Fund Account are to be retained in that account, and earnings of the Debt Service Reserve Account, and the Redemption Account are to be transferred to the Bond and Interest Sinking Fund Account to the extent necessary to pay Debt Service, except earnings from the Debt Service Reserve Account - Special Fund will be returned to the University so long as the Required Amount is maintained and there is no Event of Default. Earnings on the Construction Account and General Bond Reserve Account will be retained in the respective accounts.

Construction Account

There shall initially be deposited in the Construction Account approximately $1,585,000 of the proceeds from the sale of the Bonds. Upon receipt of proper documentation the Trustee will reimburse the University for prior expenditures in connection with the Project and will pay costs and expenses associated with completion and equipping of the Project. When the Project has been completed, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account, or, to the extent not required to establish the necessary reserves in such accounts, to the Redemption Account.

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

At Bond Closing the Authority shall deposit to the credit of the Debt Service Reserve Account the sum of $286,600 from Bond proceeds. In the event there is not a sufficient amount in the Bond and Interest Sinking Fund Account to pay Debt Service when due, the Trustee shall apply the moneys in the Debt Service Reserve Account for that purpose.

At Bond Closing the University shall deliver to the Trustee from Unrestricted Funds of the University, derived from sources other than Bond Proceeds, cash and investments qualifying as Qualified Investments and having a market value of $1,190,900 for deposit into the Debt Service Reserve Account - Special Fund. Said $1,190,900 plus the amount of $286,600, deposited into the Debt Service Reserve Account at Bond Closing, will be in an amount equal to 75% of the original principal amount of the Bonds. Thereafter, the University shall maintain the Debt Service Reserve Account - Special Fund so that the market value of the Qualified Investments deposited therein plus the amount deposited in the Debt Service Reserve Account, excluding the amount deposited in the Debt Service Reserve Account - Special Fund, is not less than 75% of the original principal amount of the Bonds, or, if less, 100% of the outstanding principal amount of the Bonds (the "Required Amount"). Moneys in the Debt Service Reserve Account - Special Fund shall be invested in any Qualified Investment, except that in the event the market value of the Qualified Investments on deposit therein, to be tested on a periodic basis pursuant to the Indenture, shall be less than the Required Amount, cash in the Debt Service Reserve Account - Special Fund may not be invested in preferred or common stocks until the deficiency is cured.

Within 45 days after the close of each quarterly period of the University's Fiscal Year, the University shall furnish to the Trustee a schedule of Qualified Investments and the current market value thereof as of the end of such Fiscal Year quarter and shall pay to the Trustee the amount of the excess, if any, of the Required Amount and said current market value. In the event that the sum of Qualified Investments on deposit in the Debt Service Reserve Account - Special Fund is in excess of the Required Amount the University may withdraw Qualified Investments in such amount as are in excess of 110% of the Required Amount.

So long as there is not an Event of Default and the Required Amount is on deposit in the Debt Service Reserve Account - Special Fund investment earnings of the Qualified Investments will be delivered promptly to the University.

Bond and Interest Sinking Fund Account

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

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution ("common fund bonds"). As of April 30, 1983, the General Bond Reserve Account secured all bonds issued by the Authority, except Series Two-C, the Series Two-D, Refunding Series 1982-1, Series Two-E and Series Two-F and had a balance of $2,781,400, par value, in investments and cash. Under the General Bond Resolution of the Authority, General Bond Reserve Account moneys may be invested in direct obligations of the United States of America, certificates of deposit or time deposits secured by direct obligations of the United States of America, and such other securities as are eligible for investment of public funds of the State or municipalities of the State. Investment earnings accumulate in the General Bond Reserve Account unless they are needed to make advances to pay debt service on common fund bonds, or they are rebated to the institution as hereinafter described. Investments must be limited if necessary for compliance with the Arbitrage Regulations under Section 103(c) of the Internal Revenue Code. Under the General Bond Resolution, whenever the principal of or interest on any common fund bonds shall become due and there is not sufficient money (cash and investments) on deposit with the trustee for the bond series for payment of such principal and interest, the Authority pledges that it will advance to the trustee from the General Bond Reserve Account amounts sufficient to pay such principal and interest. The Authority is permitted to make an advance from the General Bond Reserve Account prior to a due date to prevent a default and is permitted, but not required, to pay principal due by reason of a call for redemption, acceleration upon event of default or any other reason. Advances from the General Bond Reserve Account bear interest at the rate of 8% per annum until repaid by the institution or from moneys received by the trustee as part of the trust estate. Whenever all principal of and interest on a bond series has been paid or provided for, the institution is entitled to a rebate of the principal contribution to the General Bond Reserve Account made for that series of bonds and a pro rata share of the earnings of the General Bond Reserve Account for the period of the deposit, less a pro rata share of any unreimbursed advances made to pay common fund bonds; thereafter, the institution is entitled to receive a proportionate share of any collections of advances made and charged against the subaccount of the institution. Under the General Bond Resolution, bonds of the Authority may be secured by the General Bond Reserve Account only if certain conditions are met. Among other conditions, a contribution must be made to the General Bond Reserve Account of not less than 20% of the probable average annual debt service for the bond series, and a first mortgage lien on the project facilities financed by the bond series must be granted by the Authority to the trustee for the bond series. The General Bond Resolution permits the Authority, in its discretion, to issue bonds ("special series bonds") not secured by the General Bond Reserve Account; however, it has been the policy of the Authority that it shall nevertheless require a deposit to be made into the General Bond Reserve Account for all special series bonds, except those special series bonds which have a final maturity of three years or less from the date of issue. Special series bonds for which a deposit is made shall not be secured by the General Bond Reserve Account; however, deposits made into the General Bond Reserve Account for an issue of special series bonds shall be placed in a subaccount which shall be used to pay debt service of common fund bonds pro rata with all other subaccounts for special series bonds, but only after money in the subaccounts into which deposits have been made on account of common fund bonds has been exhausted. The amount of the deposit for special series bonds shall be 20% of the probable average annual debt service of any issue having a final maturity ten years or more from the date of issue; for issues with a final principal maturity less than ten years and more than three years from the date of issue the amount of the deposit shall range from 2% to 17%, depending upon the final maturity from the date of issue. An institution may request that bonds which the Authority proposes to issue as special series bonds be common fund bonds, provided they qualify as common fund bonds, and the Authority in its discretion may grant such request, in which event, regardless of the final maturity from date of issue, the deposit to the General Bond Reserve Account will be 20% of the probable average annual debt service. In the event any bonds, whether common fund or special series, do not have mandatory annual principal payments which with interest on the bonds are expected to cause approximately equal annual debt service payments, for the purpose of determining the probable average annual debt service of such bonds the Authority shall estimate what the probable average annual debt service of the bonds would be if the bonds were amortized so as to have approximately equal annual payments of principal and interest. Special series bond subaccounts shall be invested with common fund bond subaccounts and the earnings therefrom shall be pro rated to each of the subaccounts from which investments are made (in some instances subaccounts of either common fund bonds or special series bonds may be segregated and the yield of their investment limited in order to comply with arbitrage regulations). When special series bonds have been fully paid the balance, including investment earnings, in the subaccount created therefor shall be rebated to the institution for which the subaccount was created in the same manner as rebates are made for common fund subaccounts.

At Bond Closing the University will deposit approximately $42,500 of unrestricted University funds into the General Bond Reserve Account. However, the Bonds will not be secured by the General Bond Reserve Account.

Permitted Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account, or the Redemption Account shall be invested by the Trustee in (i) direct obligations of or obligations fully guaranteed by the United States of America ("Government Obligations"), or (ii) time deposits of or certificates of deposit issued by a bank or trust company (including the Trustee or any affiliate of the Trustee) which deposits are insured by the Federal Deposit Insurance Corporation or are fully secured by Government Obligations or (iii) securities issued by the following agencies of the United States known as: Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, and Banks for Cooperatives, and shares of an investment company registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, and whose only investments are in securities previously described in this sentence, or (iv) any other Qualified Investment authorized at the time of investment for the investment of public funds. Obligations so purchased shall be deemed at all times to be a part of the respective Account, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to such Account. The type, amount and maturity of any such investments shall conform to any instructions of the Authorized Institution Representative. Moneys on deposit in the Debt Service Reserve Account - Special Fund may be invested in Qualified Investments. Except for earnings of the Debt Service Reserve Account - Special Fund to which the University may be entitled, any interest and income accruing on and any profit realized from such investment shall be credited against Loan Repayments and the amounts to be deposited by the University under the Loan Agreement therefor. Except as so provided, 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, shall be used as promptly as possible and in integral multiples of $5,000 for the redemption of the Bonds on the next redemption date or for the purchase of Bonds at par, it being intended that interest, income and profit shall not be permitted to accumulate but shall be used to provide Debt Service on the Bonds or for the prior redemption or retirement of the Bonds. Any such investment made by the Trustee may be purchased from the Trustee or any affiliate of the Trustee. The Trustee shall redeem or sell, at the best price obtainable, any obligations so purchased, whenever it shall be necessary to do so in order to provide moneys to meet any payment from the respective Account. Neither the Trustee nor the Authority shall be liable for any loss resulting from any such investment, nor from failure to preserve rights against endorsers or other prior parties to instruments evidencing any such investment. 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 "aribtrage bonds" under Section 103(c) of the Internal Revenue code of 1954 and regulations thereunder.

THE PROJECT

The proceeds of the Bonds will be used primarily to fund the cost of renovating Sorin Hall dining room and kitchen, refurbishing of Peterson, Osborn and Schilling Residence Halls, and electrical repair in Manor House, on the University's campus.

THE AUTHORITY

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

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

Originally, the Authority was given power to issue revenue bonds in a total amount not to exceed $45 million. The 1973 Legislature increased this limit to an aggregate of $62 million of principal outstanding at any time. In 1978 the amount was increased to $100 million, and in 1983 the amount was increased to $150 million. With the Bonds the Authority has had 36 issues totaling $98,510,000, of which $81,290,000 was outstanding and not discharged as of January 2, 1983. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payments. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

Educational institutions eligible for assistance by the Authority include nonprofit educational institutions authorized to provide a program of education beyond the high school level. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

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

Except for the Project and any similar projects where it is not feasible to do so, it has been the general policy of the Authority that a project for which bonds are issued by the Authority becomes the property of the Authority for as long as such bonds remain outstanding. Thereafter it may be subject to repurchase options. A project which is owned by the Authority is leased by the Authority to the institution for operation and the revenues which are the primary security for the bonds are provided according to the terms of the lease between the Authority and the institution. The Authority with respect to all bond issues, except Series Two-C, Series Two-D, Series Two-E, Refunding Series 1982-1, Series Two-F and the Bonds, has entered into a mortgage trust indenture with a trustee who administers the funds which, together with land, buildings or other pledged properties, are security for the payment of the bonds, except the funds of the General Bond Reserve Account which are under the exclusive supervision of the Authority. The Authority anticipates that the nature of the security for future issues will vary depending upon circumstances of the financing.

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

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

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

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

The sum of the Authority's initial fee and first annual fee plus bond issuance costs payable by the institution, including fees of bond counsel, the Authority's financial advisor and the initial fees of the trustee, are usually paid from bond proceeds.

As a general policy, the Authority requires that the proceeds of each issue include a sum equal to approximately one year's debt service, after deduction of any interest subsidy grants, for the creation of debt service reserves. Of this sum, 80% is deposited with the trustee in a series reserve account; the remaining 20% is deposited by the Authority in the General Bond Reserve Account pledged to the payment of all bonds issued by the Authority for which such deposit has been made. However, the Bonds, Series Two-C, Series Two-D, Series Two-E, Series Two-F and Refunding Series 1982-1 are not secured by the General Bond Reserve Account, but in each instance, except for Series Two-C, a contribution was made to the General Bond Reserve Account. (See "ACCOUNTS - General Bond Reserve Account.")

Members of the Authority

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

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

THE LOAN AGREEMENT

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

Term of Loan Agreement

The Loan Agreement shall remain in full force and effect from August 1, 1983 until the Indenture has been discharged.

Construction of the Project

Pursuant to the Loan Agreement the University has agreed that it will, with all reasonable dispatch, cause the Project to be constructed and equipped and that it will deposit in the Construction Account the additional funds, if any, necessary in addition to Bond proceeds to provide for the payment of all Project Costs. Costs of the Project shall be paid from the Construction Account. (See "ACCOUNTS - Construction Account.")

Loan Repayments

Until the principal of and interest on the Bonds (and any Additional Bonds) have been fully paid or provision for the payment thereof has been made in accordance with the Indenture, the University agrees that:

(a) at least ten days before each May 1 and November 1, the University shall pay into the Bond and Interest Sinking Fund Account a sum equal to the interest due on the next interest payment date, plus one-half of the principal due on the next principal date (principal is due on May 1), after crediting (i) accrued interest originally deposited to the credit of the Bond and Interest Sinking Fund Account at Bond Closing then held in the Bond and Interest Sinking Fund Account, and (ii) transfers to the Bond and Interest Sinking Fund Account from the Debt Service Reserve Account as permitted by the Indenture;

(b) the University shall forthwith pay into the Bond and Interest Sinking Fund Account or, if appropriate, the Redemption Account, the amount of any deficiency in the event that the funds on deposit in the Bond and Interest Sinking Fund Account or the Redemption Account on any semiannual interest payment date, or at any time within five days prior thereto, are insufficient to pay interest and principal due on such date;

(c) the University shall pay into the Debt Service Reserve Account (i) forthwith such sum, if any, as is necessary to restore the Debt Service Reserve Account to the sum of $286,600 and (ii) within 45 days after the close of each quarterly period of the Fiscal Year, any deficiency in the Required Amount into the Debt Service Reserve Account -Special Fund as required by the Loan Agreement and the Indenture; and

(d) the University at least ten days prior to a date established for the redemption and prepayment of the Bonds, shall pay into the

Redemption Account such amount, if any, as shall be necessary to provide for the redemption of any of the Bonds called for redemption from the Redemption Account.

There is reserved to the University the right from time to time to prepay all or any part of the Loan. Such prepayments, if made, will not, however, permit the Authority to redeem Bonds prior to their maturity or time of optional prior redemption, except in certain events as described under "THE BONDS."

As Additional Payments the University agrees to pay the annual fee of the Authority, fees and expenses of the Trustee and certain other expenses.

Use of Project Facilities

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

Limitation on Additional Long-Term Debt

The University shall not incur any long-term debt (12 months) so long as there are Series Two-A Bonds outstanding except for (i) improving and renovating student residence facilities and food service facilities, provided that the University charges room rents and board charges for student residence facilities and food service facilities sufficient to pay all operating expenses thereof and debt service relating thereto, and (ii) indebtedness incurred in connection with refunding indebtedness permitted by the Series Two-A Bond Documents.

In addition, so long as there are Bonds outstanding the University may not incur or suffer long-term debt except (i) indebtedness outstanding at May 31, 1982, (ii) indebtedness for payment of the Bonds, (iii) indebtedness for acquiring, constructing or improving self-liquidating facilities, unless in the Fiscal Year immediately preceding the Fiscal Year in which such indebtedness is to be incurred the unrestricted current funds revenues of the University shall have been at least equal to unrestricted current funds expenditures and mandatory interfund transfers (subject to the pro forma adjustments hereinafter described) and for the Fiscal Year immediately following the Fiscal Year in which such indebtedness is to be incurred the estimated unrestricted current funds revenues are estimated to be at least equal to the estimated unrestricted current funds expenditures and mandatory interfund transfers (other than mandatory interfund transfers for principal and interest of the indebtedness to be incurred) plus the maximum amount of principal and interest payable in any Fiscal Year with respect to the indebtedness to be incurred (net of any debt service reserves to be applied to the final payment of the indebtedness to be incurred) and no default exists with respect to the Debt Service Reserve Account for the Bonds; (iv) indebtedness for acquiring, constructing or improving non-self-liquidating facilities, unless such indebtedness meets the same tests for additional long-term debt for self-liquidating facilities, except that (a) the test for the Fiscal Year immediately preceding the Fiscal Year in which such indebtedness is incurred shall be that the unrestricted current funds revenues shall have been at least equal to the sum of unrestricted current funds expenditures and mandatory interfund transfers, plus the maximum amount of principal and interest payable in any future Fiscal Year with respect to the debt to be incurred (net of any debt service reserves to be applied to the final payment of the debt to be incurred) and (b) no projection need be made for any Fiscal Year following the Fiscal Year in which the additional debt is incurred.

For both additional self-liquidating and non-self-liquidating debt pro forma adjustments may be made if and to the extent that the University has implemented rate increases, work force reductions, and any other actions which (if taken at or before the beginning of such Fiscal Year) would have increased revenues or reduced expenditures, and pro forma adjustments also may be made to take into account the full amount of annual revenues and expenditures of self-liquidating facilities to be acquired with the debt to be incurred when such facilities have been completed.

Computation of unrestricted current funds revenues and unrestricted funds expenditures and mandatory interfund transfers shall be performed consistent with the 1982 Audit Report of the University and (to the extent consistent with the 1982 Audit) in accordance with generally accepted accounting principles, except that, to the extent purchases of capital equipment are provided for from the current fund, expenditures for such purchases of capital equipment shall not be deducted as an expense.

Compliance With Outstanding Mortgage

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

Maintenance of Project Facilities

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

Liens

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

Taxes and Other Governmental Charges

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

Subject to the Outstanding Mortgage, the University may, at its expense, in good faith contest any such taxes, assessments and other charges and may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest unless the Authority or the Trustee shall notify the University that, in the opinion of Independent Counsel, by nonpayment of any such items the Project Facilities or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

Insurance

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

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

(b) comprehensive general public liability insurance, including blanket contractual liability and personal injury liability and automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons in the minimum amount for each occurrence of $10 million, and aggregate for each year of $10 million, with a deductible amount of not more than $50,000 per occurrence, and against liability for injury to property in the minimum amount for each occurrence of $100,000;

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

(d) use and occupancy insurance in a minimum amount equal to the sum of the maximum Debt Service of the Bonds and the obligations secured by the Outstanding Mortgage for any current or subsequent Fiscal Year.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments. To the extent the damage or destruction is not greater than $100,000 the University shall promptly repair, rebuild or restore the property damaged or destroyed with such changes, including the substitution and addition of other property, as may be desired by the University and as will not impair the character of the Project Facilities as revenue producing educational facilities. To the extent net insurance proceeds are not sufficient the University shall use its funds or the proceeds from the sale of Additional Bonds. To the extent permitted by the Outstanding Mortgage all net insurance proceeds up to $100,000 will be paid directly to the University. In the event the damage or destruction exceeds $100,000, subject to the Outstanding Mortgage all net insurance proceeds shall be paid to and held by the Trustee and the University shall within 180 days after the damage or destruction elect one of the following three options:

Option A - Repair and Restore

The University may elect to repair, rebuild or restore the damaged Project Facilities. In the event that net insurance proceeds and any proceeds from the sale of Additional Bonds are not sufficient for such repair and restoration the University shall provide the deficiency which shall not entitle the University to any reimbursement from the Authority or diminution or abatement of Loan Repayments. If an Authorized Representative of the Authority and the University shall so request, and if the holders of a majority in principal amount of the outstanding principal amount of the Bonds shall consent thereto, the Trustee shall permit the use of moneys in the Bond and Interest Sinking Fund Account, Debt Service Reserve Account and Redemption Account for such repair, rebuilding or restoration.

Option B - Redeem all Bonds

If the University by resolution of its Board of Trustees shall certify (A) to the effect that the Project Buildings have been damaged or destroyed (i) to such extent that they cannot be reasonably restored within a period of six months to the condition immediately preceding such damage or destruction, or (ii) to such extent that the University is prevented from carrying on its normal use for a period of six months, or (iii) to such extent that the cost of restoration of the Project Facilities would exceed by more than $100,000 the net insurance proceeds, or (iv) the Project Facilities shall have been damaged or destroyed and the Trustee acting under the Outstanding Mortgage shall apply or require the application of more than $100,000 of the net insurance proceeds to the payment of such indebtedness, and (B) that the University elects that the outstanding Bonds shall be redeemed, all of the outstanding Bonds shall be retired and (subject to the Outstanding Mortgage) the net insurance proceeds shall be applied for that purpose. In such event all of the Bonds shall be subject to redemption on the next interest payment for which due notice of redemption can be given. If the available net insurance proceeds, together with the amount then credited to the Bond and Interest Sinking Fund Account, Debt Service Reserve Account (other than the Debt Service Reserve Account - Special Fund) and Redemption Account, and available to redeem or retire the Bonds, are insufficient to redeem all of the outstanding Bonds, including principal, interest, redemption expenses and Trustee's fees, the University shall pay such deficiency as a Loan Repayment.

Option C - Deposit to Redemption Account

If one or more of the Project Buildings so damaged or destroyed is not needed for the effective and economic operation of the University and the University elects not to repair, rebuild or restore such Project Buildings the University may elect to deposit the net insurance proceeds, or, if less, the pro rata portion as determined as hereinafter provided, received in respect to such Project Buildings or Building in the Redemption Account.

Pro rata portion shall mean a dollar amount equal to the applicable percentage as shown below of the principal amount of the then outstanding Bonds for the respective Project Buildings indicated:

81%	Sorin Hall
4%	Manor House
5%	Peterson Residence Hall
5%	Osborn Residence Hall
5%	Schilling Residence Hall

If a pro rata portion of net insurance proceeds is so deposited and no Default exists the balance of the net insurance proceeds shall be returned to the University.

Condemnation

In the event title to all or substantially all the Project Facilities shall be taken involving the exercise of the right of eminent domain, subject to the Outstanding Mortgage, the Authority shall receive the net proceeds of the award. If such net proceeds together with amounts then credited to the Bond and Interest Sinking Fund Account (other than the Debt Service Reserve Account - Special Fund) and Redemption Account are insufficient to redeem or retire all of the outstanding Bonds, including interest, the University shall pay such deficiency as a Loan Repayment. If title to less than all or substantially all of the Project Facilities shall be taken, neither the terms of the Loan Agreement nor any of the obligations of the parties thereto shall be reduced, and the University shall promptly repair, rebuild or restore each Project Building to a condition substantially equivalent to its condition prior to the taking, or if that is not possible, then to a complete architectural unit and "project" as that term is used in the Act. The Authority will cause any net proceeds received by it by reason of such taking to be applied to such repair, rebuilding or restoration, and if such proceeds shall be insufficient the University shall pay the deficiency.

Indemnification

The University 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 or the use thereof, including that caused by any negligence of the Authority or anyone acting in its behalf; provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority in excess of the net proceeds received by the Authority from any insurance carried with respect to the loss sustained.

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

Institution to Maintain its Existence and Accreditation

The University 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 that such consolidation, merger or transfer shall not violate the Outstanding Mortgage and the following: (i) if the surviving, resulting or transferee corporation, as the case may be, is other than the University, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the University 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; (ii) the University 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 Section 103 of the Internal Revenue Code of 1954, as amended, and regulations thereunder; and (iii) if the Bonds are rated by a nationally recognized rating agency immediately prior to such merger, consolidation or transfer and if such rating is withdrawn or reduced by any such rating agency as a result of the merger, consolidation or transfer, the Trustee, upon request of the holders of 51% or more in outstanding principal amount of the Bonds shall call the Bonds for redemption and prior payment on the next interest payment date for which notice of redemption can be given under the Indenture.

Removal of Equipment and Alterations

Provided no Default exists and subject to the Outstanding Mortgage:

(a) the University shall have the privilege from time to time of substituting furnishings, equipment and related property for any Project Equipment, provided that such property so substituted shall not impair the character or significance of the Project Facilities as revenue producing educational facilities;

(b) the University may remove non-Project Equipment if it certifies such removal will not impair the character or revenue producing significance of the Project Facilities; and

(c) the University may remove any Project Equipment without substitution therefor, provided that the University pays to the Authority a sum equal to the then value of said Project Equipment as determined by an Independent Engineer selected by the University if and so long as any of the Bonds remain outstanding, provided that if the original cost of any such item of equipment was less than $25,000, such removal without substitution may be effected without such determination of value and certificate by an Independent Engineer upon such showing by the University as may be satisfactory to the Trustee.

The University may at its expense remodel, modify, alter, improve or change the Project Facilities provided that all alterations shall become a part of the Project

Facilities and that the alterations will not substantially impair the structural strength, revenue producing capacity or utility of the Project Facilities.

University to Be Nonsectarian

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

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

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

Other Covenants

The University 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; 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.

Events of Default

Following are Events of Default under the Loan Agreement:

(a) failure by the University to pay (i) a Loan Repayment when due, and as a result thereof, principal or interest of the Bonds shall not be paid when due, or (ii) a Loan Repayment when due and within two days after notice from the Trustee that such Loan Repayment has not been made; or

(b) a Default exists with respect to provisions of the Loan Agreement relating to consolidation, merger, sale and transfer, or incurrence of long-term debt; or

(c) the University shall default in the punctual performance of any other provisions of the Loan Agreement and such Default shall have continued for a period of 30 days after written notice by the Authority or Trustee; or

(d) there is a Default under any agreement with respect to indebtedness of the University and as a result thereof such indebtedness shall become or may be declared immediately due or a proceeding is or may be brought for enforcement thereof; or

(e) the University files a petition in voluntary bankruptcy or a court of competent jurisdiction shall enter an order, judgment or decree against the University appointing a trustee or receiver of the University and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days.

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

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 Authority or the Trustee may declare all or any Loan Repayments payable for the remainder of the term of the Loan Agreement to be immediately due and payable;

(b) the Trustee (or the Authority under certain circumstances) may take whatever action at law or in equity which may appear necessary or desirable to collect payments then due or thereafter to become due, pursuant to the Loan Agreement or to enforce performance of any obligation of the University pursuant to the Loan Agreement;

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

Any amounts collected pursuant to action taken as described above shall be applied first to advances, expenses and payment of the Bonds as provided in the Indenture and any excess to the University.

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."

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 Acount not paid out to meet Project Costs, and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

(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 University or by anyone in behalf of them or with their written consent, to the Trustee.

Accounts

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

Trustee's Right to Payment

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

Covenants of the Authority

Under the Indenture the Authority covenants among other things, to perform its various undertakings and agreements; not to extend the maturity of any of the Bonds or the time of payment of any claims for interest; and that it will not modify or amend or consent to modification or amendment of the provisions of the Loan Agreement without the consent and approval of the Trustee which may, in its discretion, grant such approval without the consent of the holders of the outstanding Bonds, except as to matters which the Trustee shall determine will adversely affect its own rights and interests; it will 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 its discretion, be deemed to be in the best interests of the Authority or the bondholders; that it will keep proper books, accounts and records; and that it will not 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 will not suffer or permit any default to occur under the Indenture. Under the Act 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 and Remedies

Events of Default

The following are Events of Default under the Indenture:

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

(b) failure to make payment of interest on any Bond when due and payable; or

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

(d) any Event of Default on the part of the University as that term is defined under the Loan Agreement; or

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

Remedies

Upon the occurence of any Event of Default, the Trustee may, and upon written request of the holders of a majority in aggregate principal amount of Bonds outstanding, shall declare the principal of all Bonds then outstanding and the interest thereon immediately due and payable, subject, however, to the right of the holders of a majority in aggregate principal amount of Bonds then outstanding to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed, and all arrears of interest and the reasonable charges of the Trustee and all other indebtedness (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last payment date) shall be paid.

In the case of the breach of any of the covenants or conditions of the Indenture or the Loan Agreement, the Trustee shall be obligated to take such action or actions for the enforcement of its rights and the rights of the bondholders and the rights of the Authority under the Loan Agreement as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care, subject to its first being indemnified.

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

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

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to 8% per annum, which advances are given priority of payment. The Trustee also has a first lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the University to the same extent as if it were not Trustee. Provision is made for the addition of an individual co-trustee if necessary or convenient and for the succession or replacement of the Trustee by another corporate Trustee with a minimum capital, surplus and undivided profits of $10 million in event of merger, resignation, or removal by holders of a majority of outstanding Bonds, or in the event of disability, by the Authority or a court.

Concerning the Bondholders

No bondholder shall have any right to institute any proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such Default shall have become an Event of default and the holders of a majority in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such 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 shall:

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

(b) provide for the payment of principal and interest on the 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 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 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,

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

(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 and any Additional Bonds under the Indenture;

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

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

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

(e) to provide for Additional Bonds.

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

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 new Bonds of the same maturity which may be of different 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 interest shall be by check or draft of the Trustee mailed to the registered owner at his address as shown on the registration books of the Trustee.

Transfers shall not be made during any period within 15 days of any interest payment date or date on which Bonds will be redeemed.

ABSENCE OF LITIGATION

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

ARBITRAGE

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

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Faegre & Benson, Minneapolis, Minnesota, Bond Counsel, whose approving opinion will be printed on the Bonds. Certain legal matters will be passed upon for the University by Oppenheimer, Wolff, Foster, Shephard & Donnelly, Saint Paul, Minnesota.

Mr. Gordon G. Busdicker is a member of the Board of Trustees of the University and is a member of Faegre & Benson but has not participated in the activities of that firm as Bond Counsel for the Bonds, and he has abstained from action of the Board of Trustees of the University relating to the Project and the Bonds. Mr. William F. Archerd is a member of the Board of Trustees of the University, is a member of Oppenheimer, Wolff, Foster, Shephard & Donnelly, and has represented the University with respect to certain legal matters relative to the Bonds.

TAX EXEMPTION

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

RATING

The Authority has applied to Moody's Investors Service, Inc., New York, New York ("Moody's"), for a rating of the Bonds. If a rating is assigned by Moody's such rating shall reflect only the views of Moody's and any explanation of the significance of the rating may be obtained only from Moody's. There is no assurance that such rating will be maintained for any given period of time or that it may not be changed by Moody's if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

THE UNIVERSITY

Hamline University is a private, non-profit, co-educational higher education institution consisting of a four-year College of Liberal Arts and a three-year School of Law. Hamline is the oldest institution of higher learning in Minnesota, having been chartered by the legislative assembly of the Territory of Minnesota in 1854. The University is owned and operated by Trustees of the Hamline University of Minnesota, and is affiliated with the United Methodist Church.

Hamline's College of Liberal Arts is accredited by the: North Central Association of Colleges and Secondary Schools; National Council for Accreditation of Teacher Education; American Chemical Society; National Association of Schools of Music; University Senate of the United Methodist Church; and the Minnesota State Department of Education. The School of Law is also accredited by the North Central Association of Colleges and Secondary Schools and is accredited by the American Bar Association.

The Campus

Hamline is located on a 30-acre site in the Midway District of Saint Paul, Minnesota, approximately equidistant from the downtown areas of Saint Paul and Minneapolis. Twenty buildings, plus several residences, comprise the Campus' physical plant. A list of Campus facilities, their age, and both original and estimated replacement value, may be found at page I-9.

Governance

Hamline University is owned and operated by Trustees of the Hamline University of Minnesota. By charter, 11 of the Trustees must be members of the Minnesota Conference of the United Methodist Church. There are currently 39 Trustees. Officers and Trustees of the University are elected at the Conference's annual meeting held each June.

Hamline receives an annual discretionary appropriation from the Minnesota Conference of the United Methodist Church. Contributions for the past five years have been:

1982/83	$60,000	1979/80	$60,330
1981/82	$42,500	1978/79	$74,600
1980/81	$91,256		

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Ex Officio

Charles J. Graham	President, Hamline University
Emerson S. Colaw	Resident Bishop in the Minnesota Area, The United Methodist Church, Minneapolis, Minnesota

The President

Charles J. Graham has been President of Hamline University since August, 1981. He had prevously been president of St. Cloud State University from 1971 through 1981. President Graham holds his A.B., M.A. and Ph.D. degrees from the University of Illinois.

Dr. Graham's current community involvement includes:

Treasurer - Minnesota Private Council
Treasurer - Minnesota Private College Fund
Executive Board - Associated Colleges of the Twin Cities
Executive Board - Indianhead Council - Boy Scouts of America
Chairman - Minnesota Council of Economic Education

College of Liberal Arts

Hamline University ranks as a "Liberal Arts College I" institution, according to the Carnegie Council on Policy Studies in Higher Education. This ranking means that Hamline is recognized nationally as being among leading liberal arts institutions.

Hamline University offers in the College of Liberal Arts: the Bachelor of Arts, Master of Arts in Liberal Studies, and Master of Arts in Public Administration degrees.

The College of Liberal Arts follows a 4-1-4 academic calendar. Students have a normal schedule of four courses during both the fall and spring terms, each term being 14 weeks long, and only one course during the four-week January interim.

Hamline participates in the Associated Colleges of the Twin Cities, a consortium of five local private liberal arts colleges: Hamline, Macalester College, the College of St. Catherine, the College of St. Thomas, and Augsburg College. This cooperative arrangement permits cross-registration without additional cost to the student and substantially increases the educational opportunities for students at all five institutions.

In addition to various on-campus programs Hamline offers international study programs in Europe, Latin America and the People's Republic of China, and programs in New York, Washington, D.C. and the United Nations.

Hamline is one of a small number of institutions of higher learning which requires all students to have a general acquaintance with computers and their applications. This "computer literacy" involves a theoretical understanding of the computer, its auxiliary procedures and its systems as intellectual tools; an understanding of the significance and breadth of computer applications in American society; and the ability to use the computer in the solution of a significant intellectual problem.

The Bush Memorial Library, completed in 1971, houses 155,000 volumes and subscribes to 700 periodicals. The library also maintains a variety of non-print material such as films, film strips, video tapes, audio tapes, phonograph records, and slides. The library belongs to an eight-library network which provides rapid access to a collection of more than one million volumes.

Hamline offers a number of continuing and community education courses, the largest being the Program in Continuing Education for School Staff Members, which offers courses for graduate and undergraduate credit for teachers, administrators and counselors with certificates in education.

Approximately 75% of Hamline's freshman undergraduate students live in campus dormitories, and approximately 58% of all undergraduate students live in campus dormitories.

School of Law

The present Hamline University School of Law was founded in 1972 as the Midwestern School of Law, and became affiliated with Hamline University in 1976. The School of Law has been granted full accrediation by the American Bar Association. Completion of the new Law School Building brings to Minnesota one of the most advanced law facilities in the region.

The School of Law operates on a year-round basis, giving students the option of accelerating the program, however students are not allowed to complete their programs in less than two and one-half years but may not take more than five years. The curriculum is designed to be completed in six academic semesters and all first year students are required to attend on a full-time basis.

In addition to its regular curriculum, the School of Law offers Advanced Legal Education (ALE) classes. A large number of programs in basic and specialized areas of the law have been offered to attorneys, judges and professors annually.

The School of Law library houses more than 85,000 volumes with an additional 40,000 on micro and ultrafiche. In addition, the Westlaw system provides access to a full-text, automated legal retrieval system.

The Hamline Law Review is published twice a year by second and third year students.

The School of Law maintains a Placement Office and employs a full-time placement director.

Enrollments

OPENING FALL ENROLLMENT - 1978 through 1982 - Actual — 1983 through 1987 - Projected (1)

Year	College of Liberal Arts Full Time	College of Liberal Arts Head Count	College of Liberal Arts FTE (2)	School of Law Full Time	School of Law Head Count	School of Law FTE	Total University Full Time	Total University Head Count	Total University FTE
1978/79	1,127	1,197	1,147.92	457	479	469.00	1,584	1,676	1,616.92
1979/80	1,137	1,200	1,157.63	458	466	464.00	1,595	1,666	1,621.63
1980/81	1,189	1,293	1,221.25	500	509	506.75	1,689	1,802	1,728.00
1981/82	1,228	1,351	1,267.16	512	512	512.00	1,740	1,863	1,779.16
1982/83	1,221	1,359	1,265.41	523	523	523.00	1,744	1,882	1,788.41
1983/84	1,175	1,325	1,208.00	523	523	523.00	1,698	1,848	1,731.00
1984/85	1,145	1,330	1,195.00	523	523	523.00	1,668	1,853	1,718.00
1985/86	1,115	1,340	1,188.00	500	500	500.00	1,615	1,840	1,688.00
1986/87	1,085	1,345	1,178.00	500	500	500.00	1,585	1,845	1,678.00
1987/88	1,055	1,355	1,170.00	500	500	500.00	1,555	1,855	1,670.00

(1) It is generally predicted that college enrollments will decline during the 1980's.

(2) Full Time Equivalent.

Fees

Tuition, room and board, and fees for the past and current full academic years are as follows:

	1979/80	1980/81	1981/82	1982/83	1983/84
Undergraduate:					
Tuition	$3,700	$4,150	$4,750	$5,350	$5,975
Room and Board	1,550	1,700	1,900	2,140	2,400
Student Activity Fee	50	80	80	85	90
	$5,300	$5,930	$6,730	$7,575	$8,465
School of Law:					
Tuition	$3,400	$3,750	$4,400	$4,970	$5,600
Room and Board	1,632	1,763	1,870	2,065	2,400
Student Services Fee	19	36	36	36	36
	$5,051	$5,549	$6,306	$7,071	$8,036

Financial Aid to Students

	1979/80	1980/81	1981/82	1982/83
National Direct Student Loans	$ 323,883	$ 460,617	$ 356,440	$ 450,000
Federal College Work Study	296,985	390,211	334,571	282,108
State College Work Study	64,476	48,058	39,958	40,050
Supplemental Educational Opportunity Grant	188,492	166,401	182,800	185,707
Basic Education Opportunity Grant	511,039	419,591	366,867	391,461
Minnesota State Grants & Scholarships	555,150	707,589	653,741	634,801
Hamline Grants & Scholarships	1,091,458	1,109,981	1,129,947	1,250,000
Total	$3,031,483	$3,302,448	$3,064,324	$3,234,127

Admissions Information

College of Liberal Arts

Applications for admissions must be accompanied by results of any one of the following college entrance examinations: Scholastic Aptitude Test (SAT); Preliminary Scholastic Aptitude Test (PSAT); or American College Test (ACT). The scores of Hamline students on these standardized college entrance tests have consistently ranked in the top one third of the nation for the past five years.

A five-year trend of applications received, admissions and subsequent enrollments for the freshman class is shown on the following page.

	Applicants	Admissions	Enrollments
1983/84*	602	542	222 (Deposits)
1982/83	717	647	313
1981/82	696	621	324
1980/81	640	590	327
1979/80	569	514	287

* As of June 15, 1983. The anticipated Fall 1983 Freshman Class is 280.

School of Law

Applicants must have a baccalaureate degree from an approved college and must take the Law School Admission Test (LSAT). In 1982 the School of Law accepted 574 of the 1,324 complete applications it received. Of that number, 197 matriculated.

The 1982 entering class represented 18 states. Minnesota residents comprised 59% of the class.

A five-year trend of applications received, admissions, subsequent enrollments, and LSAT mean scores are shown below:

	Applicants	Admissions	Enrollments	LSAT Mean
1983/84*	1,227	585	231 (Deposits)	612
1982/83	1,339	574	197	602
1981/82	1,201	551	186	591
1980/81	770	574	220	562
1979/80	1,248	590	178	554

* As of June 15, 1983. The anticipated 1983 First Year class is 220.

Faculty

College of Liberal Arts

The faculty-student ratio for the 1982/83 school year was 1:14 for the College of Liberal Arts. The faculty employes 85 full-time faculty members along with 25 part-time faculty members.

In the College of Liberal Arts, more than 80 percent of the undergraduate teaching faculty have a Ph.D. degree and more than 90 percent have earned the highest degree relevant to their field. They average 14 years of college teaching experience.

School of Law

The faculty-student ratio for the 1982/83 school year was 1:22 for the School of Law. The faculty consists of 22 full-time members, two deans, a librarian, and two full-time writing instructors. In addition, approximately 22 part-time faculty members and 52 clinical supervisors are involved in the educational program each year.

The School of Law faculty ranges in experience from a few to more than 40 years. The faculty members are from 17 different law schools. Most faculty have had practice experience and most are active in bar association committees and public interest representations, as well as possessing high scholarly credentials.

Pensions

The University participates in the Teachers Insurance and Annuity Association of America program (TIAA) which covers certain full-time faculty and staff employees. Contributions equal to 10% of eligible employees' salaries are required under the program. Benefits are based upon amounts accumulated for the account of each individual employee at date of retirement.

Labor Relations

The University has a collective bargaining agreement with the International Union of Operating Engineers - Local #36 representing plant engineers and custodial and maintenance employees. There has never been an employee strike and the University considers its labor relations to be good.

Existing Facilities

Facility	Date Built	Use	Capacity	Original Cost	Estimated Replacement Cost*
Old Main	1883	Administrative Offices		$ 124,273	$ 1,141,000
Old Gymnasium	1909			102,637	850,000
Field House	1937			265,004	1,195,000
Fine Arts Building	1950	Classroom		281,159	1,172,000
Library	1971			2,974,775	7,635,000
Learning Center	1972	Classroom		2,511,261	5,948,000
Art Studio Buildings	1973/75	Classroom		110,039	134,000
Science Hall	1952	Classroom		860,716	3,465,000
Heating Plant	1970			1,106,346	2,854,000
Student Center	1963			1,706,999	3,471,000
Maintenance Building	1970			98,278	259,000
Drew Hall	1947	Dromitory	212	1,144,865	4,457,000
Sorin Hall	1958	Dormitory	101	749,887	2,311,000
Manor House	1921	Dormitory	208	688,970	3,752,000
Peterson, Osborn and Schilling Residences	1969	Dormitory	285	2,097,105	5,109,000
Norton Field and Stadium	1922			134,477	625,000
Law School Center	1980			5,523,247	5,671,000
Theatre	1983			2,809,000	2,893,000
Residences	Various	Offices, Housing Rental	82	937,798	1,749,000
			Total	$24,226,836	$54,691,000

* Based upon the insurance valuation for buildings and contents as of June 1, 1983 by an independent insurance consultant.

Capital Funding Campaign

In October 1978 a $10.5 million capital campaign was announced. As of May 31, 1983, $10.4 million in gifts and pledges was raised. The campaign is expected to conclude in the summer of 1983. Capital improvements to be done by private gifts will be determined through the long range planning committee on a project by project basis. Areas for attention and consideration include renovation of existing building, expansion in the natural sciences, fine arts and physical education.

Capital Needs

The Project is the only major capital acquisition officially approved at the present time.

Long-Term Debt

For detail see paragraph H, page 9, "Notes to Financial Statements" of University Financial Statements for the 11-month period ended May 31, 1982, Appendix II.

Long-Term Debt Amortization Schedule Including Both Principal and Interest

Due in Calendar Year	Dormitory Bonds Series A	Dormitory Bonds Series B	Dormitory Bonds Series C	Library Mortgage (1)	Series Two-A Bonds (2)	Series Two-G Bonds*	Total Annual Debt Service*
1983	$ 10,270	$ 19,290	$ 75,038	$ 230,400	$ 522,406	$	$ 857,404
1984	11,062	19,913	73,988	230,400	516,969	126,451	978,783
1985	10,842	19,523	72,938	230,400	511,531	213,601	1,058,835
1986	10,622	20,115	71,888	230,400	530,188	215,901	1,079,114
1987	10,402	19,695	75,750	230,400	522,937	212,651	1,071,835
1988	10,182	19,275	74,550	230,400	515,688	209,276	1,059,371
1989	10,946	19,838	73,350	230,400	508,437	230,776	1,073,747
1990	10,698	19,388	72,150	230,400	525,281	225,338	1,083,255
1991	10,451	19,920	70,950	190,516	516,219	219,713	1,027,769
1992	10,203	19,440	74,663		507,000	213,900	825,206
1993	10,940	19,943	73,313		512,688	232,900	849,784
1994	10,665	19,433	71,963		510,437	224,650	837,148
1995	10,390	19,905	70,613		523,250	216,150	840,308
1996	10,114	19,365	74,175		510,125	207,450	821,229
1997		19,808	72,675		521,063	223,650	837,196
1998		19,238	71,175		506,062	212,525	809,000
1999			74,588		515,125	226,275	815,988
2000			72,938		498,250	212,625	783,813
2001			71,288		505,438	573,825	1,150,551
2002			74,550		510,406		584,956
2003			72,750		489,094		561,844
2004			70,950		491,812		562,762
2005			74,063		492,593		566,656
2006			72,113		491,438		563,551
2007			75,075		488,344		563,419
2008			72,975		1,324,406(3)		1,397,381
2009			70,875				70,875
Total	$147,787	$314,089	$1,971,344	$2,033,716	$14,067,187	$4,197,657	$22,731,780

* Estimated.

(1) Annual Debt Service shown for the Library Mortgage represents the University's total payment with interest at 9-3/4%. However, the University is reimbursed on an annual basis by an interest subsidy from the Federal government in the amount of $89,429, thereby, reducing the net effective annual interest rate to 3%.

(2) The Law School Center Building was financed from proceeds of the Series Two-A Bonds. The debt service on such debt for Fiscal Years 1979-80 through 1982/83 has not been paid from out of current revenues and future debt service on the Series Two-A Bonds is anticipated to be paid primarily from payment of pledges obtained in the capital fund drive just ending, from future gifts to the University and from increased current revenues.

(3) This payment is anticipated to be paid from funds and investment earnings of the Series Two-A Bonds, Debt Service Reserve Account, portion of the General Bond Reserve Account of the Authority allocated to the Series Two-A Bonds and the regular annual payment of the University.

5-YEAR COMPARATIVE SUMMARY OF CURRENT UNRESTRICTED
REVENUES, EXPENDITURES, AND TRANSFERS

Fiscal Year Ended:	May 31 1982 11 Mo. Year (2)	June 30 1981	June 30 1980	June 30 1979	June 30 1978
Current Revenues:					
EDUCATION AND GENERAL					
Student Tuition and Fees	$ 8,723,562	$ 7,440,212	$ 6,280,662	$ 5,713,558	$ 5,297,158
Endowment Income	773,772	843,606	814,711	843,165	715,911
Gifts and Grants	673,907	734,088	627,832	860,015	554,258
Sales and Services of E.A.	42,268	48,917	42,105	3,002	1,524
Other Income	351,941	317,983	197,786	162,881	139,416
Total Education & General	$10,565,456	$ 9,384,806	$ 7,963,096	$ 7,582,621	$6,708,267
AUXILIARY ENTERPRISES	$ 2,359,342	$ 2,049,813	$ 1,753,195	$ 1,589,331	$1,335,183
Total Current Revenues	$12,924,792	$11,434,619	$ 9,716,291	$ 9,171,952	$8,043,450
Current Expenditures and Mandatory Transfer:					
EDUCATIONAL AND GENERAL					
Instructional & Departmental	$ 4,301,637	$ 3,725,818	$ 3,469,224	$ 3,340,067	$3,045,722
Academic Support	1,114,265	1,097,875	966,821(1)	891,196	706,388
Student Services	1,154,421	1,089,107	923,578(1)	461,156	433,178
Institutional Support	1,286,184	1,344,857	868,780(1)	1,150,332	1,013,629
Operation & Maint. of Physical Plant	1,327,678	1,267,515	1,098,576	1,024,352	877,716
Scholarships & Fellowships	1,058,903	775,545	602,437	729,959	619,792
Educational & General Expenditures	$10,243,088	$ 9,300,717	$ 7,909,416	$ 7,597,062	$6,696,425
Mandatory Transfers for:					
Principal & Interest on Debt Agreements	122,712	48,616	54,227	63,219	68,785
Loan Fund Matching Grants	16,658	9,618	17,440		
Total Educational & General	$10,382,458	$ 9,358,951	$ 8,001,083	$ 7,660,281	$6,765,210
AUXILIARY ENTERPRISES					
Expenditures	$ 2,273,175	$ 1,884,607	$ 1,585,802	$ 1,489,630	$1,263,801
Mandatory Transfers for:					
Principal & Interest on Debt Agreements	124,793	109,908	111,421	109,758	107,044
Total Auxiliary Enterprises	$ 2,397,968	$ 1,994,515	$ 1,697,223	$ 1,599,388	$1,370,845
Total Expenditures and Mandatory Transfers	$12,780,426	$11,353,466	$ 9,698,306	$ 9,259,669	$8,136,055
TRANSFERS AMONG FUNDS-ADDITIONS (DEDUCTIONS)					
Transfer to Unexpended Plant	$ (100,200)	$ (39,275)		$ (50,000)	
Revenues & Replacement Reserves	(12,531)	(11,561)	$ (12,264)	(36,368)	$ (7,467)
Transfer to Current Restricted		(4,954)	(3,722)	31,574	(8,172)
Other Transfers		(16,513)		(12,287)	
Transfer from Endowment Fund				998,115(3-4)	124,250 (4)
Net Increase in Balance	$ 31,635	$ 8,850	$ 1,999	$ 801,518	$ 16,006

(1) Changes in accounts classification accounted for most of the difference in amounts for year end June 30, 1979 and June 30, 1980 for the areas of academic support, student services and Institutional Support.

(2) The 11 Month Year came about because of the change of Hamline University's year end to May 31 during the 1981-82 fiscal year.

(3) Approximately $900,000 represents proceeds from sale of low-income producing farm property.

(4) Approximately $98,000 in 1979 and the amount in 1978 represents transfers of fund balances acquired in merger with Midwestern School of Law.

1982/83 Budget

	Budget 1982/83	Estimated Final Results 1982/83*	Preliminary Budget 1983/84**
Revenues			
College of Liberal Arts			
Tuition - Undergraduate	$ 6,446,750	$ 6,346,000	$ 6,813,000
Tuition - Continuing Education and Graduate Studies	495,125	466,000	637,000
Other Student Fees	35,400	37,000	30,000
Administrative Expenses	30,000	42,000	40,000
Gifts and Grants	695,000	1,122,000	600,000
Endowment Income	605,000	583,000	520,000
Other Sources	205,000	205,000	211,000
	$ 8,512,275	$ 8,801,000	$ 8,851,000
Auxiliary Enterprises			
Residence Halls and Homes	$ 1,005,420	$ 992,000	$ 1,139,600
Food Service	1,367,000	1,301,000	1,568,250
Bookstore	390,000	319,000	350,000
	$ 2,762,420	$ 2,612,000	$ 3,057,850
Law School			
Tuition	$ 2,584,450	$ 2,575,000	$ 2,813,000
ALE Tuition	375,585	371,000	443,200
Other Fees	42,100	31,000	41,100
Gifts and Grants	37,000	2,000	18,000
Other Sources	101,500	130,000	112,800
	$ 3,140,635	$ 3,109,000	$ 3,428,100
Total Revenues	$14,415,330	$14,522,000	$15,336,950
Expenditures and Transfers			
College of Liberal Arts			
Instruction	$ 3,136,481	$ 3,195,000	$ 3,278,061
Public Service			12,850
Academic Support	770,594	860,000	762,598
Student Services	1,184,474	1,266,000	1,348,047
Institutional Support	1,634,472	1,667,000	1,696,868
Operation and Maintenance	1,818,924	1,790,000	1,961,883
Transfer to Other Funds	259,000	263,000	250,500
Credits - Workstudy Law School and Auxiliaries	(1,180,365)	(1,280,000)	(1,301,910)
Student Aid	1,022,500	939,000	1,137,000
	$ 8,646,080	$ 8,700,000	$ 9,145,897
Auxiliary Enterprises			
Residence Halls and Houses	$ 954,478	$ 990,000	$ 1,013,812
Food Service	1,280,724	1,262,000	1,414,959
Bookstore	389,093	375,000	360,000
	$ 2,624,295	$ 2,627,000	$ 2,788,771

	Budget 1982/83	Estimated Final Results 1982/83*	Preliminary Budget 1983/84**
Law School			
Instruction	$ 1,670,491	$ 1,645,000	$ 1,781,204
Academic Support	708,095	800,000	787,755
Student Services	202,800	212,000	218,920
Institutional Support	503,830	477,000	539,725
Credits - Workstudy	(45,000)	(60,000)	(60,000)
Student Aid	95,247	116,000	125,000
	$ 3,135,463	$ 3,190,000	$ 3,392,604
Total Expenditures and Transfers	$14,405,838	$14,517,000	$15,327,272
Revenues Over Expenditures and Transfers	$ 9,492	$ 5,000	$ 9,678

* As prepared on June 27, 1983, subject to final adjustments and audit.

** As revised through June 27, 1983, subject to further revision in September, 1983 following commencement of the Fall Session and subject to the Board of Trustees' approval in October, 1983.

Comparison of 1983/84 Budget Projections With 1982/83 Estimated Final Budget Results

Undergraduate fees and changes will be increased from $7,575 to $8,465 (11.75%) and Law School fees and changes will be increased from $7,071 to $8,036 (13.7%). Auxiliary enterprise revenues are anticipated to increase $295,430 (10.7% while expenditures are expected to increase $164,476 (6.3%) for a net gain of $130,954.

Overall revenues are expected to increase $921,620 (6.4%) and expenditures, including Debt Service for the Bonds, are anticipated to increase approximately an equal amount.

Fund Balances

	Fund Balance	Increase
May 31, 1983	$35,133,000*	$1,638,436*
May 31, 1982	33,494,564	1,569,053
June 30, 1981	31,925,511	3,630,385
June 30, 1980	28,295,126	2,381,641
June 30, 1979	25,913,485	517,980

* Subject to final adjustments and audit.

Endowments

The University had general and restricted endowment funds and quasi-endowment funds (amounts internally restricted by the Board of Trustees for a specific purpose which may be designated for other uses at the discretion of the Board) in the amounts (book value) shown on the following page.

May 31, 1983*	$11,253,000*
May 31, 1982	12,651,419
June 30, 1981	11,721,864
June 30, 1980	11,116,970
June 30, 1979	10,093,472

* Subject to final adjustments and audit.

As of May 31, 1983, the estimated market value of the marketable securities portion of the endowment and quasi-endowment was approximately $12,812,000.

Book value of the total endowment decreased during the Fiscal Year ending May 31, 1983 because of the sale of assets to fund the construction of a new University theater.

Gifts, Bequests and Grants

	1982/83	1981/82	1980/81	1979/80	1978/79
Private Gifts Bequests & Grants	$2,354,695*	$1,951,520	$3,716,770	$2,380,932	$1,764,876
Federal Grants	1,200,850*	811,967	999,189	779,243	890,448
	$3,555,545	$2,763,487	$4,715,959	$3,160,175	$2,655,324

* Subject to final adjustments and audit.

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TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION

ELEVEN MONTH PERIOD ENDED MAY 31, 1982

Touche Ross & Co.

CONTENTS

September 17, 1982

Trustees of the Hamline University
of Minnesota
Saint Paul, Minnesota

We have examined the balance sheet of Trustees of the Hamline University of Minnesota as of May 31, 1982, and the related statements of changes in fund balances and current fund revenues, expenditures and other changes for the eleven month period then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The securities owned by the University as of May 31, 1982 were confirmed to us directly by the custodians.

In our opinion, the financial statements referred to above present fairly the financial position of Trustees of the Hamline University of Minnesota as of May 31, 1982, and the changes in its fund balances and its current fund revenues, expenditures and other changes for the eleven month period then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding period after giving retroactive effect to the change, with which we concur, in the method of recording vacation pay as described in Note B to the financial statements.

Touche Ross & Co.
Certified Public Accountants

2000 AMERICAN NATIONAL BANK BUILDING - SAINT PAUL, MINNESOTA 55101 - (612) 222-2514

Touche Ross & Co.

TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA

BALANCE SHEET

MAY 31, 1982

	Total	Current funds Unrestricted	Current funds Restricted	Loan funds	Endowment and similar funds (Note G)	Annuity and life income funds	Plant funds Unexpended	Plant funds Renewal and replacement	Plant funds Retirement of indebtedness	Plant funds Investment in plant
ASSETS										
Cash and temporary investments	$ 383,737	$ 381,782		$ 1,955						
Receivables (Note D)	3,424,098	880,595	$232,318	1,937,119					$ 374,066	
Inventories (Note A):										
Bookstore	293,815	293,815								
Maintenance and stationery supplies	162,112	162,112								
Prepaid expenses	225,037	41,802				$ 617			182,618	
Interfund accounts (Note C):										
Current		34,904	434,189	(5,624)	$ 322,757	(19,448)	($ 351,995)	($ 22,207)	(392,576)	
Endowment fund loan					434,738					($ 434,738)
Endowment funds temporarily invested in deposits with trustee under bond indentures					110,000				(110,000)	
Investments, other than physical plant (Notes A and E)	12,135,218				11,783,924	351,294				
Deposits with trustee under bond indentures (Note H)	1,341,381							208,872	1,132,509	
Investment in physical plant (Notes A, F and H)	25,460,401									25,460,401
Construction in progress (Notes F and K)	1,361,761						1,361,761			
	$44,787,560	$1,795,010	$666,507	$1,933,450	$12,651,419	$332,463	$1,009,766	$186,665	$1,186,617	$25,025,663
LIABILITIES AND FUND BALANCES										
Accounts payable and accrued expenses	$ 1,849,090	$1,413,449				$126,793	$ 308,848			
Deposits and deferred credits	366,216	366,216								
Long-term financing (Note H)	9,077,690								$ 830,000	$ 8,247,690
	11,292,996	1,779,665				126,793	308,848		830,000	8,247,690
Commitments (Note F)										
Fund balances	33,494,564	15,345	$666,507	$1,933,450	$12,651,419	205,670	700,918	$186,665	356,617	16,777,973
	$44,787,560	$1,795,010	$666,507	$1,933,450	$12,651,419	$332,463	$1,009,766	$186,665	$1,186,617	$25,025,663

See notes to financial statements.

Touche Ross & Co.

TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA

STATEMENT OF CHANGES IN FUND BALANCES

ELEVEN MONTH PERIOD ENDED MAY 31, 1982

	Current funds					Plant funds			
	Unrestricted	Restricted	Loan funds	Endowment and similar funds	Annuity and life income funds	Unexpended	Renewal and replacements	Retirement of indebtedness	Investment in plant
Revenues and other additions:									
Current fund revenues	$12,924,792								
Gifts and grants:									
Private gifts and grants revenues		$ 519,889	$ 100	$ 241,956	$ 71,037	$357,383			
Federal grants received		528,080	149,922					$ 90,343	
State grants received		130,870							
Endowment income - restricted		312,869	5,178	1,114					
Investment income			16,724			2,057	$ 28,872	135,968	
Gain on sale of investments				686,485					
Property additions capitalized:									
From plant fund expenditures (less $336,000 of related debt)									$ 37,549
From current fund expenditures									20,576
Retirement of indebtedness									219,871
Miscellaneous					7,903	19,286	6,075		
Total revenues and other additions	12,924,792	1,491,708	171,924	929,555	78,940	378,726	34,947	226,311	277,996
Expenditures and other deductions:									
Educational and general expenditures	10,243,088	1,036,151							
Auxiliary enterprises expenditures	2,273,175	62,663							
Expenditures related to development campaign						190,312			
Expenditures for other designated purposes			5,687			64,783	36,609	3,152	
Indirect costs recovered		26,926	17,822						
Refunded to grantors		394							
Provision for doubtful loans and loan cancellations			17,898						
Transfer for off-campus work study		29,584							
Disposal of facilities									68,209
Interest on indebtedness								614,261	
Retirement of indebtedness								219,871	
Total expenditures and other deductions	12,516,263	1,155,718	41,407			255,095	36,609	837,284	68,209
Interfund transfers:									
Mandatory:									
Principal and interest on debt agreements	(247,505)					(387,400)		634,905	
Loan fund matching	(16,658)		16,658						
Renewals and replacement reserve	(12,531)						12,531		
Transfers to unexpended plant funds	(100,200)					100,200			
Total interfund transfers	(376,894)		16,658			(287,200)	12,531	634,905	
Net increase (decrease) in fund balances	31,635	335,990	147,175	929,555	78,940	(163,569)	10,869	23,932	209,787
Fund balances (deficit) at beginning of period, as restated (Note B)	(16,290)	330,517	1,786,275	11,721,864	126,730	864,487	175,796	332,685	16,568,186
Fund balances at end of period	$ 15,345	$ 666,507	$1,933,450	$12,651,419	$205,670	$700,918	$186,665	$356,617	$16,777,973

See notes to financial statements.

TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA

STATEMENT OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES

ELEVEN MONTH PERIOD ENDED MAY 31, 1982

	Unrestricted funds	Restricted funds	Total
REVENUES:			
Tuition and fees	$ 8,723,562		$ 8,723,562
Federal grants and contracts	43,622	$454,146	497,768
State grants and contracts	215,927	88,747	304,674
Private gifts and grants	414,358	321,047	735,405
Endowment income	773,772	234,874	1,008,646
Sales and services of educational activities	42,268		42,268
Other sources	351,941		351,941
Sales and services of auxiliary enterprises (Note I)	2,359,342		2,359,342
Total current revenues	12,924,792	1,098,814	14,023,606
EXPENDITURES AND MANDATORY TRANSFERS:			
Educational and general:			
Instruction	4,301,637	178,469	4,480,106
Research		16,689	16,689
Public service		115,727	115,727
Academic support	1,114,265	147,386	1,261,651
Student services	1,154,421	47,348	1,201,769
Institutional support	1,286,184	50,803	1,336,987
Operation and maintenance of physical plant	1,327,678	58,754	1,386,432
Scholarships and fellowships	1,058,903	420,975	1,479,878
Educational and general expenditures	10,243,088	1,036,151	11,279,239
Mandatory transfers for:			
Principal and interest on debt agreements	122,712		122,712
Loan fund matching grant	16,658		16,658
Total educational and general	10,382,458	1,036,151	11,418,609
Auxiliary enterprises (Note I):			
Expenditures	2,273,175	62,663	2,335,838
Mandatory transfers for principal and interest on debt agreements	124,793		124,793
Total auxiliary enterprises	2,397,968	62,663	2,460,631
Total expenditures and mandatory transfers	12,780,426	1,098,814	13,879,240
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):			
Transfers to unexpended plant	(100,200)		(100,200)
Renewals and replacement reserve	(12,531)		(12,531)
Excess of restricted receipts over transfers to revenues		365,574	365,574
Transfer for off-campus work study		(29,584)	(29,584)
Net increase in balances	$ 31,635	$ 335,990	$ 367,625

See notes to financial statements.

TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA

NOTES TO FINANCIAL STATEMENTS

ELEVEN MONTH PERIOD ENDED MAY 31, 1982

A. Summary of significant accounting policies:

Fund accounting - In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

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

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Quasi-endowment funds are amounts internally restricted by the Board of Trustees for a specific purpose and may be designated for other uses at the discretion of the Board.

All gains and losses arising from the sale, collection or other disposition of investments and other non-cash 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 derived from investments of endowment and similar funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, 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.

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 (3) transfers of a nonmandatory nature for all other cases.

Accrual basis - The financial statements of Trustees of the Hamline University of Minnesota have been prepared on the accrual basis. The statement of current fund 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 operations or a statement of revenues and expenses.

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

Investments - Investments, including those in physical plant, are stated at cost, except that gifts and bequests are stated at fair market value at date of acquisition. It is the policy of the University to capitalize the library books of the School of Law and to expense the library books of the College of Liberal Arts. Depreciation is not recorded on the physical plant.

Change in fiscal year end - the University has changed its reporting period to end on May 31 from June 30.

B. Vacation pay:

In accordance with Financial Accounting Standards Board Statement No. 43, "Accounting for Compensated Absences", the University changed its method of accounting for vacation pay from the cash to the accrual basis. As a result of the application of the Statement, the current unrestricted fund balance at July 1, 1981 has been charged with the cumulative effect of the change in the amount of $35,261. The current unrestricted fund balance at July 1, 1981, has been restated from $18,971 to ($16,290) as a result of the change. The accounting change decreased the net increase in unrestricted current fund balance for the eleven month period ended May 31, 1982, by approximately $11,000. The impact of the change on the unrestricted current fund balance for the preceding period is not determinable.

C. Interfund accounts:

Current fund interfund borrowings are without maturity dates. Borrowings from the Endowment fund bear interest based on the current effective yield on investments (9.49% in 1982).

D. Receivables:

At May 31, 1982, the receivables balance consisted of the following:

CURRENT UNRESTRICTED FUNDS:		
Student	$ 745,031	
Gift	21,000	
Other	259,564	
Less allowance for losses in collection	(145,000)	
		$ 880,595
CURRENT RESTRICTED FUNDS - Federally funded grants		232,318
LOAN FUNDS:		
Student loans receivable	$2,188,119	
Less allowance for losses in collection	(251,000)	
		1,937,119
PLANT FUNDS:		
Retirement of indebtedness - interest subsidy from government		374,066
		$3,424,098

E. Investments other than physical plant:

	Cost			
	Agency fund	Drew fund	Total	Quoted market
Bonds	$ 5,986,347	$ 28,124	$ 6,014,471	$ 5,640,962
Common stocks	4,492,575	901,943	5,394,518	5,894,960
	$10,478,922	$930,067	11,408,989	$11,535,922
City and farm real estate			15,986	
Mortgages and contracts for deed			439,551	
Agency cash			465	
U.S. Treasury notes			59,328	
Investment in The Common Fund, an investment management corporation for nonprofit colleges and universities			210,899	$ 273,827
Total endowment, annuity and life income funds			$12,135,218	

Certain assets of the endowment funds, held by a custodian, are pooled on a market value basis with each individual fund subscribing to or disposing of units on the basis of the market value per unit at the beginning of the calendar quarter within which the transaction takes place. At May 31, 1982, 707,099 units were owned by endowment funds, each having a market value of $16.12. The eleven month earnings per unit, exclusive of gains, were $1.46.

Investments under the control of separate trusts for which all income is reserved for Hamline University amounted to $205,373 in market value at May 31, 1982 and have not been included in the University's balance sheet.

F. Investment in physical plant:

Land and land improvements	$ 1,101,432
Buildings	20,716,268
Residences	904,477
Equipment and furnishings	2,038,052
School of Law library collection	675,172
Hamline Church lease	25,000
	$25,460,401

In addition, the University is constructing a Performing Arts Center on which construction began during October, 1981. The total cost of the building is expected to be approximately $2,644,000. Through May 31, 1982, $1,330,088 has been expended and has been included in construction in progress in the balance sheet. Construction in progress at May 31, 1982 also includes $31,673 of expenditures relating principally to the remodeling of the Sorin Dining Hall.

G. Endowment and similar funds:

Endowment and similar funds consisted of the following at May 31, 1982:

General, restricted and quasi-endowment funds	$11,575,203
Unallocated gain on sale of investments	1,076,216
	$12,651,419

H. Long-term financing, notes payable to banks and capital lease obligation:

Long-term financing at May 31, 1982 consisted of:

	Total	Due within one year
Hamline University Dormitory and Auxiliary Facilities Bonds of 1969:		
Series A, 2-3/4%, payable in varying installments to June 1, 1996	$ 123,000	$ 7,000
Series B, 3%, payable in varying installments to June 1, 1998	250,000	12,000
Series C, 3%, payable in varying installments to June 1, 2009	1,355,000	35,000
	1,728,000	54,000
Mortgage payable, 9-3/4%, payable $19,200 monthly, including interest, to November 1991	1,415,477	96,634
Contract for deed, 8%, payable $5,000 annually, including interest, to August 1984	9,213	4,263
Capital lease obligation	5,925,000	75,000
	$9,077,690	$229,897

The Hamline University Dormitory and Auxiliary Facilities bonds mature serially and require semiannual deposits on June 1 and December 1 of each year. The University may redeem the bonds at any time prior to maturity at a varying premium up to 3%.

Buildings carried at $5,500,582, along with underlying land and deposits with trustees under the bond indentures, are pledged as collateral to the bonds.

The University entered into a lease agreement with the Minnesota Higher Education Facilities Authority dated November 1, 1979 whereby the Authority would acquire a site for and construct a law school building. Under a trust indenture dated November 1, 1979 the Authority sold its First Mortgage Revenue Bond Series Two-A (Trustees of Hamline University) totaling $6,000,000 in order to finance the project. The bonds bear interest at rates varying from 7-1/4% to 7-3/4% and mature in semiannual installments of $75,000 to $375,000 with the last payment of $1,275,000 due on June 1, 2008.

Under the terms of the lease agreement, the University must pay as base rent for the use of the facilities a sum equal to (1) the amount payable as principal and interest on the bonds; and (2) a payment to restore the bond and interest sinking fund to an amount equal to the next semiannual principal and interest payment reduced by the balance in the debt service reserve fund. Additional rent is payable by the University at the rate of $12,000 per year, plus trustee's fees, taxes, assessments and insurance. The University has the option to purchase the leased premises for $500 at the end of the lease period. The lease agreement also contains certain restrictions with respect to incurring additional long-term debt and capitalized lease obligations through June 1, 1989.

Under the terms of the mortgage trust indenture of the bond issue, $100,000 of the bond proceeds were deposited with the Authority in a general bond reserve account and recorded by the University as a deposit with trustee under bond indentures. The general bond reserve account is maintained by the Authority for debt service, if needed, for any Bonds of the Authority. The University will receive the original deposit with interest to the extent earned and available upon retirement of its bond series. Because the ultimate realization of the interest income is dependent upon the loss experience of the Authority, the University has elected not to record interest income. The approximate cumulative amount of unrecorded interest income at May 31, 1982 was $26,700.

Minimum rental commitments at May 31, 1982 under this noncancelable lease are payable as follows:

Year ending May 31	
1983	$ 506,000
1984	501,000
1985	521,000
1986	514,000
1987	507,000
1988 and later	9,948,000
Total minimum obligation	12,497,000
Less amount representing interest	6,572,000
Present value of minimum obligation	$ 5,925,000

The Bush Memorial Library, which is carried at $3,303,942, is pledged as collateral to the mortgage payable. The University has obtained an interest subsidy grant from the federal government which reduces the effective annual interest rate on the mortgage to 3% over the life of the mortgage.

In addition to the minimum rental commitment due under the capital lease discussed above, the maturities and sinking fund requirements on long-term debt during the next five years are as follows:

Year ending May 31	
1983	$194,000
1984	205,000
1985	210,000
1986	221,000
1987	237,000

The University has credit agreements with various banks which allow the University to borrow up to $1,500,000 at the prime interest rate on an unsecured basis.

I. Auxiliary enterprises:

Revenues and expenditures of auxiliary enterprises consist of:

	Revenues	Expenditures
Residence halls	$ 895,419	$ 876,898
Dining halls	1,196,237	1,119,144
Bookstore	267,686	277,133
	$2,359,342	2,273,175
Mandatory transfers for debt service		124,793
		$2,397,968

J. Retirement plan:

The University participates in the Teachers Insurance and Annuity Association of America program (TIAA) which covers certain full-time faculty and staff employees. Contributions equal to 10% of eligible employees' salaries are required under the program. Benefits are based upon amounts accumulated for the account of each individual employee at date of retirement. Expenditures include $377,883 for this retirement plan for the eleven month period ended May 31, 1982.

K. Campaign drive:

The University is currently involved in a major fund raising campaign. The primary goals of the campaign are to raise funds for the law school building, endowment enrichment and the Performing Arts Center.

As of May 31, 1982 the administration of the University has estimated that approximately $2,671,000 in outstanding pledges are to be received during the next three years. The University has not reflected the pledges receivable in the financial statements as it was not practicable to estimate the net realizable value of such pledges.

ADDITIONAL INFORMATION

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The statements of current fund revenues, expenditures and other changes in the College of Liberal Arts and of the School of Law for the eleven month period ended May 31, 1982 are presented on pages 14 and 15 for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Touche Ross & Co.

Certified Public Accountants

Touche Ross & Co.

TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA

COLLEGE OF LIBERAL ARTS

STATEMENT OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES

ELEVEN MONTH PERIOD ENDED MAY 31, 1982

	Unrestricted funds	Restricted funds	Total
Revenues:			
Tuition and fees	$ 6,136,049		$ 6,136,049
Federal grants and contracts	43,622	$377,638	421,260
State grants and contracts	186,071	31,021	217,092
Private gifts and grants	408,601	239,238	647,839
Endowment income	773,772	231,388	1,005,160
Sales and services of educational activities	3,765		3,765
Other sources	280,058		280,058
Income from administrative charges to School of Law (eliminated in combination)	311,400		311,400
Sales and services of auxiliary enterprises	2,359,342		2,359,342
Total current revenues	10,502,680	879,285	11,381,965
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	2,840,369	122,764	2,963,133
Research		10,431	10,431
Public service		3,897	3,897
Academic support	555,480	118,187	673,667
Student services	981,162	45,586	1,026,748
Institutional support	1,229,208	49,514	1,278,722
Operation and maintenance of physical plant	1,327,678	58,754	1,386,432
Scholarships and fellowships	949,041	407,489	1,356,530
Educational and general expenditures	7,882,938	816,622	8,699,560
Mandatory transfers:			
Principal and interest on debt agreements	122,712		122,712
Loan fund matching grant	16,658		16,658
Total educational and general	8,022,308	816,622	8,838,930
Auxiliary enterprises:			
Expenditures	2,273,175	62,663	2,335,838
Mandatory transfers for principal and interest on debt agreements	124,793		124,793
Total auxiliary enterprises	2,397,968	62,663	2,460,631
Total expenditures and mandatory transfers	10,420,276	879,285	11,299,561
Other transfers and additions (deductions):			
Transfers to unexpended plant	(55,200)		(55,200)
Renewals and replacement reserve	(10,396)		(10,396)
Excess of restricted transfers to revenues over receipts		226,808	226,808
Transfer for off-campus work study		(7,990)	(7,990)
Other transfers			
Net increase in fund balance	$ 16,808	$218,818	$ 235,626

TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA

SCHOOL OF LAW

STATEMENT OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES

ELEVEN MONTH PERIOD ENDED MAY 31, 1982

	Unrestricted funds	Restricted funds	Total
Revenues:			
Tuition and fees	$2,587,513		$2,587,513
Federal grants and contracts		$ 76,508	76,508
State grants and contracts	29,856	57,726	87,582
Private gifts and grants	5,757	81,809	87,566
Endowment income		3,486	3,486
Sales and services of educational activities	38,503		38,503
Other sources	71,883		71,883
Total current revenues	2,733,512	219,529	2,953,041
Expenditures and mandatory transfers:			
Educational and general:			
Instruction	1,461,268	55,705	1,516,973
Research		6,258	6,258
Public service		111,830	111,830
Academic support	558,785	29,199	587,984
Student services	173,259	1,762	175,021
Institutional support	56,976	1,289	58,265
Administrative charges from College of Liberal Arts (eliminated in combination)	311,400		311,400
Scholarships and fellowships	109,862	13,486	123,348
Total educational and general	2,671,550	219,529	2,891,079
Other transfers and additions (deductions):			
Transfers to unexpended plant	(45,000)		(45,000)
Renewals and replacement reserve	(2,135)		(2,135)
Excess of restricted receipts over transfers to revenues		138,766	138,766
Transfer for off-campus work study		(21,594)	(21,594)
Net increase in fund balance	$ 14,827	$117,172	$ 131,999

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OFFICIAL TERMS OF OFFERING

$1,970,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES TWO-G
(TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA)

Sealed bids for the Bonds will be opened by Dr. Joseph E. LaBelle, Executive Director of Minnesota Higher Education Facilities Authority (the "Authority") on Monday, July 18, 1983, at 1:00 P.M., CDST, at Suite 278, Metro Square Building, Saint Paul, Minnesota, 55101, (612) 296-4690. Consideration of the bids for award of the Bonds will be by the Authority Board at 3:00 P.M., CDST, of the same day.

DETAILS OF THE BONDS

The Bonds will be dated August 1, 1983 and will bear interest payable on May 1 and November 1 of each year, commencing May 1, 1984. The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by Trustees of the Hamline University of Minnesota (the "University") pursuant to a Loan Agreement between the Authority and the University or from other amounts pledged therefor pursuant to a Trust Indenture between the Authority and First Trust Company of Saint Paul, in Saint Paul, Minnesota (the "Trustee"). The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit or taxing powers of the Authority or the State of Minnesota are pledged.

The Bonds will be in the denomination of $5,000 or multiple integrals thereof and fully registered with the Trustee as to principal and interest. The Trustee shall perform the functions of registrar and paying agent. Payment of principal shall be at the corporate office of the Trustee and interest shall be payable by check or draft of the Trustee mailed to the registered holder of Bonds at his address as it appears on the books of the Trustee.

Bond proceeds will be used by the University to renovate and refurbish certain student dining and residence facilities on the campus of the University.

The Bonds will mature May 1 in the amounts and years as follows:

$45,000	1985	$100,000	1993-1996	$150,000	1999-2000
$50,000	1986-1988	$125,000	1997-1998	$525,000	2001
$75,000	1989-1992				

The Authority may elect on May 1, 1992, and on any interest payment date thereafter, to prepay Bonds due on or after May 1, 1993. Redemption will be in inverse chronological order of maturities and by lot within a maturity, at a price of par and accrued interest. The Bonds are also subject to redemption on any interest payment date in whole but not in part under certain circumstances described in the Loan Agreement and Trust Indenture at a price of par and accrued interest.

TYPE OF BID

A sealed bid for not less than $1,910,900 and accrued interest on the total principal amount of the Bonds shall be filed with the undersigned 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 $25,000, payable to the order of the Minnesota

Higher Education Facilities Authority, shall have been filed with the undersigned or SPRINGSTED Incorporated, the Authority's Financial Advisor. No bid will be considered for which said check has not been filed. 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. No bid shall be withdrawn after the time set for opening bids, unless an award of the Bonds has not been made by 5:00 P.M., CDST, of the same day bids for the Bonds are opened. No rate for a maturity shall exceed the rate specified for any subsequent maturity by more than 1%. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity.

AWARD

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 by which the bid is for 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 will reserve 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, and, (iii) reject any bid which the Authority determines to have failed to comply with the terms herein.

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.

SETTLEMENT

Within 40 days following the date of their award the Bonds will be delivered without cost to the Purchaser at a 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 of the Bonds and exemption of interest thereon from federal income tax, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received by the Trustee not later than 1:00 P.M., CDST of the day of settlement. 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 University for any loss suffered by the University by reason of the Purchaser's non-compliance with said terms for payment.

At settlement the Purchaser will be furnished with a certificate signed by appropriate officers of the Authority and University to the effect that the Official Statement prepared did not as of the date of the Official Statement, and does not as of the date of Bond Closing, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

OFFICIAL STATEMENT

Upon request to the Authority's Financial Advisor prior to the bid opening prospective Bidders may obtain up to ten copies of the Official Statement. The Purchaser will be provided with 100 copies of the Official Statement within three days after award of the Bonds.

Dated July 1, 1983

BY ORDER OF THE MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle
Executive Director

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OFFICIAL BID FORM **APPENDIX IV**

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 278 - Metro Square Building
Saint Paul, Minnesota 55101
(612/296-4690)

SALE DATE: July 18, 1983

RE: $1,970,000 Revenue Bonds, Series Two-G (Trustees of the Hamline University of Minnesota)

For the Bonds of this Issue which shall mature and bear interest at the annual rate, as follows, we offer a price of $__________ (not less than $) and accrued interest to the date of delivery.

_____% 1985	_____% 1990	_____% 1994	_____% 1998
_____% 1986	_____% 1991	_____% 1995	_____% 1999
_____% 1987	_____% 1992	_____% 1996	_____% 2000
_____% 1988	_____% 1993	_____% 1997	_____% 2001
_____% 1989			

In making this offer we accept all of the terms and conditions of the Official Terms of Offering published in the Official Statement dated July 1, 1983. 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: ________________

Received good faith check for return to bidder as of the date of this offer. SPRINGSTED Incorporated by _____

The foregoing offer is hereby accepted by the Issuer on the date of the offer by its following officers duly authorized and empowered to make such acceptance.

____
Executive Director

OFFICIAL BID FORM **APPENDIX IV**

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 278 - Metro Square Building
Saint Paul, Minnesota 55101
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_______% 1986	_______% 1991	_______% 1995	_______% 1999
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_______% 1988	_______% 1993	_______% 1997	_______% 2001
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NET EFFECTIVE RATE: __________ %

Account Members

____
Account Manager

BY: ____________________________

Received good faith check for return to bidder as of the date of this offer. SPRINGSTED Incorporated by _______

. . . .

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____
Executive Director

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TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 278 - Metro Square Building
Saint Paul, Minnesota 55101
(612/296-4690)

SALE DATE: July 18, 1983

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______% 1985	______% 1990	______% 1994	______% 1998
______% 1986	______% 1991	______% 1995	______% 1999
______% 1987	______% 1992	______% 1996	______% 2000
______% 1988	______% 1993	______% 1997	______% 2001
______% 1989			

In making this offer we accept all of the terms and conditions of the Official Terms of Offering published in the Official Statement dated July 1, 1983. 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: __________

Received good faith check for return to bidder as of the date of this offer. SPRINGSTED Incorporated by ______

....

The foregoing offer is hereby accepted by the Issuer on the date of the offer by its following officers duly authorized and empowered to make such acceptance.

____
Executive Director

Certificate

As of the date of the Official Statement, July 1, 1983, prepared for the issuance of the $1,970,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-G (Trustees of the Hamline University of Minnesota), it did not and does not as of the date of this certificate contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Witness our hands this ____________ day of ____________________________, 1982.

FOR THE AUTHORITY

____

Joseph E. LaBelle, Executive Director

FOR THE UNIVERSITY

____

OFFICIAL TERMS OF OFFERING

$1,970,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES TWO-G
(TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA)

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DETAILS OF THE BONDS

The Bonds will be dated August 1, 1983 and will bear interest payable on May 1 and November 1 of each year, commencing May 1, 1984. The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the Trustees of the Hamline University of Minnesota (the "University") pursuant to a Loan Agreement between the Authority and the University or from other amounts pledged therefor pursuant to a Trust Indenture between the Authority and of , Minnesota, (the "Trustee"). The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit or taxing powers of the Authority or the State of Minnesota are pledged.

The Bonds will be in the denomination of $5,000 or integrals thereof and fully registered with the Trustee as to principal and interest. The Trustee shall perform the functions of registrar and paying agent. Payment of principal shall be at the corporate office of the Trustee and interest shall be payable by check or draft of the Trustee mailed to the registered holder of Bonds at his address as it appears on the books of the Trustee.

Bond proceeds will be used by the University to renovate and refurbish certain student dining and residence facilities on the campus of the University.

The Bonds will mature May 1 in the amounts and years as follows:

$45,000	1985	$100,000	1993-1996	$150,000	1999-2000
$50,000	1986-1988	$125,000	1997-1998	$525,000	2001

The Authority may elect on May 1, 1992, and on any interest payment date thereafter, to prepay Bonds due on or after May 1, 1993. Redemption will be in inverse chronological order of maturities and by lot within a maturity, at a price of par and accrued interest. The Bonds are also subject to redemption on any interest payment date in whole but not in part under certain circumstances described in the Loan Agreement and Trust Indenture at a price of par and accrued interest.

TYPE OF BID

A sealed bid for not less than $1,910,900 and accrued interest on the total principal amount of the Bonds shall be filed with the undersigned 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 $25,000, payable to the order of the Minnesota Higher Education Facilities Authority, shall have been filed with the undersigned or SPRINGSTED Incorporated, the Authority's Financial Advisor. No bid will be considered for which said check has not been filed. 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. No bid shall be withdrawn after the time set for opening bids, unless an award of the Bonds has not been made by 5:00 P.M., CDST, of the same day bids for the Bonds are opened. No rate for a maturity shall exceed the rate specified for any subsequent maturity by more than 1%. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity.

AWARD

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 will reserve 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, and, (iii) reject any bid which the Authority determines to have failed to comply with the terms herein.

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.

SETTLEMENT

Within 40 days following the date of their award the Bonds will be delivered without cost to the Purchaser at a 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 of the Bonds and exemption of interest thereon from federal income tax, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received by the Trustee not later than 1:00 P.M., CDST of the day of settlement. 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 University by reason of the Purchaser's non-compliance with said terms for payment.

At settlement the Purchaser will be furnished with a certificate signed by appropriate officers of the Authority and University to the effect that the Official

Statement prepared did not as of the date of the Official Statement, and does not as of the date of Bond Closing, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

PRELIMINARY OFFICIAL STATEMENT

Upon request to the Authority's Financial Advisor prior to the bid opening prospective Bidders may obtain up to ten copies of the Preliminary Official Statement. The Purchaser will be provided with 200 copies of the final Official Statement within ten days after award of the Bonds.

Dated June 24, 1983

BY ORDER OF THE MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle
Executive Director