OFFICIAL STATEMENT DATED NOVEMBER 21, 2017

NEW AND REFUNDING ISSUE **Moody's Rating: Baa3**

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

HAMLINE UNIVERSITY

Minnesota Higher Education Facilities Authority
$34,650,000
Revenue and Refunding Bonds, Series 2017B
(Trustees of the Hamline University of Minnesota)
(DTC Book Entry Only)

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

The Bonds will mature annually on October 1 as shown on the inside front cover of this Official Statement.

The Minnesota Higher Education Facilities Authority Revenue and Refunding Bonds, Series 2017B (Trustees of the Hamline University of Minnesota) (the "Bonds") are subject to optional redemption prior to maturity, as described herein. See "THE BONDS – Prior Redemption – Optional Redemption." Term Bonds maturing October 1, 2047 are subject to mandatory redemption in installments as described herein; see "THE BONDS – Prior Redemption – Mandatory Redemption." The Bonds will also be subject to extraordinary optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture. The Bonds will be subject to extraordinary optional redemption in whole or in part in the event of a Determination of Taxability, as described herein. See "THE BONDS – Prior Redemption – Extraordinary Optional Redemption" and "THE BONDS – Determination of Taxability."

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

The Bonds are special obligations of the Minnesota Higher Education Facilities Authority (the "Authority") payable solely from Loan Repayments made by or on behalf of 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 pursuant to the Indenture as described herein. The Loan Repayments will be a general obligation of the University.

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

The Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriter named below subject to the approval as to validity and tax exemption of the Bonds by Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the University by Fox Rothschild LLP, Minneapolis, Minnesota, and for the Underwriter by Kutak Rock LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriter through the facilities of DTC on or about December 6, 2017.

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

US Bancorp

$34,650,000
Minnesota Higher Education Facilities Authority
Revenue and Refunding Bonds, Series 2017B
(Trustees of the Hamline University of Minnesota)

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

Year	Amount	Interest Rate	Yield	Price	CUSIP 60416H
2018	$ 600,000	4.00%	1.74%	101.828	6M 1
2019	$ 750,000	4.00%	1.89%	103.754	6N 9
2020	$ 780,000	4.00%	2.01%	105.425	6P 4
2021	$ 810,000	4.00%	2.13%	106.822	6Q 2
2022	$ 845,000	5.00%	2.27%	112.393	6R 0
2023	$ 890,000	5.00%	2.39%	114.098	6S 8
2024	$ 935,000	5.00%	2.50%	115.581	6T 6
2025	$ 980,000	5.00%	2.61%	116.802	6U 3
2026	$1,030,000	5.00%	2.73%	117.681	6V 1
2027	$1,080,000	5.00%	2.86%	116.573*	6W 9
2028	$1,135,000	5.00%	3.01%	115.309*	6X 7
2029	$1,195,000	5.00%	3.12%	114.393*	6Y 5
2030	$1,250,000	5.00%	3.19%	113.814*	6Z 2
2031	$1,310,000	5.00%	3.24%	113.403*	7A 6
2032	$1,380,000	5.00%	3.29%	112.993*	7B 4
2033	$1,445,000	5.00%	3.35%	112.504*	7C 2
2034	$1,520,000	5.00%	3.40%	112.099*	7D 0
2035	$1,595,000	5.00%	3.44%	111.775*	7E 8
2036	$1,675,000	5.00%	3.48%	111.453*	7F 5
2037	$1,755,000	5.00%	3.50%	111.293*	7G 3
2038	$1,850,000	5.00%	3.52%	111.132*	7H 1
2039	$1,940,000	5.00%	3.53%	111.052*	7J 7
2040	$2,035,000	5.00%	3.54%	110.972*	7K 4
2047	$5,865,000†	5.00%	3.62%	110.334*	7L 2

† Term Bonds
* Priced to the first optional call date of October 1, 2026

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

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

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

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

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

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

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

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

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

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

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

Barry W. Fick, Executive Director

Bond Counsel
Fryberger, Buchanan, Smith & Frederick, P.A.

Municipal Advisor to the Authority
Springsted Incorporated

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OFFICIAL STATEMENT

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

$34,650,000

REVENUE AND REFUNDING BONDS, SERIES 2017B
(Trustees of the Hamline University of Minnesota)

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Trustees of the Hamline University of Minnesota, a Minnesota nonprofit corporation, as owner and operator of Hamline University, Saint Paul, Minnesota (the "University"), in connection with the issuance of the Authority's $34,650,000 Revenue and Refunding Bonds, Series 2017B (Trustees of the Hamline University of Minnesota) (the "Bonds").

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

The Bonds are also issued pursuant to the Trust Indenture (the "Indenture") to be dated as of December 1, 2017 between the Authority and U.S. Bank National Association, Saint Paul, Minnesota, as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Bonds.

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

1. Refund, on an advance refunding basis, the remaining outstanding principal of the Authority's Series Seven-E Bonds plus interest to the October 1, 2020 redemption date for the Series Seven-E Bonds;
2. Refund, on an advance refunding basis, the remaining outstanding principal of the Authority's Series Seven-K2 Bonds plus interest to the October 1, 2021 redemption date for the Series Seven-K2 Bonds;
3. Make various capital improvements on the University's campus in Saint Paul, Minnesota as further described herein (the "Project");
4. Fund a Reserve Account; and
5. Pay issuance costs.

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

The Bonds are also secured by the Reserve Account created under the Indenture and held by the Trustee. The Reserve Account will be initially funded in the amount of the Reserve Requirement, as of the Issue Date, from proceeds of the Bonds. See "ACCOUNTS – Reserve Account."

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

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

RISK FACTORS

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

Risk of Insufficient Collateral

The Bonds are a general obligation of the University secured solely by (a) a pledge of amounts payable under the Loan Agreement, and (b) amounts in the Reserve Account and other accounts and funds which will be held by the Trustee and applied to the payment of principal, premium, if any, and interest on the Bonds. See "Appendix IV – DEFINITIONS OF CERTAIN TERMS – Reserve Requirement." The Bonds are not secured by a mortgage on or security interest in any real property or personal property. If an Event of Default occurs, there can be no assurance that security for the Bonds will be sufficient to pay the principal of, premium, if any, or interest on the Bonds when due. The Bonds are not secured by a bond insurance policy, letter of credit or any other form of financial guarantee.

General Obligation of the University; No Mortgage

No entity or person other than the University is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Indenture, on the Bonds or for the performance of other obligations of the University under such documents. Accordingly, for payment of principal, premium, if any, and interest on the Bonds, holders of the Bonds must look solely to the Loan Repayments to be made by the University under the Loan Agreement and the Reserve Account and other funds, if any, the Trustee holds under the Indenture. The University's obligation to make Loan Repayments is a general, unsecured obligation. The Bonds are not secured by any mortgage on or security interest in any of the University's property or by any other collateral.

Adequacy of Revenues

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

Competition

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

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

Reliance on Tuition and Fees

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

Secondary Market

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

Financial Aid

Approximately 88% of the University's students received some form of financial assistance through scholarships, grants, loans and work study, from federal, state, University or private sources covering at least a portion of tuition, fees and living expenses. See Appendix I, "THE UNIVERSITY – Financial Aid" herein. No assurance can be given that federal and state financial aid and private third party financing will continue to be funded at current levels or that the University will continue to fund student aid at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the University's revenues.

No assurance can be given that student loans will continue to be available to students and their parents at historical levels and at historic interest rates. Reductions in availability of such loans or increases in interest rates on such loans may cause a decline in enrollment, which may in turn have an adverse effect on the University's revenues.

Damage or Destruction

Although the University will be required to obtain certain insurance as set forth in the Loan Agreement, there can be no assurance that the University will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies. Under certain circumstances the Bonds may be subject to redemption at par upon damage to or destruction of all or substantially all, or a portion, of the Project Facilities. See "THE BONDS – Prior Redemption – Extraordinary Optional Redemption" and Appendix V, "SUMMARY OF DOCUMENTS – The Loan Agreement – Damage or Destruction" and " – Condemnation."

Construction Risks

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

Pro Forma Debt Service Coverage

Certain historical operating revenue for the University and computed pro forma debt service coverage is provided in Appendix I, "THE UNIVERSITY - Estimated Annual Debt Service and Pro Forma Coverage Statement." The pro forma coverage is merely a mathematical computation as reflected in the table and accompanying notes, and constitutes no assurance as to the future sufficiency of University revenues to satisfy University operations and Bond and other debt service requirements. No assurance can be given that the University will continue to achieve its historic level of revenues.

Bankruptcy

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

Endowment Portfolio Risk

Market conditions that negatively affect the University's investments may adversely affect debt service coverage and endowment spending. The University's Board of Trustees has approved an investment policy which gives specific guidance about portfolio investments. The University's investment policy defines a diversified investment portfolio utilizing external money managers. The University's endowment assets are invested in a manner intended to achieve an annualized total return after investment management fees of 5.5% net of inflation. It is also the Board's policy to spend 4.5% of the rolling three-year market value of the Endowment assets, subject to change at the Board's discretion. See also Appendix I, "THE UNIVERSITY – Investment Management" and Appendix VII, "AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED JUNE 30, 2017 AND 2016 – Note 13 -- Endowment."

Derivative Products

The University has been a party to interest rate swaps in the past and the University may enter into other interest rate swap or similar arrangements in the future. Under certain market conditions, termination of an interest rate swap agreement prior to its expiration may require the University to pay a termination fee to the swap counterparty, which amount could be material to the University.

Maintenance of Credit Rating

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

Other Possible Risk Factors

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

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

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

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

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

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

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

CONTINUING DISCLOSURE

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

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

In connection with previous bond issues, the University has undertaken continuing disclosure obligations in written agreements specified in paragraph (b)(5)(i) of the Rule and substantially similar to the Continuing Disclosure Certificate. In the past five years, the University has timely filed annual reports and operating data as required by its continuing disclosure obligations. However, in the past five years the University has failed to comply with its previous undertakings in the following respects: (i) the University failed to file a notice of a rating change within ten business days after the event's occurrence on December 19, 2016, and (ii) in several instances, the University's annual filings omitted certain required tables and financial information under the categories of "Student Enrollment," "Capital Campaign" and "Estimated Annual Debt Service and Pro Forma Coverage Statement." The University has taken remedial action to bring the University into compliance with its continuing disclosure obligations.

A failure by the University to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have other remedies at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure, or the information supplied by the University pursuant to the Undertaking, may adversely affect the transferability and liquidity of the Bonds and their market price.

THE BONDS

The Bonds will be issued in book-entry form, will be dated as their date of delivery and will mature annually on October 1, commencing October 1, 2018, as set forth on the inside cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing on any principal payment date, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each April 1 and October 1, commencing April 1, 2018.

Book Entry Only System

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

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

Prior Redemption

Mandatory Redemption

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

Term Bonds Maturing
October 1, 2047

Year	Amount
2041	$720,000
2042	$755,000
2043	$795,000
2044	$835,000
2045	$875,000
2046	$920,000
2047†	$965,000

† *Stated maturity.*

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

The Term Bonds to be retired pursuant to the mandatory redemption obligations set forth above, may, at the option of the University, be reduced by the principal amount of any Bonds of such maturity which at least 45 days prior to such redemption:

(1) have been delivered to the Trustee for cancellation; or

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

Optional Redemption

The Bonds maturing on or after October 1, 2027 are subject to optional redemption at the University's written direction on October 1, 2026 and on any day thereafter at par plus accrued interest to the redemption date. Redemption may be in whole or in part and if in part in such order of maturity as the University directs and selected by random means within a maturity, in integral multiples of $5,000.

Extraordinary Optional Redemption

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

Partial Redemption

If fewer than all Bonds of a maturity are called for redemption, the Authority and the Trustee will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant’s interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed. See Appendix VI, “THE DEPOSITORY TRUST COMPANY.”

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

Notice of Redemption

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

Determination of Taxability

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

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

USE OF PROCEEDS

The Plan of Finance

Bond proceeds will be used to:

1. Refund, on an advance refunding basis, the remaining outstanding principal of the Authority's Series Seven-E Bonds plus interest to the October 1, 2020 redemption date for the Series Seven-E Bonds;
2. Refund, on an advance refunding basis, the remaining outstanding principal of the Authority's Series Seven-K2 Bonds plus interest to the October 1, 2021 redemption date for the Series Seven-K2 Bonds;
3. Make various capital improvements on the University's campus in Saint Paul, Minnesota as described herein (the "Project");
4. Fund a Reserve Account; and
5. Pay issuance costs.

The Series Seven-E Refunding

The Series Seven-E Bonds are outstanding and eligible for advance refunding in the amount of $11,335,000. The Series Seven-E Bonds to be advance refunded, identified by CUSIP, are as follows:

Maturity Date October 1	Principal	CUSIP 60416H
2018	$1,840,000	RJ 5
2019	$ 250,000	RK 2
2019	$1,685,000	SC 9
2020	$2,020,000	RL 0
2021	$2,110,000	RM 8
2029†*	$3,430,000	RN 6

† Term Bonds
∗ Final Maturity

The Authority at the University's direction may optionally redeem the Series Seven-E Bonds maturing on or after October 1, 2021 on October 1, 2020 (the "Seven-E Redemption Date") and on any date thereafter in whole or in part, at par plus interest accrued to the redemption date. As of the Issue Date, the outstanding Series Seven-E Bonds will be fully defeased from Bond proceeds and any funds available therefor on deposit under the Series Seven-E Indenture. Under the terms of the Escrow Agreement (as defined below), the University has given Wells Fargo Bank, National Association, as trustee for the Series Seven-E Bonds and as escrow agent, irrevocable direction to optionally redeem the Series Seven-E Bonds maturing on and after October 1, 2021 (the "Refunded Series Seven-E Bonds") on the Seven-E Redemption Date. The Refunded Series Seven-E Bonds will be paid on their maturity dates of October 1 in the years 2018, 2019, and 2020, and prepaid and redeemed on the Seven-E Redemption Date at a price of par plus interest accrued to that date.

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

The University will obtain from Ritz & Associates PA, Certified Public Accountants, a verification report confirming that the initial monies deposited in the Series Seven-E Escrow Account, including the earnings on federal securities therein, will be sufficient to pay the principal of and interest on the Refunded Series Seven-E Bonds when due and to pay the outstanding principal balance of the Refunded Series Seven-E Bonds on the Seven-E Redemption Date.

The Series Seven-K2 Refunding

The Series Seven-K2 Bonds are outstanding and eligible for advance refunding in the amount of $18,330,000. The Series Seven-K2 Bonds to be advance refunded, identified by CUSIP, are as follows:

Maturity Date October 1	Principal	CUSIP 60416H
2032†	$ 5,365,000	WN 0
2040†*	$12,965,000	WP 5

† Term Bonds
* Final Maturity

The Authority at the University's direction may optionally redeem the Series Seven-K2 Bonds on October 1, 2021 (the "Seven-K2 Redemption Date") and on any date thereafter in whole or in part, at par plus interest accrued to the redemption date. As of the Issue Date, the outstanding Series Seven-K2 Bonds will be fully defeased from Bond proceeds and any funds available therefor on deposit under the Series Seven-K Indenture. Under the terms of the Escrow Agreement, the University has given Wells Fargo Bank, National Association, as trustee for the Series Seven-K2 Bonds and as the Escrow Agent, irrevocable direction to optionally redeem the outstanding Series Seven-K2 Bonds (the "Refunded Series Seven-K2 Bonds") on the Seven-K2 Redemption Date. The Series Seven-K2 Bonds will be prepaid and redeemed on the Series Seven-K2 Redemption Date at a price of par plus interest accrued to that date.

On the Issue Date, a portion of the Bond proceeds will be deposited in the Refunding Account created under the Indenture and immediately transferred to Wells Fargo Bank, National Association as the Series Seven-K Trustee and as the Escrow Agent for deposit in the Series Seven-K Redemption Account and as provided in the Indenture to be deposited in the Series Seven-K2 Escrow Account under the Escrow Agreement. The Escrow Agent shall also receive and deposit into the Series Seven-K2 Escrow Account amounts held by the Series Seven-K Trustee and available to apply to this refunding, including the balance in the Series Seven-K Reserve Account. The amount on deposit in the Series Seven-K2 Escrow Account will be invested in U.S. government securities and the principal amount of which, plus earnings thereon, will be sufficient to pay interest on the Refunded Series Seven-K2 Bonds to and including the Seven-K2 Redemption Date and to prepay and redeem the Refunded Series Seven-K2 Bonds on the Seven-K2 Redemption Date.

The University will obtain from Ritz & Associates PA, Certified Public Accountants, a verification report confirming that the initial monies deposited in the Series Seven-K2 Escrow Account, including the earnings on federal securities therein, will be sufficient to pay the interest on the Refunded Series Seven-K2 Bonds when due and to prepay and redeem the outstanding principal balance of the Refunded Series Seven-K2 Bonds on the Seven-K2 Redemption Date.

The Project

On the Issue Date, a portion of the Bond proceeds will be deposited into the Construction Account established under the Indenture to be used, along with University funds, to fund various capital improvements on the University's Saint Paul campus, including the following (the "Project"):

(a) Sorin Hall: renovation of this approximately 22,222 square-foot building at an estimated cost of $4,100,000. The building will house safety and security, scheduling offices, community meeting space, student game room, post office, copy center and bookstore. The University has entered into a guaranteed maximum price construction contract with The Weitz Company, LLC for this phase of the Project. Work commenced in the summer of 2017 is scheduled for completion in the fall or winter of 2017.
(b) Manor House Residence Hall: re-roofing of the oldest residence hall on campus with Tudor-style architecture, at an estimated cost of $685,000. The University has entered into a stipulated sum construction contract with Sela Roofing and Remodeling, Inc. for this phase of the Project. Work commenced in the summer of 2017 is scheduled for completion in the fall of 2017.

(c) Robbins Science Center: buildout to add a new 513 square foot science laboratory, at an estimated cost of $90,000. Work commenced in the summer of 2017 is scheduled for completion in the fall of 2017.
(d) Drew Science Center: buildout of approximately 5,722 square feet, to renovate the 2nd and 3rd floors to create laboratories and space for exercise science and anthropology, at an estimated cost of $380,000. Work commenced in the summer of 2017 is scheduled for completion in the fall of 2017.
(e) North Side of Saint Paul Campus: electrical infrastructure upgrading and maintenance in multiple campus buildings at an estimated cost in excess of $745,000 This is the initial phase of a large, multi-year project to upgrade campus electrical infrastructure at an overall cost of $10 million, with work scheduled to commence during fiscal year 2019.

The aggregate costs of the various capital improvements described above are estimated to exceed the $6,000,000 in net proceeds of the Bonds available for paying the cost of the Project. The University will pay any excess costs related to the Project from its own funds.

The University engaged BWBR Architects, Inc. as the Project architect, Dunham Associates, Inc. as the Project engineering consultants, and Ambe Ltd. for roofing design consultant for the Project.

SOURCES AND USES OF FUNDS

Sources of Funds	
Bond Principal	$34,650,000.00
Reoffering Premium	4,103,793.95
Series Seven-E Reserve Account	1,426,204.75
Series Seven-K2 Reserve Account	2,059,982.19
Total Sources	$42,239,980.89
Uses of Funds	
Refund Series Seven-E Bonds	$12,189,048.85
Refund Series Seven-K2 Bonds	21,263,704.55
Deposit to Construction Account	6,000,000.00
Deposit to the Bond Account	3,618.75
Deposit to Reserve Account	2,435,750.00
Costs of Issuance, including Underwriter Discount	347,858.74
Total Uses	$42,239,980.89

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FISCAL YEAR ANNUAL DEBT SERVICE*

Fiscal Year Ended June 30	Existing Debt Service	Series 2017B Debt Service	Refund Series Seven-E	Refund Series Seven-K2	Aggregate Debt Service
2018	$ 4,182,712	$ 544,046	$ (262,800)	$ (549,900)	$ 3,914,058
2019	4,838,116	2,291,100	(2,327,650)	(1,099,800)	3,701,766
2020	4,852,697	2,414,100	(2,337,263)	(1,099,800)	3,829,734
2021	4,856,179	2,413,500	(2,330,638)	(1,099,800)	3,839,241
2022	4,863,360	2,411,700	(2,328,975)	(1,099,800)	3,846,285
2023	3,061,038	2,409,375	(517,625)	(1,099,800)	3,852,988
2024	3,071,220	2,411,000	(519,375)	(1,099,800)	3,863,045
2025	3,080,109	2,410,375	(520,125)	(1,099,800)	3,870,559
2026	3,088,361	2,407,500	(519,875)	(1,099,800)	3,876,186
2027	2,868,105	2,407,250	(523,500)	(1,516,900)	3,234,955
2028	2,041,200	2,404,500	(521,000)	(1,520,200)	2,404,500
2029	2,039,200	2,404,125	(517,500)	(1,521,700)	2,404,125
2030	2,039,300	2,405,875	(522,750)	(1,516,550)	2,405,875
2031	2,043,400	2,399,750		(2,043,400)	2,399,750
2032	2,041,050	2,395,750		(2,041,050)	2,395,750
2033	2,039,650	2,398,500		(2,039,650)	2,398,500
2034	2,038,900	2,392,875		(2,038,900)	2,392,875
2035	2,038,500	2,393,750		(2,038,500)	2,393,750
2036	2,043,000	2,390,875		(2,043,000)	2,390,875
2037	2,042,100	2,389,125		(2,042,100)	2,389,125
2038	2,040,650	2,383,375		(2,040,650)	2,383,375
2039	2,038,350	2,388,250		(2,038,350)	2,388,250
2040	2,039,750	2,383,500		(2,039,750)	2,383,500
2041	2,039,400	2,379,125		(2,039,400)	2,379,125
2042		995,250			995,250
2043		993,375			993,375
2044		994,625			994,625
2045		993,875			993,875
2046		991,125			991,125
2047		991,250			991,250
2048		989,125			989,125
Total:	$67,326,347	$62,577,946	$(13,749,075)	$(37,868,400)	$78,286,818

* Debt service does not include the Authority's annual fee or Trustee fees.
Totals may not precisely equal the sum of the displayed annual amounts due to rounding.

SOURCE OF PAYMENT FOR THE BONDS AND FINANCIAL COVENANTS

Source of Payment

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the University as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture including moneys and investments in the Reserve Account. The Reserve Account will be fully funded to the Reserve Requirement, as of the Issue Date, from proceeds of the Bonds on the date of issuance of the Bonds.

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

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

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

Financial Covenants

The University will also covenant that so long as the Bonds shall remain outstanding:

(a) The University shall charge and collect tuition and fees in each Fiscal Year sufficient to produce Net Income Available for Debt Service in an amount sufficient to result in a Debt Service Coverage Ratio equal to or greater than 110% for such Fiscal Year, provided that to the extent that the Debt Service Coverage ratio for any Fiscal Year is less than 110% the University shall be deemed to be in compliance with this paragraph (a) so long as (i) the University is in compliance with the provisions of paragraph (b) and is using commercially reasonable efforts to implement, subject to the limitations set forth in the Loan Agreement, the recommendations of the Independent Management Consultant presented in the report described therein, and (ii) the Debt Service Coverage Ratio is not less than 100% for two consecutive Fiscal Years.

(b) In the event the Debt Service Coverage Ratio for any Fiscal Year is less than 110%, the University shall not later than sixty (60) days following such Fiscal Year end provide notice thereof to the Trustee and engage an Independent Management Consultant to review and analyze the operations and administration of the University, and submit to the University and the Trustee not later than ninety (90) days following the date of engagement, a written report stating such recommendations as to the operations and administration of the University as such Independent Management Consultant deems appropriate, including any recommendation as to a revision of the methods of operations and administration of the University in order to increase the Debt Service Coverage Ratio to the highest practicable level and, in all events, to at least 110%. The University agrees to consider any recommendations by the Independent Management Consultant and, to the fullest extent practicable and allowed by law and consistent with its covenants under the Loan Agreement, to adopt and carry out such recommendations.

(c) The University shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt which does not increase the Maximum Annual Debt Service and further excepting indebtedness for capital projects for which the University has secured funds on hand or written and signed pledges of gifts in an amount equal to 80% of the estimated cost of such project), unless:

    (i) the Liquidity Ratio as of the most recent Fiscal Year end is not less than 50%; and

    (ii) the average Debt Service Coverage Ratio for the two most recent Fiscal Years for which audited financial statements are available was at least 110%, calculated by dividing the Net Income Available for Debt Service by the sum of (A) Maximum Annual Debt Service of then Outstanding Funded Debt plus (B) Funded Debt thereafter incurred or proposed to be incurred; provided that if the additional Funded Debt proposed to be incurred is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for the most recent complete Fiscal Year for which audited financial statements are available, for purposes of this paragraph, the estimated amount of Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an Independent Management Consultant to the University and the Trustee; and provided further that if the additional Funded Debt proposed to be incurred is to finance other University facilities and if the Board of Trustees has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, then for purposes of this paragraph, there shall be added to Net Income Available for Debt Service for the two most recent complete Fiscal Years for which audited financial statements are available the amount of such increased revenues net of increased operating expenses, as estimated in a report of an Independent Management Consultant to the University and the Trustee.

For purpose of these covenants, the following terms shall have the following meanings:

"Adjusted Increase (Decrease) in Unrestricted Net Assets" means the Change in Operating Net Assets, as reported in the "Unrestricted" column of the Statements of Activities included in the audited financial statements of the University (or, in the event that the University changes the presentation of its financial statements following the date hereof, the equivalent figure in such presentation), adjusted to exclude (i) depreciation and amortization; (ii) extraordinary gains or losses; (iii) unrealized gains or losses on investments or interest rate swaps; and (iv) gains or losses from the sale or disposition of capital assets.

"Cash and Investments" means (i) the sum of Cash and Cash Equivalents, plus Investments, less (ii) Real Assets.

"Debt Service Coverage Ratio" means for a Fiscal Year, the ratio (expressed as a percentage) determined by dividing Net Income Available for Debt Service for such Fiscal Year by the Yearly Debt Service for such Fiscal Year.

"Funded Debt" means (i) indebtedness for borrowed money (not including lease rental obligations) having a maturity date of more than one year from the date of incurrence or assumption thereof and which, under generally accepted accounting principles, is shown on the balance sheet as a liability, including such obligations and indebtedness having a maturity date of one year or less if the maturity date may be extended beyond one year at the option of the University, and (ii) lease rental obligations under leases not classified as Operating Leases, having a term of more than one year from the date of incurrence or assumption thereof by the University which, under generally accepted accounting principles, are shown on the balance sheet as a liability.

"Liquidity Ratio" means, as of the date of measurement, the ratio (expressed as a percentage) determined by dividing Cash and Investments by the sum of (i) the principal amount of Funded Debt outstanding, plus (ii) the principal amount of any Funded Debt then proposed to be incurred pursuant to paragraph (c) above.

"Maximum Annual Debt Service" means the largest total amount of principal of and interest on outstanding Funded Debt due and payable by the University in any future Fiscal Year during which the Bonds will (if paid at their stated maturity dates or redeemed in accordance with a mandatory sinking fund schedule) be outstanding subject to the following:

(i) if any part of the Funded Debt outstanding is variable rate indebtedness, the rate of interest on the variable rate indebtedness for future Fiscal Years shall be computed at the average rate of interest for the then most recent Fiscal Year or, at the election of the University, for the then current interest period; if variable rate indebtedness is proposed to be issued, the rate of interest shall be the initial variable rate as estimated by an Independent Management Consultant, or an investment banking firm selected by the University to underwrite the sale of such variable rate indebtedness; provided, however, if the University has entered into an interest rate swap agreement with a counterparty for the term of such Funded Debt pursuant to which the University has agreed to pay such counterparty an amount equal to interest at a fixed rate in exchange for such counterparty's agreement to pay the University interest on the notional amount of the agreement at the specified variable rate, then the rate of interest on such Funded Debt shall be computed at the fixed rate set forth in such interest rate swap agreement;

(ii) if any part of the Funded Debt outstanding or to be issued is a guarantee by the University of indebtedness of a third person or so-called "pass-through" or "covered" indebtedness (the University having borrowed money to relend to a third person), such Funded Debt shall be excluded if the third person (whose debt is guaranteed or whose payments are expected to service the University's obligations with respect to such Funded Debt) had a Debt Service Coverage Ratio (including the amount of debt proposed to be incurred in the computation of debt service) of at least 125%, then 100% of such Funded Debt shall be excluded;

(iii) the amount of debt service with respect to "balloon indebtedness" may, at the option of the University be calculated on a level debt service basis over the period ending the Fiscal Year when the balloon is payable; as used herein, "balloon indebtedness" means Funded Debt 25% or more of the principal of which is due in any 12-month period;

(iv) the amount of debt service with respect to "put" indebtedness shall be calculated at the maximum amount of principal of or interest on such indebtedness which the University may be required to purchase or redeem in any Fiscal Year; provided that if there is a written commitment from a bank or other financial institution to refinance the amount of any indebtedness which the University may be required to redeem or purchase, the debt service with respect to such put indebtedness may, at the option of the University, be calculated on the basis of the repayment schedule contemplated by such written commitment, commencing the date such commitment will (unless renewed) expire; "put" indebtedness means Funded Debt (A) which the University may be required, at the option of the holder thereof, to prepay or purchase prior to the stated maturity date thereof, in whole or in part, but if in part, in an amount 25% or more of the original principal amount thereof and (B), if subject to variable rates, is then in an interest rate reset period of more than two years;

(v) there shall not be taken into account any part of the Funded Debt of the University which has been refunded, refinanced or otherwise defeased under an arrangement whereby all future payments of such indebtedness will be met from monies and investments held by an indenture trustee or escrow agent, provided that any such investments shall be direct obligations of or obligations fully guaranteed by the United States of America;

(vi) if any part of such Funded Debt consists of crossover refunding debt, no part of the debt service with respect to such crossover refunding debt shall be taken into account prior to the crossover date, and after the crossover date, no part of the debt service of the refunded debt shall be taken into account;

(vii) if any part of such Funded Debt is "nonrecourse" indebtedness or "subordinated" indebtedness, no part of the debt service with respect thereto shall be taken into account; "nonrecourse" indebtedness means indebtedness payable only from a limited fund and secured only by property purchased or acquired from the proceeds of such indebtedness; "subordinated" indebtedness means indebtedness the principal and interest on which are subordinated to payment of the Bonds by a written instrument of the holder, a copy of which is filed with the Trustee; and

(viii) the amount of any reserve fund or escrow fund for any Funded Debt issued or proposed to be issued may be deducted from debt service for the Fiscal Year or Years in which such Funded Debt finally matures and for payment of which the reserve fund moneys may be used without creating a default; and

(ix) if and to the extent that the University has entered into an interest rate exchange, hedge, swap or similar agreement or arrangement in respect of Funded Debt, then the payments made or to be made by the University under such agreement or arrangement shall be taken into account and the debt service on such Funded Debt shall not be taken into account.

"Net Income Available for Debt Service" means the sum of Adjusted Increase (Decrease) in Unrestricted Net Assets plus interest expense on Funded Debt (including interest expense required to be recognized on leases included in the definition of Funded Debt).

"Operating Lease" means each lease classified as an "operating lease" under generally accepted accounting principles in effect as of the date of this Loan Agreement.

"Real Assets" means investments in real estate, energy, timber, agricultural land, mining, and other similar investments, for which value is not determinable on a daily basis.

"Yearly Debt Service" means total amount of principal of and interest on Funded Debt due and payable during the Fiscal Year.

For purposes of the foregoing, all capitalized terms used but not otherwise defined herein, including without limitation the capitalized terms used in the definition of "Cash and Investments," shall have the meanings provided under generally accepted accounting principles in effect in 2017 for audits of colleges and universities, as applied by the University's auditors in the report of the University's financial statements for the Fiscal Year ended June 30, 2017.

Negative Pledge

The University will covenant in the Loan Agreement that, except for Permitted Encumbrances and except as otherwise permitted by the Loan Agreement, it will not mortgage, grant a lien upon, pledge, grant a security interest in, make an assignment of its interest in or permit the creation of any encumbrance on the Negative Pledge Property and improvements thereon, which includes the main campus of the University in Saint Paul, Minnesota. See Appendix IV, "DEFINITIONS OF CERTAIN TERMS".

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which certain proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Refunding Account, a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of the original issue and sale of the Bonds are to be deposited into the Construction Account, the Bond and Interest Sinking Fund Account, and the Reserve Account, as described below. Following the Bond closing, amounts received by the Trustee from the University as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due.

Refunding Account

There shall be deposited into the Refunding Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Construction Account, the Bond and Interest Sinking Fund Account, or the Reserve Account. The monies deposited to this account shall immediately be transferred to the Series Seven-E Trustee and Series Seven-K Trustee for deposit in the respective Seven-E Redemption Account and Seven-K Redemption Account, and thereafter deposited in the Series Seven-E Escrow Account and the Series Seven-K2 Escrow Account, as more fully described in "USE OF PROCEEDS – The Series Seven-E Refunding" and "– The Series Seven-K2 Refunding" herein.

Construction Account

There shall be deposited initially into the Construction Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Refunding Account, the Bond and Interest Sinking Fund Account, and the Reserve Account. The University will agree in the Loan Agreement to provide for payment of all costs of the Project in excess of the proceeds of the Bonds available therefor and to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds. When work on the Project has been completed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited, under certain conditions, into the Redemption Account or the Bond and Interest Sinking Fund Account.

Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the University costs incurred in connection with the Project, including costs of issuing the Bonds.

The University will agree in the Loan Agreement to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (principal adjusted for net original issue discount or net original issue premium according to the reoffering scale).

Bond and Interest Sinking Fund Account

Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the University. Deposits into the Bond and Interest Sinking Fund Account shall be made at least five (5) Business Days prior to each Interest Payment Date in amounts equal to interest and, if applicable, principal due on such Interest Payment Date.

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

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement. Funds in the Reserve Account are irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. The University has agreed under the Loan Agreement to deposit forthwith into the Reserve Account any amounts required in order to maintain the Reserve Account in an amount not less than the Reserve Requirement.

The Reserve Requirement is the least of (i) maximum annual debt service on Bonds then outstanding at the time of calculation, (ii) 10% of the original principal amount of the Bonds, or (iii) 125% of average annual debt service on Bonds then outstanding at the time of calculation. The Reserve Requirement initially is $2,435,750, which is equal to maximum annual debt service on the Bonds as of the date of closing.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the University shall forthwith restore the deficiency, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the University for amounts so withdrawn. Investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued by the Trustee not less frequently than as of the first day of the calendar month next preceding April 1, 2018 and each Interest Payment Date thereafter. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of accrued but unrealized interest on moneys or investments therein) is more than the lesser of the amount of the Reserve Requirement or the amount permitted for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If on any valuation date the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the value of the amount on deposit exceeds the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not more than 30 days.

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

The amount of the Reserve Requirement will also be adjusted by the Trustee in connection with defeasance or prepayment of Bonds by the University. Excess amounts in the Reserve Account attributable to prepayment or defeasance are to be transferred to the Redemption Account and applied with other available amounts to Bond principal relating to such defeasance or prepayment.

Redemption Account

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

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

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account shall be invested by the Trustee only in investments as authorized by Minnesota law from time to time, subject to further limitations set forth in Section 5.04 of the Indenture, which sets forth specific parameters as to type, credit quality, and maturity of investments. See Appendix V, "SUMMARY OF DOCUMENTS – The Indenture – Authorized Investment" herein. Moneys on deposit in the Refunding Account shall not be invested, but shall be immediately transferred pursuant to "USE OF PROCEEDS" above.

FUTURE FINANCING

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

THE AUTHORITY

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

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $1.3 billion. The Authority has issued bonds totaling over $2.723 billion, of which approximately $953 million of Authority issued debt is outstanding as of October 1, 2017. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

MUNICIPAL ADVISOR

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

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

UNDERWRITING

The Bonds are being purchased by U.S. Bancorp Investments, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $38,608,504.58 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $145,289.37 and adjusted for net original issue premium of $4,103,793.95).

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

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

"US Bancorp" is the marketing name of U.S. Bancorp and its subsidiaries, including U.S. Bancorp Investments, Inc., which is serving as Underwriter of the Bonds.

THE TRUSTEE

The Authority has appointed U.S. Bank National Association, a national banking association organized under the laws of the United States of America, to serve as Trustee. The Trustee is a national banking association organized and existing under the laws of the United States of America, having all of the powers of a bank, including fiduciary powers, and is a member of the Federal Deposit Insurance Corporation and the Federal Reserve System. The Trustee is only responsible to carry out those specific duties assigned to it under the Indenture. Except for the contents of this section, the Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Official Statement or for the recitals contained in the Indenture, the Loan Agreement, or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the University of any of the Bonds authenticated or delivered pursuant to the Indenture. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the Bonds and makes no representation, and has reached no conclusions, regarding the value or condition of any assets or revenues pledged or assigned as security for the Bonds, or the investment quality of the Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

RATING

As noted on the cover page hereof, Moody's Investors Service ("Moody's"), 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York, has assigned a long-term rating of "Baa3" with a stable outlook to the Bonds. The rating reflects only the view of such rating agency. Any explanation of the significance of such rating may be obtained from Moody's.

Generally, a rating agency bases its ratings on the information and materials furnished it and on investigations, studies and assumptions by the rating agency. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

The Authority and the University are unaware of any pending or threatened litigation which would affect the validity of the Bonds, the tax-exempt nature of the Bonds, the authority of either party to enter into the Bond-related documents or the ability of either to perform as described herein, or materially affect the ability of the University to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

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

Certain legal matters will be passed upon for the University by Fox Rothschild LLP of Minneapolis, Minnesota and for the Underwriter by Kutak Rock LLP of Minneapolis, Minnesota.

TAX EXEMPTION

Federal Tax Considerations

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

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

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

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

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

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

Minnesota Tax Considerations

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

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

Changes in Federal and State Tax Law

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

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

Original Issue Premium

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

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

APPENDIX I

THE UNIVERSITY

Hamline University, located in Saint Paul, Minnesota, is a selective, private, nonprofit, co-educational higher education institution consisting of the four-year College of Liberal Arts and the School of Business, both of which offer undergraduate and graduate programs. The University is the oldest institution of higher learning in Minnesota, having been chartered by the legislative assembly of the Territory of Minnesota in 1854 and one of the first coeducational schools in the country. The University is affiliated with the United Methodist Church. The University does not unlawfully discriminate on the basis of race, creed, color, national origin, gender, age, or physical disability in the admission or treatment of students, the operation of its educational programs and activities or in the employment of faculty or staff.

Among masters large universities, Hamline remains a top-ranked university in its class according to *U.S. News and World Report's America's Best College 2018 edition.* Hamline ranked sixteenth among 162 institutions in the Best Regional Colleges 'Midwest' category. In addition, Hamline once again made the Best Value list, the top Minnesota university on that list in the Midwest category and the list of A+ Schools for B students. The rankings measure a school's overall academic reputation, as well as average graduation rate, first year student retention, class size, and faculty to student ratio, among other criteria. The Best Value schools are calculated based on high academic quality and the net cost for students who received the average level of need-based financial aid. Hamline was also ranked in the 2018 *Princeton Review*, 2017 *Washington Monthly* and 2017 *Forbes - America's Top Colleges*. The University has produced one Truman Scholar, five Rhodes Scholars and 56 Fulbright Scholars.

The University's College of Liberal Arts is accredited by the Higher Learning Commission; American Chemical Society; National Association of Schools of Music; University Senate of the United Methodist Church; the National Council for Accreditation of Teacher Education; and the Minnesota Department of Education/Board of Teaching.

Governance

The University is owned and operated by the Trustees of the Hamline University of Minnesota. By charter, approximately 27 percent of the Trustees must be members of the Minnesota Annual Conference of the United Methodist Church. There are currently 30 Trustees and, in addition, 12 Life Trustees. Officers and Trustees of the University are elected by the University's Board of Trustees and confirmed at the Conference's annual meeting held each June. The Executive Committee of the Board of Trustees has the authority and power to act on behalf of the Board.

BOARD OF TRUSTEES 2017-2018

TRUSTEES:

Dale E. Peterson ’70	Vice President, Computer Systems, West Publishing Company (retired) Mendota Heights, Minnesota
Stephen L. Richards	Senior Pastor, Messiah United Methodist Church Plymouth, Minnesota
Roberta Ewing Saunders	High School Educator (retired) Wayzata, Minnesota
Julie Hagen Showers	Director, Office of Conflict Resolution, University of Minnesota Minneapolis, Minnesota
Mariah F. Tollgaard	Senior Pastor, Hamline Church United Methodist Saint Paul, Minnesota
Ellen E. Watters	Principal, Ellen Watters Consulting, Inc. Saint Paul, Minnesota
Wendy B. Watson JD ’97	Education Coordinator, The Arc Greater Twin Cities New Brighton, Minnesota
Richard M. Wien ’68	Chief Executive Officer, Wien Co., LTD Minneapolis, Minnesota

The University also has 12 Life Trustees who participate, but do not vote, in full Board of Trustees meetings, and who serve on and vote in Board committees.

LIFE TRUSTEES:

Carol Young Anderson ’46	Rapid City, South Dakota
Kay L. Fredericks*	President & CEO, TREND Enterprises, Inc. New Brighton, Minnesota
Alexandra “Sandy” Klas LHD ’08 (hon.)	Saint Paul, Minnesota
Robert C. Klas, Sr. ’52 LHD ’08 (hon.)	Chairman, Tapemark Saint Paul, Minnesota
Katherine Austin Mahle	Coordinator, Congregational Resourcing (ret.), Minnesota Conference, UMC Minneapolis, Minnesota
Thomas J. McGough, Sr.	Chairman, McGough Companies Saint Paul, Minnesota
Kita L. McVay *	Director & Officer, Minnwest Corporation Minnetonka, Minnesota
Ronald A. Mitsch ’56 *	Vice Chairman & Executive Vice President (ret.), 3M, Inc. Saint Paul, Minnesota
Gerald M. Needham	Assistant Dean (retired), Mayo Medical School Rochester, Minnesota
Rozanne L. Ridgway ’57	LLD ’78 (hon.), Ambassador (retired) Arlington, Virginia
John G. Turner*	Chairman, Hillcrest Capital Partners Minneapolis, Minnesota

Management

President

Dr. Fayneese Miller became the University's president in 2015. She is the first African-American and second woman to serve as president. Previously, Dr. Miller served as professor and dean of the College of Education and Social Services at the University of Vermont, and prior to that was associate professor of psychology at Brown University, where she was the first coordinator of education studies and founding chairman of ethnic studies. She is a social psychologist who specializes in the psychosocial development of adolescents and has authored or co-authored seven books or monographs and many articles. Her research has been funded by such organizations as the Eli Lilly Foundation, National Science Foundation, Paul Newman Foundation, and the U.S. Department of Defense. Her work includes studies on perceptions of racial/ethnic bias for the Rhode Island Supreme Court, a project on school-based truancy courts for the Rhode Island Family Court, how to transform learning environments, and anti-social behavior of children and youth. She has been an invited lecturer throughout the U.S. and in Saudi Arabia, Thailand, China, Australia, and the United Kingdom.

Dr. Miller has served national professional organizations as chair of the American Association of Colleges of Teacher Education (AACTE), president of the Council of Academic Deans from Research Extensive Institutions (CADREI), chair of the Vermont State Board of Education, and a member of the advisory committee for the National Truancy Board, the American Academy of Arts and Science Task Force on diversity in higher education, and the Annie Casey Foundation and Joint Center for Political Studies focus group on reproductive health. Since coming to the University, she has been elected to the national board of NASCUMC (National Association of Schools and Colleges of the United Methodist Church) and the NCAA Division III Presidents Council. In the Twin Cities, she serves on the boards of Twin Cities Public Television and the Wilder Foundation. Minnesota Governor Mark Dayton appointed her to both the Minnesota Governor's Residence Council and the Young Women's Initiative of Minnesota, a public-private partnership with the Women's Foundation of Minnesota to improve the lives of young women. She also serves *ex officio* on the boards of the Minnesota Private College Council, Mitchell|Hamline School of Law, and the New American Colleges and Universities national consortium.

Dr. Miller earned a BA in psychology from Hampton University and an MS and PhD in experimental psychology at Texas Christian University, had post-doctoral training in applied social psychology at Yale University, and was elected as an American Council of Education Fellow and a Millennium Leadership Fellow.

Vice President for Finance and Administration

Margaret Tungseth became the Vice President for Finance and Administration at the University in 2014. Prior to joining the University, Ms. Tungseth served as treasurer and vice president for finance and administration at Central College in Pella, Iowa. Previously, she served four years as assistant treasurer and director of risk management and nine years as deferred gifts accountant and insurance administrator at Concordia College (Moorhead). She also taught introductory and upper level accounting courses for six years at Concordia College. Prior to her roles in higher education, she spent 16 years as an accountant.

Ms. Tungseth earned a master of business administration with an emphasis on accounting and finance from North Dakota State University, a bachelor of science degree in accounting from Minnesota State University Moorhead, and a bachelor of arts degree in economics and political science from Concordia College. She is also a certified public accountant.

Provost

Dr. John Matachek was confirmed as University Provost on September 7, 2017, having served as Interim Provost since August 2015. As Provost, Dr. Matachek is the chief academic officer of the university, providing leadership through the establishment of academic priorities, the support of existing programs and the development of new innovative academic programs, and the supervision of our academic deans. He also is responsible for the undergraduate and graduate student experience, and oversees the libraries and the international and diversity programs at the university.

Dr. Matachek previously served as Dean of the College of Liberal Arts for six years. A member of the College of Liberal Arts faculty since 1984, he began his career as an assistant professor in the department of chemistry, eventually becoming chair of the department of chemistry, a position he held through 2006. From 2001-2010, Dr. Matachek served as co-chair of the University biochemistry program. In 2007-2008 he served as the inaugural president of the University's Faculty Council. Dr. Matachek earned his undergraduate degree in chemistry from the University of Minnesota and his PhD in inorganic chemistry from Iowa State University.

Vice President for Institutional Advancement (Interim)

Carrie Albers oversees the University's Development Office – comprised of annual giving programs, grants, and major and planned giving – raising philanthropic support for the University's strategic priorities. Additionally, she collaborates with the President on University-wide campaign planning and management, and is a strategic partner in providing development support to the President, the Board of Trustees, and academic leadership across the University. Ms. Albers serves as a member of the Campus Planning Committee and as a liaison to the Hamline Formers retired faculty and staff group.

Ms. Albers has 20 years of experience in higher education development, with prior roles at Creighton University, Aurora University and Kalamazoo College. She holds both a BA and a Master of Arts in Nonprofit Management from the University.

Dean of Students

Patti Klein is the Dean of Students and Title IX Coordinator for the University. She is the first point of contact for many students who are in need of assistance and support. She coordinates all aspects of Title IX implementation, including assisting University members through the complaint process and procedures around sexual misconduct and sexual harassment. She also supervises the directors of residential life and students' leadership and activities. Ms. Klein holds a BS in Education from the University of Wisconsin-Platteville and a MS from Iowa State University and is currently completing course work for her EdD from the University.

Vice President and General Counsel

Catherine Wassberg was named as Vice President and General Counsel in March 2009. Ms. Wassberg oversees all legal matters for the University, providing legal advice to the University leadership and Board of Trustees. In addition, Ms. Wassberg provides leadership and guidance to the University on human resources strategies and direction, including faculty and staff development. Ms. Wassberg was the Managing Director of Corporate Human Resources and Associate General Counsel for Northwest

Airlines/Delta prior to joining the University. Previously, she also was partner and co-chair of the labor and employment group within the law firm of Jenner & Block in Chicago, Illinois. Ms. Wassberg received her B.A. from Northern Illinois University and her J.D. from the University of Chicago Law School.

Campus/Physical Plant

The University is located on a 62-acre site in Saint Paul, Minnesota, approximately equidistant from the downtown areas of Saint Paul and Minneapolis. Eighteen principal academic and administrative buildings, six residence halls and one student apartment building and other smaller buildings comprise the campus physical plant.

The University's oldest building, Old Main, was built in 1884 and is on the National Register of Historic Places. A number of recently constructed campus buildings have won architectural awards. In 2004 the University opened the innovative Klas Center combining a new sports stadium with a community and learning facility, including casual dining, an outdoor plaza, classroom and conference space, and a third-level ballroom with views of the athletic fields and Old Main Mall. In 2012, the University opened the Carol Young Anderson & Dennis L. Anderson Center. This building functions as a University community center and houses campus dining, event spaces, a coffee shop, convenience store and student support offices. The center was built to LEED Silver standards and touts a green roof and solar panels as well as energy efficient lighting and mechanical systems.

The residence halls and apartments on campus house approximately 817 students. Approximately 37% of undergraduates live on campus. The University has an office to assist students with off-campus housing.

In the fall of 2008, the University opened its Minneapolis campus, where it offers Masters degree level programs in business and education. The Minneapolis campus occupies 32,000 square feet in the 1600 Tower Building located at the intersection of I-394 and Highway 100. The Minneapolis campus includes classrooms and a breakroom/lounge. In 2017, a significant portion of the facility was subleased due to decreased demand for programs in that location.

Libraries

The Bush Memorial Library houses in excess of 200,000 books and periodicals. The library also maintains a variety of non-print media, including current electronic databases and reference sources. The library is a member of a six-member consortium of private universities located in Saint Paul, Minnesota. Consortium members collectively support a variety of library services, including rapid access to their combined print collections of more than 1.5 million volumes.

Academic Information

Within the University’s two schools, undergraduate and graduate programs are offered. As a result, the following information is represented by student type.

<u>Undergraduate</u>

The University is categorized as a “Master’s Colleges and Universities (larger programs)”, according to the Carnegie Council on Policy Studies in Higher Education. The University offers bachelor’s degrees in 38 areas of study and has a student to faculty ratio of 12 to 1.

The University offers four bachelor’s degrees, (BA, BS, BBA, and BFA) and approximately 40 majors and concentrations in the College of Liberal Arts and the School of Business. During the 2016-17 academic year, the University awarded 513 undergraduate degrees.

The College of Liberal Arts follows a 4-1-4 academic calendar.

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

In addition to various on-campus programs, the University offers a variety of international study programs.

Graduate

Hamline offers graduate programs to prepare the next generation of leaders. Student-focused and practice-based, Hamline's programs are grounded in an ethic of civic responsibility, social justice, and inclusive leadership and service. The graduate programs include those within Business, Education, and Creative Writing,. Each of these are aligned within the University structure under the Dean of the School of Business or the Dean of the College of Liberal Arts.

The School of Business and the College of Liberal Arts offer twelve Master of Arts degree programs and two doctoral degrees. During the 2016-17 academic year, 444 Masters Degrees and 11 Doctorate degrees were awarded.

Courses in the graduate schools and programs are geared toward adult working professionals.

In 2015, the University entered into a Definitive Agreement to combine the Hamline School of Law with William Mitchell College of Law. The American Bar Association granted acquiescence on December 28, 2015 and the Mitchell Hamline School of Law (MHSL) was created. MHSL is an autonomous nonprofit institution governed by an independent board of trustees. The transaction is described in detail in Note 19 to the University's Fiscal Year 2017 Financial Statements attached hereto in Appendix VII. Hamline University has no ongoing financial obligation to MHSL but retains the right to a percentage of each current year's net tuition revenue as defined by the terms of the Definitive Agreement.

Student Enrollment

The University's actual enrollments for academic years 2013-14 through 2017-18 are set forth below:

	Undergraduate		Graduate		School of Law		Total (with Law School)		Total (w/o Law School)	
	FTE	Head Count	FTE	Head Count	FTE	Head Count	FTE	Head Count	FTE	Head Count
2013-14	2,138	2,211	1,127	1,933	350	437	3,615	4,581	3,265	4,144
2014-15	2,189	2,242	1,172	1,905	253	322	3,614	4,469	3,361	4,147
2015-16	2,156	2,229	1,036	1,770	202	259	3,394	4,258	3,192	3,999
2016-17	2,121	2,184	985	1,668	n/a	n/a	3,106	3,852	3,106	3,852
2017-18	2,111	2,168	925	1,566	n/a	n/a	3,036	3,734	3,036	3,734

Source: Hamline University.

Undergraduate (Freshman) Applications, Admissions and Enrollments

	2013-14	2014-15	2015-16	2016-17	2017-18
Applications	3,427	3,417	3,995	4,252	4,237
Offers of Admission	2,247	2,378	2,892	2,989	2,937
Percentage Admitted	66%	70%	72%	70%	69%
Enrolled	536	521	513	548	535
Percentage Admitted Enrolled	24%	22%	18%	18%	18%
Median ACT Scores of Enrolled First-Year Students	24	24	24	24	23

Geographic Distribution of Fall Undergraduate Student Body

State:	Number of Students*				
	2013-14	2014-15	2015-16	2016-17	2017-18
Minnesota	1,651	1,665	1,678	1,671	1,685
Wisconsin	148	176	174	170	161
Washington	26	21	20	28	26
Oregon	11	6	2	8	10
North Dakota	13	13	16	14	11
Iowa	27	30	29	28	26
Other States	191	206	193	176	160
International	32	36	29	22	18
Unreported	9	4	0	0	0
Total	2,108	2,157	2,141	2,117	2,097

* *Students are defined as degree seeking students only.*

Undergraduate Student Retention

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

Fall Semester	New First-Year Students	Percent of Students Returning 2nd Year	3rd Year	4th Year	Percent of Graduates 4 Years	By 5th Year
2012	541	81	69	61	55	60
2013	536	83	76	66	63	
2014	521	79	72	63		
2015	513	79	70			
2016	548	84				
2017	535					

Faculty and Staff – 2017-18

Undergraduate/Graduate Full-Time Faculty	22
Undergraduate/Graduate Part-Time Faculty	1
Undergraduate Full-Time Faculty	106
Undergraduate Part-Time Faculty	72
Graduate Full-Time Faculty	24
Graduate Part-Time Faculty	69
Administrative Full-Time Staff	339
Administrative Part-Time Staff	47
Total Faculty and Staff	680

Faculty by Rank and Average Salary – 2016-17*

	Total Number	Average Base Salary	Number Tenured
Professor	66	$80,674	65
Associate Professor	33	$64,962	27
Assistant Professor	42	$58,106	0
Instructor	4	$72,197	0
Senior Lecturer	3	$76,242	0
Lecturer	9	$66,144	0
No Rank	4	$66,629	0

* *2017-18 information is not yet available.*

Tuition and Fees

The University meets the costs of its educational programs primarily through tuition and fees.

Undergraduate

The following table lists the annual tuition, room, board and other fees charged to a full-time undergraduate student residing on campus.

	2013-14	2014-15	2015-16	2016-17	2017-18
Tuition	$34,570	$35,710	$36,888	$38,100	$39,206
Room & Board	9,090	9,392	9,736	9,894	10,156
Student Fees*	538	556	998	1,081	1,128
Total	$44,198	$45,658	$47,622	$49,075	$50,490

* Includes book rental fee that covers all student books for entire year.
Other special fees may be charged for specific courses of study and certain activities.

Graduate Programs

Graduate school students are charged tuition per credit per semester. Following are those charges for the past five academic years.

	2013-14	2014-15	2015-16	2016-17	2017-18
Graduate School					
Master's					
Education	$389	$405	$449	$464	$478
Education: Natural Science and Environmental Ed.	$405	$405	$449	$464	$478
Literacy	$405	$405	$449	$464	$478
ESL	$405	$437	$487	$497	$509
TESOL		$625	$637	$637	$637
Teaching	$508	$523	$545	$564	$581
Public Administration	$485	$495	$498	$507	$542
Liberal Studies	$445	$445	N/A	N/A	N/A
Fine Arts – Creating Writing	$492	$507	$550	$575	$592
Children's Literature	$636	$668	$698	$731	$752
Nonprofit Management	$485	$495	$498	$507	$507
Business Admin.	$650	$675	$705	$729	$767
Doctoral					
Education	$680	$680	$692	$712	$733
Public Administration	$732	$740	$753	$762	$787

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

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

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

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

Source: The Minnesota Private College Research Foundation, reviewable at www.mnprivatecolleges.org; information posted as of October 2, 2017.

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Financial Aid

Approximately 88% of the total student body received some form of financial aid in Fiscal Year 2017. The following table is a five-year summary of financial aid received from University and non-University sources.

Fiscal Year Ending	2013	2014	2015	2016	2017
Federal:					
Pell Grants	$ 3,431,927	$ 3,617,594	$ 3,461,953	$ 3,466,572	$ 3,214,661
SEO Grants	399,240	381,540	386,207	247,307	245,480
ACG Grants:					
SMART Grants:					
Teach Grants:	290,689	253,558	239,002	195,493	213,444
Stafford Loans:	10,688,888	11,116,382	10,879,764	11,131,559	11,018,711
Supplemental Loans:	41,355,930	36,478,333	32,098,790	24,909,726	21,216,397
Work-Study	461,283	408,183	422,182	551,308	521,612
Perkins Loans	972,299	883,629	1,211,277	737,296	608,115
Minnesota:					
Grants	3,204,911	3,727,498	3,786,064	4,249,111	4,562,832
SELF Loans	531,558	556,245	582,237	793,094	937,111
Work Study	370,792	296,469	307,208	290,092	283,371
University Grants	35,534,908	39,049,089	41,530,876	39,572,478	38,434,102
Other	424,927	401,989	370,942	433,359	320,450
Total Financial Aid	$97,667,352	$97,172,509	$95,276,502	$86,607,395	$81,576,286
Number of Students Receiving Financial Aid	3,977	3,656	3,848	3,654	3,392

Retirement Plan

The University participates in the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF "the Plan"), which covers certain full-time faculty and staff employees. Non-elective discretionary contributions equal to 5% of eligible compensation and discretionary match contributions up to 2.5% of pretax elective deferrals are required under the program. Benefits are based upon amounts accumulated for the account of each individual employee at date of retirement. The University contributed to the Plan $2,000,075 and $2,224,739 for the years ended June 30, 2017 and 2016, respectively.

Capital Campaign

The University completed a $150 million capital campaign in June 2005 which raised $156 million, exceeding the campaign goal. In 2008, the University embarked upon a capital campaign to raise funds for the University Center. At the end of Fiscal Year 2013, $20 million had been raised in gifts and pledges in support of the Center, reaching the targeted goal.

Upon the arrival of President Miller, work began toward a new comprehensive campaign. Hamline is currently in the silent phase of the campaign with a campaign target yet to be released. An initial list of campaign priorities was developed, and a feasibility study was conducted. Further work is being done on a campaign narrative in conjunction with the development of an updated University strategic plan, and the launch of a new University brand campaign released this fall. An overview of the Hamline Donor Engagement Process has been developed, and the major gift officer team has been fully trained on this process. A new series of donor cultivation events was successfully launched in the summer of 2017 to further highlight and test campaign priority areas. Fundraising in general during Fiscal Year 2017 increased significantly over the prior year.

Gift and Grants

Gifts and grants received by net asset classification for the past five Fiscal Years are as follows:

Year ended June 30	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Gifts and Grants
2017	4,422,429	1,568,151	3,375,474	9,366,054
2016	4,183,582	1,971,216	873,246	7,028,044
2015*	4,175,715	1,754,484	160,860	6,091,059
2014*	(428,832)	4,898,913	2,719,426	7,189,507
2013	2,375,647	5,570,784	3,316,016	11,262,447

* Includes write-offs of uncollectible pledges.

Endowment Funds

Following is a five-year history of the University's funds traditionally considered the University's endowment, as well as assets of split-interest agreements and unrestricted net assets as reported in the annual financial statement of the University for each year.

Fiscal Year Ending 6/30	2013	2014	2015	2016	2017
Permanent Endowment	$61,802,572	$64,550,314	$60,903,213	$62,270,348	$65,791,290
Temporarily Restricted Endowment	10,543,942	17,805,730	17,130,331	10,142,095	15,007,619
Unrestricted Endowment(a)	10,683,057	12,925,806	12,657,620	10,679,166	12,375,320
Total Endowment Funds - Net Assets	$83,029,571	$95,281,850	$90,691,164	$83,091,609	$93,174,229
Other					
Subtotal Pooled Endowment Funds	$81,424,411	$92,230,815	$89,108,506	$80,598,769	88,250,751
Split-Interest Agreements	2,831,634	2,943,826	2,645,136	2,216,925	2,096,677
Unrestricted Funds	141,213	142,334	148,862	193,557	153,241
Total Investments	$84,397,258	$95,316,975	$91,902,504	$83,009,251	$90,500,669

(a) *Includes Board Designated Endowment Funds.*

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For the first three months of Fiscal Year 2018, the University's endowment funds were as follows:

	Unaudited as of September 30, 2017
Permanent Endowment	$65,953,918
Temporary Endowment	14,450,478*
Unrestricted Endowment	12,231,301*
Total Endowment Funds-Net Assets	$92,635,698
Other	0
Subtotal Pooled Endowment Funds	$92,635,698
Split-Interest Agreements	$ 2,102,518
Unrestricted Funds	141,625
Total Investments	$94,879,840

* *Reflects values after Fiscal Year 2018 Endowment draw of $3,992,638.*

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

Investment Management

The University's current investment policy states the Board of Trustees intend to spend 4.5% of the rolling three-year market value of the endowment assets. The spending rate may be changed at the discretion of the Board of Trustees in any one year to achieve strategic objectives of the University. The total return objective of the endowment is to achieve an annualized total return after investment management fees of 5.5% net of inflation.

An Investment Committee is appointed by the Board of Trustees and is charged with setting the asset allocation of investments across asset classes, developing investment objectives and performance measures, selecting investment managers and consultants and reviewing and evaluating investment results. Investment performance reviews of all endowment funds are conducted not less than quarterly to ascertain progress against the return objectives. Certain events, such as deviations from expected investment performance or changes in fund management organizations, trigger automatic formal performance reviews of investment managers.

The investment policy sets forth the following asset allocation targets:

	Target	Maximum	Minimum
Stocks	65%	80%	45%
Bonds	25%	35%	15%
Alternatives	10%	20%	0%

Stocks can include, but are not limited to, strategies such as global equites, domestic equities, international equites, and emerging markets equites. They can include structures such as separate accounts, mutual funds, and commingled funds for long-only equities, and limited partnerships and mutual funds for long/short equities and private equity.

Bonds can include but is not limited to strategies such as global fixed income, domestic fixed income, international fixed income, and emerging markets debt instruments. It can include structures such as separate accounts, mutual funds, and comingled funds for long-only fixed income, and limited partnerships and mutual funds for long/short fixed income and opportunistic structures. Securities can include, but are not limited to Treasuries, US government agency securities, asset-backed securities and other sovereign bonds, as well as corporate bonds, other non-agency securities, and derivatives on any of the aforementioned securities.

Alternatives may include Real Assets investments or strategies composed of real property, buildings and developments, timber, or commodities (through public mutual funds, commingled funds, and private partnerships), all of which generally respond more directly to changes in inflation. Absolute return refers to investments that may invest in a range of underlying securities or strategies with the objective of providing a consistent positive return and is not managed to track a particular benchmark. It can include structures such as mutual funds, commingled funds, and limited partnerships.

The Investment Committee reviews the asset allocation targets on an annual basis and not less than quarterly the Vice President for Finance reviews asset allocations to determine that investments are within the established ranges. The asset allocation of the University's investments as of June 30, 2017 is set forth in Note 4 to its financial statements found in Appendix VII.

Presentation of Financial Statements

The following table sets forth the University's statements for unrestricted activities for the Fiscal Years ended June 30, 2013 through 2017. This table should be read in conjunction with the financial statements for Fiscal Years ended June 30, 2017 and 2016 found in Appendix VII.

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Hamline University of Minnesota
Statements of Activities Unrestricted Funds
For the years ended June 30

	2013	2014	2015	2016	2017
Revenue:					
Tuition and Fees	$ 102,917,430	$ 105,387,375	$ 106,103,709	$ 95,558,728	$ 96,568,707
Less:					
Unfunded Student Aid	34,145,296	37,540,463	39,915,415	35,232,402	36,976,543
Funded Student Aid	1,883,642	1,910,615	1,986,403	2,124,887	1,778,009
Net Student Tuition and Fees	66,888,492	65,936,297	64,201,891	58,201,439	57,814,155
Government Grants	105,266	96,401	114,101	2,893,086	2,893,803
Contributions	2,270,381	1,474,767	1,407,602	1,290,496	1,528,626
Investment Income (Loss), Net	899,119	930,898	1,367,330	1,165,967	1,396,928
Realized and Unrealized Gains (Losses) on Investments	-	-	-	-	-
Sale and Services of Educational Activities	320,949	288,484	252,805	136,023	114,841
Other Sources	1,298,818	1,195,004	1,530,932	1,260,190	1,578,282
Auxiliary Enterprises	8,536,763	8,800,214	9,201,933	9,330,441	8,932,935
Net Assets Released from Restrictions	7,173,344	7,233,043	7,440,940	5,417,903	4,682,037
Total Revenue	$ 87,493,132	$ 85,955,108	$ 85,517,534	$ 79,695,545	$ 78,941,607
Expenses:					
Instruction	$ 33,037,790	$ 31,649,454	$ 32,141,649	$ 27,728,639	$ 27,242,794
Academic Support	14,928,597	15,041,029	14,442,069	12,203,159	9,778,072
Research	178,717	169,489	182,657	146,812	146,188
Public Service	1,429,026	1,026,513	1,142,242	1,395,448	1,340,972
Student Services	13,775,201	13,747,013	14,609,951	13,778,424	13,747,290
Institutional Support	14,114,290	14,166,164	13,900,078	14,734,097	14,625,227
Auxiliary Enterprises	11,329,426	11,382,444	11,450,106	11,496,734	12,020,931
Total Expenses	$ 88,793,047	$ 87,182,106	$ 87,868,752	$ 81,483,313	$ 78,901,474
CHANGE IN OPERATING ASSETS BEFORE TRANSFERS	$ (1,299,915)	$ (1,226,998)	$ (2,351,218)	$ (1,787,768)	$ 40,133
Transfers from Designated Unrestricted Net Assets	$ 1,963,811	$ 1,241,953	$ 1,800,000	$ 1,400,000	$ -
CHANGE IN OPERATING ASSETS AFTER TRANSFER	$ 663,896	$ 14,955	$ (551,218)	$ (387,768)	$ 40,133
Endowment Income (Loss)	5,172,490	5,640,252	3,838,414	2,176,430	5,564,395
Appropriation of Endowment Assets for Expenditure	(3,028,651)	(3,320,008)	(3,958,730)	(4,261,584)	(3,876,295)
Current Year Impact of Restatement and Restructuring Costs	(585,890)				
Combination/Discontinued Operations				(1,974,655)	
Fund Transfer to Another Organization				(71,162)	
Non-Operating Net Gain		31,223			
Pledge Adjustment		(2,000,000)			
Restructuring Costs		(450,203)	(1,248,744)	15,699	(5,221)
Facility Net Assets Released from Restrictions	-	-	-	-	-
Board Designated Unrestricted Spending	(1,963,811)	(1,309,083)	(2,143,069)	(1,448,121)	8,023
CHANGE IN NET ASSETS	$ 258,034	$ (1,392,864)	$ (4,063,347)	$ (5,951,161)	$ 1,731,035
Net Assets - Beginning of Year	49,768,035	50,026,069	48,633,205	44,569,858	38,618,697
NET ASSETS - END OF YEAR	$ 50,026,069	$ 48,633,205	$ 44,569,858	$ 38,618,697	$ 40,349,732

Source: Audited Financial Statements of the University.

Line of Credit

The University has an unsecured line of credit in the amount of $7,000,000 with U.S. Bank National Association available for short-term operating cash needs. In addition, the University maintains a line of credit in the amount of $3,000,000 with Harris N.A. for short-term capital borrowing.

There are no borrowings under either line of credit as of the date of this Official Statement.

Long-Term Debt of the University

The University's long-term debt outstanding as of October 15, 2017, is as follows:

1. $14,890,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-E, dated June 29, 2010 (the "Series Seven-E Bonds"). The Series Seven-E Bonds are secured by the full faith and credit of the University. The average interest rate on the Series Seven-E Bonds is 4.67%, with the final maturity due October 1, 2029. The outstanding principal balance is $11,335,000. **The Series Seven-E Bonds will be refunded with proceeds of the Bonds.**

2. $18,330,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-K2, dated March 9, 201 (the "Series Seven-K2 Bonds"). The Series Seven-K2 Bonds are secured by the full faith and credit of the University. The interest rate on all maturities of the Series Seven-K2 Bonds is 6.00%, with the final maturity due October 1, 2040. The outstanding principal balance is $18,330,000. **The Series Seven-K2 Bonds will be refunded with proceeds of the Bonds.**

3. $5,420,000 Minnesota Higher Education Facilities Authority Revenue Note, Series Seven-Y2, reissued as of July 1, 2016 (the "Series Seven-Y2 Note"). The Series Seven-Y2 Note is secured by the full faith and credit of the University. The Series Seven-Y2 Note bears interest at a rate of 1.89% multiplied by a tax-exempt factor, which factor currently equals 1 (one). The Series Seven-Y2 Note will mature on March 1, 2025. The University has agreed with U.S. Bank, the purchaser of the Series Seven-Y2 Note, to cause partial redemptions of the Series Seven-Y2 Note prior to maturity. The outstanding principal balance is $4,525,000. The remaining balance of the Series Seven-Y2 Note is subject to early mandatory tender for purchase from the holder thereof on July 1, 2021, unless such date is extended pursuant to the terms of the Series Seven-Y2 Note.

4. $6,726,000 Minnesota Higher Education Facilities Authority Revenue Note, Series 2017A, dated June 30, 2017 (the "Series 2017A Note"). The Series 2017A Note is secured by the full faith and credit of the University. The Series 2017A Note bears interest at a rate of 2.41% multiplied by a tax-exempt factor, which factor currently equals 1 (one). The Series 2017A Note will mature on October 1, 2026. The University has agreed with U.S. Bank, the purchaser of the Series 2017A Note, to cause partial redemptions of the Series 2017A Note prior to maturity. The outstanding principal balance is $6,726,000. The remaining balance of the Series 2017A Note is subject to early mandatory tender for purchase from the holder thereof on July 1, 2022, unless such date is extended pursuant to the terms of the Series 2017A Note.

Annual Debt Service and Pro Forma Coverage Statement

The following table displays the pro forma debt service coverage for outstanding University funded debt, including the debt service on the Bonds. Coverage is calculated based on net income available for debt service for Fiscal Years 2016 and 2017 and maximum annual debt service (MADS). The amount available for debt service is detailed in footnote (b) to the table.

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

The table is intended merely to show the relationship of amounts available for the University's debt service for Fiscal Years 2016 and 2017 to MADS based on existing outstanding University debt, issuance of the Bonds and refunding of the Series Seven-E Bonds and the Series Seven-K2 Bonds. It is not intended and should not be considered a projection of future revenues, expenses, debt service or debt service coverage of the University. There is no assurance that the future amounts available for debt service and debt service coverage of the University or the respective relationships thereof will correspond to the pro forma amount available for debt service, pro forma debt service coverage, combined long-term debt service or the respective relationships thereof shown by or reflected in the following table.

Maximum Annual Debt Service and Pro Forma Coverage

Fiscal Year Ending June 30	Amount Available for Debt Service[(a)]	MADS[(b)]	Coverage (times)
2017	$8,257,965	$3,914,058	2.11
2016	$6,349,434	$3,914,058	1.62

(a) *The net income available for debt service, based on the University's audited financial statements for Fiscal Years 2016 and 2017 is calculated as shown below.*

		Fiscal Year 2017	Fiscal Year 2016
Unrestricted net operating income		*$ 40,133*	*$(1,787,768)*
Plus:	*Depreciation*	*6,183,218*	*6,124,028*
Plus:	*Interest expense*	*2,166,194*	*2,166,194*
Less:	*Net assets released from restrictions for land, buildings and equipment*	*(131,580)*	*(153,020)*
Net income available for debt service		*$8,257,965*	*$6,349,434*

(b) *Includes debt service for the University's outstanding debt, including the Bonds and excluding Series Seven-E and Series Seven-K2, which will be refunded with Bond proceeds.*

PROPOSED FORM OF LEGAL OPINION

FRYBERGER
LAW FIRM

$34,650,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE AND REFUNDING BONDS, SERIES 2017B
(TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered (initially book-entry) Revenue and Refunding Bonds, Series 2017B (Trustees of the Hamline University of Minnesota), in the aggregate principal amount of $34,650,000 (the "Bonds"), dated December 6, 2017. The Bonds mature on October 1 in the years 2018 through 2040 and on October 1, 2047, and bear interest at the interest rates per annum specified in the Indenture (defined below) for each maturity, subject to an increase in such interest rates in the event of a Determination of Taxability. The Bonds are subject to optional and extraordinary redemption prior to maturity as provided in the Indenture.

The Bonds are issued for the purpose of funding a loan from the Authority to the Trustees of the Hamline University of Minnesota (the "Corporation"), a Minnesota nonprofit corporation, located in St. Paul, Minnesota, in order to finance (i) renovation, refurbishing or improvements to Sorin Hall, Robbins Science Center and Drew Science Center; re-roofing of Manor House Residence Hall; and improvements to the north side of campus electrical infrastructure; (ii) refunding the Authority's Revenue Bonds, Series Seven-E (Trustees of the Hamline University of Minnesota), and (iii) refunding the Authority's Revenue Bonds, Series Seven-K2 (Trustees of the Hamline University of Minnesota), all as further described in the Loan Agreement. We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the Corporation and the Trust Indenture (the "Indenture") between the Authority and U.S. Bank National Association, in St. Paul, Minnesota, as Trustee (the "Trustee") each dated as of December 1, 2017, the opinion of Fox Rothschild LLP, as counsel to the Corporation, the form of the Bonds prepared for execution and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the Corporation without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Fox Rothschild LLP as to the Loan Agreement having been duly authorized and executed and being binding upon the Corporation, as to the corporate organization, tax-exempt status, powers of the Corporation and other matters set forth therein, and we have relied on information contained in owner and encumbrances reports or title insurance policies or commitments provided to us by the Corporation as to title to the Project Site (as defined in the Loan Agreement and Indenture), all without examining the records of the Corporation or original title records or abstracts of title.

Except as set forth in our opinion to U.S. Bancorp Investments, Inc., dated the date hereof, we have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the

Official Statement or other offering material relating to the Bonds, and we express no opinion relating thereto (except to the extent, if any, stated in the Official Statement).

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

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

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

3. The Bonds are valid and binding limited obligations of the Authority, payable from and secured by the assignment of the loan repayments payable by the Corporation under the Loan Agreement to the Trustee, scheduled to be made in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, and by the pledge of the funds and investments held by the Trustee under the Indenture and by the pledge of funds and rights to payment held by the Trustee, as assignee, under the Loan Agreement.

4. Assuming compliance with certain covenants in the Loan Agreement and Indenture, under existing laws, regulations, rulings and decisions as presently construed, the interest on the Bonds is not includable in gross income for purposes of federal income taxation or in taxable income of individuals, estates and trusts for purposes of Minnesota income taxation. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds, however, is includable in "adjusted current earnings" for purposes of the computation of "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

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

Dated: December ___, 2017

Respectfully submitted,

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Trustees of the Hamline University of Minnesota, a Minnesota nonprofit corporation (the "Corporation"), as owner and operator of Hamline University, a Minnesota nonprofit institution of higher education having its main campus in St. Paul, Minnesota, in connection with the issuance by the Minnesota Higher Education Facilities Authority, an agency of the State of Minnesota (the "Issuer"), of its $34,650,000 Revenue and Refunding Bonds, Series 2017B (Trustees of the Hamline University of Minnesota) (the "Obligations"), issued pursuant to a Trust Indenture dated as of December 1, 2017 (the "Indenture") by and between the Issuer and U.S. Bank National Association, as trustee (the "Trustee"). Proceeds of the Obligations are being loaned to the Corporation pursuant to a Loan Agreement dated as of December 1, 2017, between the Issuer and the Corporation (the "Loan Agreement"). The Corporation covenants and agrees as follows:

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

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

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

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

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

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

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

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

“Final Official Statement” means the Official Statement, dated November 21, 2017, delivered in connection with the original issuance and sale of the Obligations, together with any preliminary official statement, amendments thereto or supplements thereof.

“IRS” means the Internal Revenue Service of the Department of the Treasury.

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

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

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

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

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

Section 3.Provision of Annual Reports.

(a) The Corporation shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, provide to the MSRB, filed in accordance with Section 1(b) of this Disclosure Certificate, an Annual Report. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package; provided that the Audited Financial Statements of the Corporation may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date; provided, however, unaudited financial information shall be provided by the Annual Report Date and the Audited Financial Statements will be submitted to the MSRB when available. The Corporation may provide the Annual Report by specific reference to documents previously provided to the MSRB or filed with the SEC; provided, however, that if the document so referenced is a final official statement within the meaning of the Rule, such final official statement must be available from the MSRB.

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

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

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

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

(i) principal and interest payment delinquencies;

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

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

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

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

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

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

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

(ix) defeasances;

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

(xi) rating changes;

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

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

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

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

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

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

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

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

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

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

Dated as of December 1, 2017.

TRUSTEES OF THE HAMLINE
UNIVERSITY OF MINNESOTA

By ___________________________________
Its Vice President for Finance and
Administration

EXHIBIT A

ANNUAL REPORT INFORMATION

The Annual Report Date will be the date that is 270 days after the fiscal year end, commencing with the fiscal year ended June 30, 2018.

1.Audited financial statements for the most recent complete fiscal year.

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

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

- Student Enrollment
- Faculty and Staff
- Faculty by Rank and Average Salary
- Tuition and Fees
- Financial Aid
- Retirement Plan
- Gifts and Grants
- Annual Debt Service and Pro Forma Coverage Statement

DEFINITIONS OF CERTAIN TERMS

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

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

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

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

Authority: The Minnesota Higher Education Facilities Authority.

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

Authorized Denominations: $5,000 and any integral multiples thereof.

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

Authorized Investments: Investments authorized for moneys in the Accounts created under Articles IV and V of the Indenture and described in Section 5.04 of the Indenture.

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

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

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

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

Bond Purchase Agreement: The Bond Purchase Agreement among the Authority, the Underwriter and the University relating to the Bonds.

Bond Resolution: The Series Resolution of the Authority adopted on October 18, 2017, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: With respect to the Bonds, (a) the period from the Issue Date to the close of business on October 1, 2018, and (b) each succeeding 12-month period ending at the close of business on October 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

Bonds: The Minnesota Higher Education Facilities Authority Revenue and Refunding Bonds, Series 2017B (Trustees of the Hamline University of Minnesota).

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

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

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

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

Certificate: A certification in writing required or permitted by the provisions of the Loan Agreement or the Indenture to be signed and delivered to the Trustee or other proper person or persons. If and to the extent required by the provisions of Section 1.02 of the Indenture, each Certificate shall include the statements provided for in said Section 1.02.

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

Construction Account: The Construction Account established under the Indenture.

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

Continuing Disclosure Certificate: The Continuing Disclosure Certificate of the Corporation, to be dated as of December 1, 2017.

Corporation or University: The Trustees of the Hamline University of Minnesota, a Minnesota nonprofit corporation, as owner and operator of the Institution, its successors and assigns.

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

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

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

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

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

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

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

Escrow Agreement: The Escrow Agreement among the Corporation, the Authority and Wells Fargo Bank, National Association, in its capacity as Escrow Agent, as the Series Seven-E Trustee and as the Series Seven-K Trustee, to be dated December 1, 2017.

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

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

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

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

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

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

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

Independent Management Consultant: An Independent certified public accountant, Independent financial consultant or Independent management consultant having a favorable reputation for skill and experience in studying and reporting on operations of private nonprofit institutions of higher education satisfactory to the Authority.

Institution: Hamline University, a Minnesota institution of higher education headquartered in St. Paul, Minnesota, owned and operated by the Corporation. The Institution is also referred to as the "University" elsewhere in this Official Statement.

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

Interest Rate: With respect to the Bonds, the interest rate per annum specified in Section 2.01 of the Indenture, in the column entitled "Interest Rate" for the Bonds of the respective year of maturity.

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

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

Line of Credit: The line of credit that Harris N.A. advanced to the Corporation, pursuant to a Line of Credit Agreement, dated July 6, 2006, as subsequently amended, which provided an available line of credit of $8,315,000 to provide financing for the Line of Credit Project.

Line of Credit Project: The acquisition, renovation, improvement, and/or equipping of various buildings on or relating to the Corporation's main campus, including (i) the acquisition of the Guest House, located at 1538 Englewood Avenue, Saint Paul, Minnesota, the PRIDE House, located at 737 Asbury Street, Saint Paul, Minnesota, and the Wesley Center, located at 740 Snelling Avenue, Saint Paul, Minnesota; (ii) the renovation of the Corporation President's residence and event center, located at 1027 Summit Avenue, Saint Paul, Minnesota, and owned and operated by the Corporation, (iii) the renovation, equipping of and repairs to Bush Library, Walker Fieldhouse, Drew Hall of Science, Giddens Learning Center, West Hall (formerly known as the School of Law), Drew Residence Hall, and the building located at 736 Snelling Avenue, Saint Paul, Minnesota; and (iv) maintenance and remodeling projects in various buildings located on the campus, including acquisition and installation of replacement windows, steam pipes, and lighting.

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

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

Negative Pledge Property: The land or interest in land shown on Exhibit A to the Loan Agreement.

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

Opinion of Counsel: A written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the University or Authority.

Outstanding: When used as of any particular time with reference to Bonds, without regard to capitalization of such term, means (subject to the provisions of Section 9.03 of the Indenture pertaining to Bonds held by the Authority and the University) all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds for the payment or redemption of which funds or securities described in Section 10.02 of the Indenture, in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III of the Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.07 of the Indenture pertaining to replacement of Bonds.

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

Principal Trust Office: For the Trustee originally appointed under the Indenture, the designated corporate trust office of the Trustee which at the date of the Indenture is specified in Section 8.03 of the Loan Agreement and for any successor Trustee, shall mean its designated corporate trust office.

Prior Bond Documents: The Series Seven-E Bond Documents and the Series Seven-K Bond Documents.

*Prior Bonds: C*ollectively, the Refunded Series Seven-E Bonds and the Refunded Series Seven-K2 Bonds.

Prior Bonds Indentures: The Series Seven-E Indenture and the Series Seven-K Indenture.

Prior Bonds Loan Agreements: The Series Seven-E Loan Agreement and the Series Seven-K Loan Agreement.

Prior Bonds Project: The Series Five-B Project, the Line of Credit Project and the Series Seven-K Project.

Project: (a) Renovation, refurbishing or improvements to Sorin Hall, Robbins Science Center and Drew Science Center; (b) re-roofing of Manor House Residence Hall; and (c) improvements to the north side of campus electrical infrastructure.

Project Buildings: The facilities described in the Project and acquired, improved or constructed with proceeds of the Bonds, including investment earnings, and any other building constructed or improved or refinanced with the proceeds of the Series Seven-E Bonds and the Series Seven-K2 Bonds and described in the Series Five-B Project, the Line of Credit Project and the Series Seven-K Project.

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

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

Project Site: Those portions of land or interests in land shown on Exhibit A to the Loan Agreement which are owned by the Corporation and on which any Project Buildings are or will be located or otherwise improved as part of the Prior Bonds Project or the Project.

Project Supervisor: The Project Supervisor appointed as provided in Section 3.07 of the Loan Agreement and in Section 4.09 of the Indenture.

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

Redemption Account: The Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account; and (ii) to redeem or prepay outstanding Bonds to the extent permitted or required and to purchase outstanding Bonds for redemption and cancellation.

Moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the University or the Authority fails to provide for payment of any rebate.

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

Refunded Bonds: Collectively, the Refunded Series Seven-E Bonds and the Refunded Series Seven-K2 Bonds.

Refunded Series Seven-E Bonds: The Series Seven-E Bonds maturing on and after October 1, 2018, and outstanding in the principal amount of $11,335,000.

Refunded Series Seven-K2 Bonds: The Series Seven-K2 Bonds maturing on October 1, 2032 and October 1, 2040, and outstanding in the principal amount of $18,330,000.

Refunding Account: The account established under the Indenture for the deposit of certain Bond proceeds to be used to refund the Refunded Bonds.

Reserve Account: The Reserve Account established under the Indenture.

Reserve Requirement: The Reserve Requirement as defined in the Indenture. (See "ACCOUNTS – Reserve Account.")

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

Series Five-B Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Five-B (Trustees of the Hamline University of Minnesota), dated September 1, 1999, issued in the original principal amount of $7,750,000, the proceeds of which were loaned by the Authority to the Corporation to provide financing for the Series Five-B Project.

Series Five-B Project: The construction, furnishing, and equipping of a student residence building for approximately 150 students in approximately 60 units, including underground and surface parking and related demolition and site improvements.

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

Series Seven-E Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-E (Trustees of the Hamline University of Minnesota), dated June 29, 2010, issued in the original principal amount of $14,890,000, the proceeds of which were loaned by the Authority to the Corporation to refund on a current refunding basis the Series Five-B Bonds and to refinance the Line of Credit.

Series Seven-E Bonds Bond Account: The Series Seven-E (Trustees of the Hamline University of Minnesota) Bond and Interest Sinking Fund Account created under the Series Seven-E Indenture.

Series Seven-E Bonds Redemption Date: October 1, 2020.

Series Seven-E Trustee: Wells Fargo Bank, National Association.

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

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

Series Seven-E Redemption Account: The Series Seven-E (Trustees of the Hamline University of Minnesota) Redemption Account created under the Series Seven-E Indenture.

Series Seven-E Reserve Account: The Series Seven-E (Trustees of the Hamline University of Minnesota) Reserve Account created under the Series Seven-E Indenture.

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

Series Seven-K Bonds Bond Account: The Series Seven-K (Trustees of the Hamline University of Minnesota) Bond and Interest Sinking Fund Account created under the Series Seven-K Indenture.

Series Seven-K Indenture: The Trust Indenture between the Authority and the Series Seven-K Trustee, dated as of March 1, 2011.

Series Seven-K Loan Agreement: The Loan Agreement between the Authority and the Corporation, dated as of March 1, 2011.

Series Seven-K Project: Site preparation for and construction, equipping and furnishing of the Carol Young Anderson and Dennis L. Anderson Center (formerly referred to as the University Center), an approximately 125,000 square foot multi-story structure consisting of an approximately 75,000 square foot, three-story above-grade building and two levels of underground parking comprising approximately 50,000 square feet, which was expected to provide social gathering spaces, food service, student service offices, meeting rooms and 111 spaces of underground parking.

Series Seven-K Redemption Account: The Series Seven-K (Trustees of the Hamline University of Minnesota) Redemption Account created under the Series Seven-K Indenture.

Series Seven-K Reserve Account: The Series Seven-K (Trustees of the Hamline University of Minnesota) Reserve Account created under the Series Seven-K Indenture.

Series Seven-K Trustee: Wells Fargo Bank, National Association.

Series Seven-K2 Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-K2 (Trustees of the Hamline University of Minnesota), dated March 9, 2011, issued in the original principal amount of $18,330,000, the proceeds of which were loaned by the Authority to the Corporation to provide a portion of the financing for the Series Seven-K Project.

Series Seven-K2 Bonds Redemption Date: October 1, 2021.

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

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

Trustee: The trustee at the time serving as such under the Indenture, and initially the Trustee will be U.S. Bank National Association, St. Paul, Minnesota.

Underwriter: U.S. Bancorp Investments, Inc., as original purchaser of the Bonds.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The University represents that construction, acquisition and installation of the Project will be substantially completed by no later than October 15, 2019, subject only to "force majeure," as provided in the Loan Agreement. The University may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, or both, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the University, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel who is bond counsel to such effect is furnished. The University agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs exceed the proceeds of the Bonds, including investment earnings in the Construction Account.

Payment, Redemption and Prepayment of Refunded Bonds

On the Issue Date, the Authority and the University agree that the portion of the proceeds of the Bonds, described in the Loan Agreement, to be deposited in the Refunding Account, shall immediately thereafter be forwarded to the (i) Series Seven-E Trustee for deposit in the Series Seven-E Redemption Account and in the Series Seven-E Escrow Account under the Escrow Agreement and used to effectuate the defeasance, payment and redemption of the Refunded Series Seven-E Bonds; and (ii) Series Seven-K Trustee for deposit in the Series Seven-K Redemption Account and in the Series Seven-K Escrow Account under the Escrow Agreement and used to effectuate the defeasance, payment and redemption of the Refunded Series Seven-K Bonds.

On the Issue Date, in addition to the Bond proceeds, the cash held by the Series Seven-E Trustee in the Series Seven-E Reserve Account and additional funds of the University, to effectuate the defeasance of the Refunded Series Seven-E Bonds, shall be deposited in the Series Seven-E Escrow Account under the Escrow Agreement. The amount deposited in the Series Seven-E Escrow Account under the Escrow Agreement shall be used for the defeasance, payment and redemption of the Refunded Series Seven-E Bonds and used to pay interest on the Refunded Series Seven-E Bonds on each interest payment date through the Series Seven-E Redemption Date, to pay the principal of the Refunded Series Seven-E Bonds maturing on October 1, 2018, October 1, 2019 and October 1, 2020, at their maturity and to redeem the Outstanding Refunded Series Seven-E Bonds maturing on and after October 1, 2021, on the Series Seven-E Redemption Date, all in accordance with the provisions of the Series Seven-E Indenture and the terms of the Escrow Agreement.

On the Issue Date, in addition to the Bond proceeds, the cash held by the Series Seven-K Trustee in the Series Seven-K Reserve Account and additional funds of the University, to effectuate the defeasance of the

Refunded Series Seven-K2 Bonds, shall be deposited in the Series Seven-K2 Escrow Account under the Escrow Agreement. The amount deposited in the Series Seven-K2 Escrow Account under the Escrow Agreement shall be used for the defeasance, payment and redemption of the Refunded Series Seven-K2 Bonds and used to pay interest on the Refunded Series Seven-K2 Bonds on each interest payment date through the Series Seven-K2 Redemption Date, to redeem the Outstanding Refunded Series Seven-K2 Bonds maturing on October 1, 2032 and October 1, 2040, on the Series Seven-K2 Redemption Date, all in accordance with the provisions of the Series Seven-K Indenture and the terms of the Escrow Agreement.

Loan Repayments

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

(a) at least five Business Days prior to each April 1 and October 1, commencing April 1, 2018, the University shall deposit into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and, at least five Business Days prior to each October 1, commencing on October 1, 2018, a sum equal to the amount payable as principal (whether at maturity or mandatory sinking fund redemption) of the Bonds on such principal payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account (including amounts transferred from the Construction Account pursuant to the Indenture), and (ii) any credits permitted by Sections 5.01, 5.03 or 5.04 of the Indenture (relating to purchase and cancellation of term bonds and the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

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

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

(d) the University shall deposit into the Reserve Account forthwith any amounts required to be deposited therein by Section 5.02 of the Indenture; and

(e) the University shall deposit into any fund or account designated by the Trustee such amount as may be determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.05 of the Indenture (relating to arbitrage rebate); and

(f) at least five Business Days prior to each October 1, commencing on October 1, 2041, and continuing through October 1, 2047, into the Bond and Interest Sinking Fund Account, a sum which will be equal to the amount, if any, as shall be necessary and sufficient to redeem on such October 1, at par plus accrued interest, the amount of the Term Bonds specified in Section 5.01 of the Indenture.

Each payment under this Section shall be made directly to the Trustee at its designated corporate trust office for the account of the Authority for deposit as provided in the Indenture. The University shall furnish to the Authority, if the Authority so requests, advice of the transmittal of such payments at the time of transmittal of payment.

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

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

Use of Project Facilities

The 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 any part of a program of a school or department of divinity for any religious denomination. The University agrees not to use or permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

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

Operating Expenses and Liens; Negative Pledge

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

The University covenants that except for Permitted Encumbrances, and except as otherwise permitted by the Loan Agreement, the University will not mortgage, grant a lien upon, pledge, grant a security interest in, make an assignment of its interest in or permit the creation of any encumbrance on the Negative Pledge Property or any improvements thereon.

Taxes and Other Governmental Charges

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

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

Insurance

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

(a) Insurance against loss and/or damage to the Project Facilities and contents under a policy or policies covering such risks as are ordinarily insured against by similar institutions, including (without limiting the generality of the foregoing) fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Facilities, with a deductible amount of not more than $250,000.

(b) Comprehensive general public liability insurance, including blanket contractual liability and personal injury liability and automobile insurance, in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $5,000,000, with a deductible amount of not more than $250,000 per occurrence, and against liability for property damage in the minimum amount for each occurrence of $100,000.

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

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

Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the University and the Trustee at least 30 days before the cancellation or modification of the policy limits below the insurance requirements set forth above becomes effective. The University shall annually provide the Trustee with a certificate of insurance compliance on or before September 1 of each 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, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $1,000,000, the University will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss resulting from such damage or destruction exceeds $1,000,000, the

University shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

The Bonds may be redeemed in whole if (i) all or part of the Project Facilities are damaged or destroyed to such extent that they cannot be reasonably restored within six months or (ii) normal use and operation of such Project Facilities are interrupted for a six-month period or (iii) the cost of restoration exceeds the available Net Proceeds by an amount described in the Loan Agreement. The Bonds may be redeemed in part if (i) all or a portion of the Project Facilities have been damaged or destroyed, (ii) the University determines that the Project Facilities or portion thereof, as the case may be, is not needed in its operations and (iii) the University has elected not to restore such Project Facilities or portion thereof, as the case may be. (Also see "THE BONDS – Prior Redemption – Extraordinary Optional Redemption")

Condemnation

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

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

Removal of Project Equipment and Building Equipment

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

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

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

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

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

Indemnification

The University agrees to hold the Authority and the Trustee and their respective members, directors, officers and employees, harmless against any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities and the use thereof, including that caused by any negligence of the Authority or anyone acting on behalf of the Authority, 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 information furnished to the Authority by the University in connection with the sale of the Bonds.

University 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 maintain the Institution as an institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies and that it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee institution, 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 be either a state university or college or a nonprofit corporation operating or authorized to operate an Institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit Institution under the Act, and complies and will comply with the provisions of the Loan Agreement against unlawful discrimination and requiring that the institution be nonsectarian; and (b) the University shall furnish to the Trustee an Opinion of Counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under the Internal Revenue Code and regulations thereunder.

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

The University has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt nonhospital bonds issued on behalf of or for the benefit of the University and all organizations under common management or control with the University (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000, excluding nonhospital bonds issued on or after August 5, 1997 to finance capital expenditures incurred after August 5, 1997.

Under the Loan Agreement, in no event will the University affiliate or consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets or the assets of the Institution as an entirety if the effect of any such transaction would be to adversely affect the tax exempt status of the Bonds, such as by exceeding limitations on the outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the University or such other resulting entity, and all organizations under common management or control with the University or such resulting entity, within the meaning of Section 145 of the Internal Revenue Code.

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 income taxes under Section 501(a) of such Code.

Institution to be Nonsectarian

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

Determination of Taxability

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

Other Covenants

The University further agrees to comply with all applicable laws and regulations against unlawful discrimination, and not to discriminate as prohibited by Minnesota Statutes, Section 363A.13; to provide and file such financing statements and other instruments of further assurance as the Authority or Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds and to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; and to observe all applicable State laws and regulations, including those of the Authority, the Department of Education and the Minnesota Office of Higher Education, subject to the right of contest. The University agrees to indemnify the Authority from losses arising from certain representations made by the University regarding the absence of hazardous waste on the Project Facilities.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148 of the Internal Revenue Code with respect (but only with respect) to amounts paid by the University to the Authority as the Authority's annual fee under the Loan Agreement.

Events of Default

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

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

(b) If the University shall fail to comply with the provisions of Section 6.09(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or

(c) If the Corporation shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement, provided failure to comply with Section 7.01(c) of the Loan Agreement shall not become an Event of Default unless the Corporation fails to restore the deficiency hereunder within a period of 30 days after written notice specifying such deficiency and requesting that it be remedied is given to the Corporation by the Authority or the Trustee; or

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

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

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

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

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

Remedies on Default

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

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

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

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

Any amounts collected by the Trustee pursuant to the actions set forth above shall be applied first to advances, fees and expenses, and then to payment of interest, principal and premium, if any, on the Bonds as provided in Section 7.04 of 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.

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THE INDENTURE

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

Granting Clauses

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

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

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

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

Accounts

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

Authorized Investments

Moneys on deposit to the credit of the Construction Account, Bond and Interest Sinking Fund Account, the Reserve Account and the Redemption Account shall be invested by the Trustee as directed by the Authorized Institution Representative only in investments as authorized by law from time to time, subject to the additional restrictions generally described as follows: governmental bonds, notes, bills and other securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organization created by an act of Congress; any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service; any security which is a revenue obligation of any state or local government which is rated "AA" or better by a national bond rating service; mutual funds or unit trusts which invest solely in the investments described in Section 5.04 of the Indenture, such as obligations of the United States government, its agencies, states and state political subdivisions or in certain repurchase agreements; constant dollar value money market funds that invest solely in the types of obligations or repurchase agreements in which the foregoing mutual funds may invest and which are rated in the highest rating category by a national credit rating agency; time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States banks; certain guaranteed investment contracts issued by certain banks or insurance companies rated at least in the highest two rating categories of a nationally recognized rating agency; certain guaranteed investment contracts, with a term of 18 months or less, issued by certain banks or insurance companies with a short-term unsecured debt rating in the highest category by a nationally recognized rating agency; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.04 of the Indenture sets forth further restrictions as to type and maturity of investments.

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

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

Remedies

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

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

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

Concerning the Trustee

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

Default has occurred and is continuing. The Authority may not remove a successor Trustee properly appointed by the Bondholders.

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the University shall:

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

(b) provide for the payment of principal and premium, if any, of the outstanding Bonds and interest thereon by depositing with the Trustee at or at any time before maturity an amount of (i) government obligations described in Section 5.04(a) of the Indenture, in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient in the opinion of a verification agent, upon which the Trustee may conclusively rely, and/or (ii) cash, to pay the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived as provided in Article III hereof, or that arrangements satisfactory to the Trustee have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the University for the Authority and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all of such outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in said Article III, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, of (i) government obligations described in Section 5.04(a) of the Indenture, in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient in the opinion of a verification agent, upon which the Trustee may conclusively rely, and/or (ii) cash, to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any Interest Payment Dates, or

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

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

When the Authority or the University shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided above, or left with it if previously so deposited, cash or government obligations described in Section 5.04(a) of the Indenture, sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due date of such interest or to the date fixed for redemption, for the use and benefit of the Holders thereof, then upon such deposit all such Bonds shall cease to be entitled to any lien, benefit or security of the Indenture except the right to receive the funds so deposited, and such Bonds shall be deemed not to be outstanding hereunder; and it shall be the duty of the Trustee to hold the funds so deposited for the benefit of the Holders of such Bonds, as the case may be, and from and after such redemption date or maturity, interest on such Bonds so called for redemption shall cease to accrue

Supplemental Indentures

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

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

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

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

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

(e) to modify the Indenture as authorized by the Bondholders pursuant to Section 11.04 of the Indenture.

In addition and subject to the provisions set forth below, the Holders of not less than 51% in aggregate principal amount of the Bonds under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all Bonds outstanding (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture or to amendments to the Loan Agreement.

Amendments to the Loan Agreement

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

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee shall consent to or execute any amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than 51% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

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

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THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC") is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority or the Trustee as soon as possible after the record date. The

Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of principal, interest, and redemption premium, if any, on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Bond Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar, Authority, or the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book entry system has been obtained from DTC, which is solely responsible for such information. The Authority, the University and the Underwriter take no responsibility for the accuracy thereof.

AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Hamline University of Minnesota
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of Hamline University of Minnesota which comprise the balance sheets as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Board of Trustees
Hamline University of Minnesota

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamline University of Minnesota as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2017, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the University’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University’s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
October 11, 2017

HAMLINE UNIVERSITY OF MINNESOTA
BALANCE SHEETS
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash and Cash Equivalents	$ 2,695,653	$ 2,086,654
Restricted Cash	3,695,791	3,947,683
Accounts Receivable (Net)	5,276,681	5,719,908
Prepaid Expenses and Other Assets	1,377,704	1,262,386
Contributions Receivable	1,112,089	1,257,865
Student Loans Receivable (Net)	6,153,530	6,688,404
Investments	90,500,669	83,009,251
Property, Plant and Equipment (Net)	91,967,088	94,338,937
Construction in Progress	470,639	140,396
Beneficial Interest in Trusts	1,749,150	1,621,860
Total Assets	$ 204,998,994	$ 200,073,344
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts Payable and Accrued Expenses	$ 6,981,808	$ 7,042,098
Deposits and Deferred Revenue	3,130,728	3,615,980
Annuities and Unitrusts Payable	1,285,594	1,492,424
Perkins Loans Refundable to Government	6,183,166	7,001,972
Long-Term Debt	42,366,907	45,811,001
Total Liabilities	59,948,203	64,963,475
Net Assets:		
Unrestricted	40,349,732	38,618,697
Temporarily Restricted	36,595,410	31,913,906
Permanently Restricted	68,105,649	64,577,266
Total Net Assets	145,050,791	135,109,869
Total Liabilities and Net Assets	$ 204,998,994	$ 200,073,344

See accompanying Notes to Financial Statements.

HAMLINE UNIVERSITY OF MINNESOTA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Tuition and Fees	$ 96,568,707	$ -	$ -	$ 96,568,707
Less:				
Unfunded Student Aid	36,976,543	-	-	36,976,543
Funded Student Aid	1,778,009	-	-	1,778,009
Net Student Tuition and Fees	57,814,155	-	-	57,814,155
Government Grants	2,893,803	-	-	2,893,803
Contributions	1,528,626	1,568,151	3,375,474	6,472,251
Investment Income, Net	1,396,928	3,167,385	13,654	4,577,967
Sale and Services of Educational Activities	114,841	360,089	-	474,930
Change in Value of Split-Interest Agreements	-	67,656	304,424	372,080
Other Sources	1,578,282	(665,264)	(165,169)	747,849
Auxiliary Enterprises	8,932,935	-	-	8,932,935
Net Assets Released from Restrictions	4,682,037	(4,682,037)	-	-
Total Revenue	78,941,607	(184,020)	3,528,383	82,285,970
EXPENSES				
Instruction	27,242,794	-	-	27,242,794
Academic Support	9,778,072	-	-	9,778,072
Research	146,188	-	-	146,188
Public Service	1,340,972	-	-	1,340,972
Student Services	13,747,290	-	-	13,747,290
Institutional Support	14,625,227	-	-	14,625,227
Auxiliary Enterprises	12,020,931	-	-	12,020,931
Total Expenses	78,901,474	-	-	78,901,474
CHANGE IN OPERATING NET ASSETS BEFORE TRANSFERS	40,133	(184,020)	3,528,383	3,384,496
Transfers from Designated Unrestricted Net Assets	-	-	-	-
CHANGE IN OPERATING NET ASSETS AFTER TRANSFERS	40,133	(184,020)	3,528,383	3,384,496
Endowment Income (Loss)	5,564,395	4,865,524	-	10,429,919
Appropriation of Endowment Assets for Expenditure	(3,876,295)	-	-	(3,876,295)
Combination/Discontinued Operations	-	-	-	-
Fund Transfer to Another Organization	-	-	-	-
Restructuring Costs, Collective Bargaining, and Other	(5,221)	-	-	(5,221)
Board Designated Unrestricted Spending	8,023	-	-	8,023
CHANGE IN NET ASSETS	1,731,035	4,681,504	3,528,383	9,940,922
Net Assets - Beginning of Year	38,618,697	31,913,906	64,577,266	135,109,869
NET ASSETS - END OF YEAR	$ 40,349,732	$ 36,595,410	$ 68,105,649	$ 145,050,791

See accompanying Notes to Financial Statements.

2016			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
$ 95,558,728	$ -	$ -	$ 95,558,728
35,232,402	-	-	35,232,402
2,124,887	-	-	2,124,887
58,201,439	-	-	58,201,439
2,893,086	-	-	2,893,086
1,290,496	1,971,216	873,246	4,134,958
1,165,967	3,390,758	(147,780)	4,408,945
136,023	451,554	-	587,577
-	(32,450)	89,559	57,109
1,260,190	(784,633)	(170,854)	304,703
9,330,441	-	-	9,330,441
5,417,903	(5,417,903)	-	-
79,695,545	(421,458)	644,171	79,918,258
27,728,639	-	-	27,728,639
12,203,159	-	-	12,203,159
146,812	-	-	146,812
1,395,448	-	-	1,395,448
13,778,424	-	-	13,778,424
14,734,097	-	-	14,734,097
11,496,734	-	-	11,496,734
81,483,313	-	-	81,483,313
(1,787,768)	(421,458)	644,171	(1,565,055)
1,400,000	-	-	1,400,000
(387,768)	(421,458)	644,171	(165,055)
2,176,430	(6,773,386)	-	(4,596,956)
(4,261,584)	-	-	(4,261,584)
(1,974,655)	(84,000)	(105,000)	(2,163,655)
(71,162)	(819,256)	(3,319,685)	(4,210,103)
15,699	(5,250)	-	10,449
(1,448,121)	-	-	(1,448,121)
(5,951,161)	(8,103,350)	(2,780,514)	(16,835,025)
44,569,858	40,017,256	67,357,780	151,944,894
$ 38,618,697	$ 31,913,906	$ 64,577,266	$ 135,109,869

HAMLINE UNIVERSITY OF MINNESOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 9,940,922	$ (16,835,025)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation and Loss on Disposal of Assets	6,183,218	6,124,028
Net Realized and Unrealized (Gain) Loss on Investments	(9,303,682)	6,524,286
Contributions Restricted for Long-Term Investment	(3,141,193)	(902,683)
Adjustment of Actuarial Liability for Annuities Payable	93,113	195,155
Change in Value of Beneficial Interest in Trusts	(127,290)	72,697
(Increase) Decrease in Assets:		
Accounts Receivable	443,227	(433,244)
Prepaid Expenses and Other Assets	(115,318)	7,095
Contributions Receivable	(130,370)	117,892
Student Loans Receivable	534,874	298,394
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	555,095	1,194,434
Deposits and Deferred Revenue	(485,252)	4,670
Net Cash Provided (Used) by Operating Activities from Continuing Operations	4,447,344	(3,632,301)
Net Cash Provided by Operating Activities from Discontinued Operations	-	6,699,321
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of Property, Plant, and Equipment	(4,756,995)	(4,785,929)
Purchases of Investments	(19,500,428)	(14,918,521)
Proceeds from Sale of Investments	21,312,692	13,676,540
Net Cash Used by Investing Activities from Continuing Operations	(2,944,731)	(6,027,910)
Net Cash Provided by Investing Activities from Discontinued Operations	-	3,610,946
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of Long-Term Debt	3,911,453	-
Proceeds from Contributions Restricted for Long-Term Investment	3,417,340	1,162,099
Grants Refundable to Government	(818,807)	(2,183,420)
Payments on Long-Term Debt	(7,355,550)	(4,114,653)
Payments on Annuities Payable	(299,942)	(312,375)
Net Cash Used by Financing Activities from Continuing Operations	(1,145,506)	(5,448,349)
Net Cash Provided by Financing Activities from Discontinued Operations	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	357,107	(4,798,293)
Cash and Cash Equivalents - Beginning of Year	6,034,337	10,832,630
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,391,444	$ 6,034,337

See accompanying Notes to Financial Statements.

HAMLINE UNIVERSITY OF MINNESOTA
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	$ 2,695,653	$ 2,086,654
Restricted Cash	3,695,791	3,947,683
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,391,444	$ 6,034,337
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 2,166,194	$ 2,166,194
Accrued Expenses Relating to Construction in Process	$ 615,385	$ -
Issuance of Long-Term Debt Related to Debt Refunding and Defeseance	$ 2,755,000	$ -

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Hamline University (University) is a nationally ranked university serving 4,500 students in its three schools: the college of liberal arts, School of Education, and School of Business. The School of Law operated through December 2015 after which it was combined with William Mitchell School of Law to become Mitchell Hamline School of Law. See Note 19.

The University offers undergraduate, masters, doctorate, and professional degrees, as well as certificate and continuing studies programs. Founded in 1854, Hamline University was the first institution of higher learning in Minnesota.

During the past 163 years, the University has established a national reputation for academic quality, as well as providing students with personal attention and exceptional experiences. It is one of only 286 Phi Beta Kappa institutions in the United States. In the Best Regional Universities category, *U.S. News and World Report* ranks Hamline one of the top-ranked Minnesota universities for the past 16 consecutive years. Hamline is ranked first in Minnesota and 27th in the nation by *Washington Monthly's* College Rankings of service-oriented schools. The Princeton Review named Hamline among the 2017 Best Colleges: Region by Region. Forbes.com ranks Hamline University among the nation's Best Colleges and Universities with success of the graduates and quality of education as the biggest factors in the rankings.

Hamline is recognized as a diverse, learning-centered university that is rooted in a tradition of liberal education; dynamic, and actively inclusive; locally engaged and globally connected; and invested in the personal and professional growth of its employees and students. The University has a strong tradition of excellence in teaching, research, and scholarship. Among its longstanding values are commitments to rigorous academics; creation, dissemination, and practical application of knowledge; multicultural competencies; the development and education of the whole person; and an ethic of social justice and civic responsibility.

Located in the vibrant Twin Cities of Saint Paul and Minneapolis, Minnesota, Hamline is affiliated with the United Methodist Church. Its main campus in St. Paul is known for its central location, historic buildings, and beautiful gardens.

Basis of Presentation

The accompanying financial statements of the University have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the University and changes therein are classified into the following three categories:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the operations of the University. Certain of these amounts have been designated by the board for endowment and for specific future operating purposes;
- Temporarily restricted net assets consist of contributions that have been restricted by the donor for specific purposes or are not available for use until a specific time; and
- Permanently restricted net assets consist of contributions that have been restricted by the donor that stipulate the resources be maintained permanently, but permit the University to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions (whose restrictions are met in the same year as the gift is made) are reported as temporarily restricted contributions in the current year. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions. Expenses are reported as decreases in unrestricted net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising activity.

Cash and Cash Equivalents

Cash and cash equivalents include interest-bearing money market accounts and short-term investments with an original maturity of less than three months except those held for investment purposes.

Restricted Cash

The provisions of the University's long-term financing agreements require it to maintain a certain amount of its cash and cash equivalents in reserve funds, which are subject to restrictions on the disbursement of such funds. Accordingly, such amounts are reported separately from cash and cash equivalents in the statements of financial position. Restricted cash also consists of cash and cash equivalents from the investments held by the University under split-interest agreements and bond escrow accounts.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

The University maintains its operating cash balances with high credit quality financial institutions. At times, the amounts on deposit may exceed the Federal Deposit Insurance Corporation limit.

Accounts Receivable

Receivables are stated at net realizable value. The University provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Accounts past due more than 90 days are individually analyzed for collectability. When all collection efforts have been exhausted and no payments have been received, accounts are individually written off against the related allowance. At June 30, 2017 and 2016, the allowance was $756,093 and $590,513, respectively.

Inventories

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

Contributions Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate (between the tax-free one-year Treasury bill rate and the incremental borrowing rate) applicable to the year in which the pledge is received. Conditional promises are not included as revenue until such times as the conditions are substantially met.

Investments

The University invests in a variety of investment vehicles. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position. Investments in debt securities and marketable securities are carried at fair value, based upon quoted market prices or values provided by external investment managers. Unrealized gains and losses are recognized in the period in which they occur.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost at the date of acquisition or at fair value at the date of donation, less accumulated depreciation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulation, contributions of property and equipment are recorded as unrestricted.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment (Continued)

Depreciation is computed on the straight-line method (half-year convention for the year placed in service) over the estimated useful lives of the assets as follows:

Buildings	20-75 Years
Land Improvements	10-20 Years
Building Improvements	20 Years
Equipment	3-20 Years
Library Materials	15 Years

Expenditures for new construction, major renewals and replacements, and equipment over $2,500 are capitalized.

Collections

The University's collections, which were acquired through purchases and contributions since the University's inception, are not recognized as assets on the Balance Sheet. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements. Proceeds from de-accessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

The University's collections are made up of pottery, prints, musical instruments, and paintings that are held for educational and performance purposes. Each of the items are cataloged, preserved, and cared for, and activities verifying their existence and assessing their condition are performed continuously.

Deferred Revenue

Deferred revenue represents students' tuition, fees, conference revenues, and housing revenues billed or received in advance for the summer term and other University programs.

Loans Refundable to Government

Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the University will record such disallowance at the time the determination is made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classification

The University follows the provisions of *Endowments of Not-for-Profit Organizations: Net Asset Classifications of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds*. This provides guidance on classifying net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA). A key component of the guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. Another key component is a requirement for expanded disclosures about all endowment funds whether or not the organization is subject to UPMIFA.

The University's endowment consists of over 400 individual funds established for a variety of purposes including scholarships and program support. The endowment includes both donor-restricted endowment funds and funds designated by the board of trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently net restricted assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted funds:

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

The University follows the provisions of *Fair Value Measurements*, which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and establishes a framework for measuring fair value. *Fair Value Measurements* established a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of the asset or liability as of the measurement date. *Fair Value Measurements* expanded disclosures about instruments measured at fair value. *Fair Value Measurements* applied to other accounting pronouncements that require or permit fair value measurements and, accordingly, *Fair Value Measurements* does not require any new fair value measurements.

As noted above, *Fair Value Measurements* establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Expenses

Expenses are categorized according to how they are used to achieve the mission of the University and fall into these categories: Instruction, Academic Support, Research, Public Service, Student Services, Institutional Support, and Auxiliary Enterprises.

Instruction includes the instruction expenses of the undergraduate college, schools, departments, and other instructional divisions of the University.

Academic Support represents support services that are an integral part of the University's primary mission of instruction and includes expenses for libraries, galleries, audio/visual services, academic development, academic computing support, course and curriculum development, and academic administration.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expenses (Continued)

Research is related to activities specifically organized to produce research outcomes and either commissioned by an agency external to the institution or separately budgeted by an organizational unit within the University.

Public Service is specifically for public service and for activities established primarily to provide noninstructional services beneficial to groups external to the institution and includes expenses for the Wesley Center and the Mediation Center.

Student Services includes such expenses as admissions, financial aid administration, registrar activities and activities whose primary purpose is to contribute to students' emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program.

Institutional Expense reflects the day-to-day operational support of the University and includes expenses for general administrative services, executive direction and planning, legal and fiscal operations, administrative computing support, communications, and development.

Auxiliary Enterprises is essentially the self-supporting operations of the University that exist to furnish a service to students, faculty, or staff, and that charge a fee that is directly related to, although not necessarily equal to, the cost of the service. Examples are residence halls, food services, student health services, and bookstores.

All expense categories, except Institutional Support, are considered Program Service expenses. Certain other expenses are allocated to all categories. See Note 15 for more information on allocated expenses.

Advertising Expense

Advertising expenses are expensed as incurred. Advertising expense for the years ended June 30, 2017 and 2016 was $866,528 and $850,106, respectively.

Federal Income Taxes

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

The University has adopted the accounting standard relating to Accounting for Uncertainty in Income Taxes. This standard clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this standard had no impact on the University's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Changes in Nonoperating Net Assets

Certain items are listed below the Change in Operating Net Assets after Transfers and before the Change in Net Assets. These items have been deemed nonoperating, extraordinary, or unusual transactions and thus are not considered part of the change in operating net assets. The transactions include the endowment income, the distribution from the endowment, expenses from designated funds, and other nonrecurring transactions.

NOTE 2 CONTRIBUTIONS RECEIVABLE

For the years ended June 30, 2017 and 2016, contributions receivable included one significant pledge that represented 41% and 36% of the receivable balance, respectively. Contributions receivable are summarized as follows at June 30:

	2017	2016
Unconditional Promises Expected to be Collected in:		
Less Than One Year	$ 464,952	$ 1,112,321
One to Five Years	805,356	259,859
Total Contributions	1,270,308	1,372,180
Allowance	(99,000)	(99,000)
Discount (1.55% and 0.71% for 2017 and 2016, Respectively)	(59,219)	(15,315)
Total Contributions, Net of Discount and Allowance	$ 1,112,089	$ 1,257,865

NOTE 3 STUDENT LOANS RECEIVABLE

The University issues uncollateralized loans to students based on financial need. Student loans are funded through Perkins loan programs or institutional resources. Perkins loans are assignable to the Federal Government when proper due diligence procedures are performed. At June 30, 2017 and 2016, student loans represented 3.1% and 3.4% of total assets, respectively.

NOTE 3 STUDENT LOANS RECEIVABLE (CONTINUED)

At June 30, student loans consisted of the following:

	2017	2016
Federal Government Programs	$ 6,152,030	$ 6,680,581
Institutional Programs	1,500	7,823
Student Loan Receivable, Net	$ 6,153,530	$ 6,688,404

Funds advanced by the Federal government of $6,183,166 and $7,001,792 at June 30, 2017 and 2016, respectively, are ultimately refundable to the government and are classified as liabilities in the Balance Sheet. During 2017 and 2016 the University returned excess cash on hand to the federal government and returned a proportional University-contributed amount to the University's operational cash accounts.

At June 30, 2017 and 2016, the following amounts were past due under student loan programs:

June 30,	1-60 Days Past Due	60-90 Days Past Due	90+ Days Past Due	Total Past Due
2017	$ 90,630	$ 40,712	$ 1,342,036	$ 1,473,378
2016	60,874	51,544	1,442,814	1,555,232

NOTE 4 INVESTMENTS

Investments as defined by asset allocation category at June 30 consist of the following:

	Fair Value	
	2017	2016
Equities:		
Domestic	$ 42,427,461	$ 35,258,664
International	18,861,640	13,910,300
Subtotal Equities	61,289,102	49,168,964
Multi-Faceted bonds	20,957,540	13,360,871
Private Equity, Hedge Funds, and Real Assets	7,171,285	19,540,430
Cash and Short-Term Investments	495,376	333,415
Other	587,366	605,571
Total Investments	$ 90,500,669	$ 83,009,251

NOTE 4 INVESTMENTS (CONTINUED)

Investments in debt securities and marketable securities are carried at fair value, based upon quoted market prices or values provided by external investment managers. Unrealized gains and losses are recognized in the period in which they occur.

As noted above, within the portfolio certain investments are invested in funds for which value is not determinable on a daily basis and are held by private companies. These are commonly referred to as Alternative investments. These include Hedge Funds, Private Equity Funds, Real Estate Funds, Venture Capital Funds, Commodity Funds, Offshore Fund Vehicles, Fund of Funds, and Bank Collective Common Trusts. Alternative Investments may be structured through Limited Partnerships, Limited Liability Corporations, Trusts, or Corporations. The estimated fair values of Alternative Investments may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material.

The Alternative Investments within the University's portfolio consist of the following at June 30:

	Fair Value	
	2017	2016
Private Equity	$ 3,485,882	$ 4,189,012
Hedge Funds	19,434	11,279,225
Real Assets	3,665,970	4,072,193
Total Alternative Investments	$ 7,171,285	$ 19,540,430

Private equity investments are investments in limited partnership interests and are carried at fair values as determined by the general partner in the absence of readily ascertainable market values. Hedge funds are investment vehicles that explicitly pursue absolute returns on their investments using financial instruments such as stocks, bonds, commodities, currencies, and derivatives through techniques such as shorting, leveraging, arbitrage, swaps and other strategies. Real Assets investments include real estate, energy, timber, agricultural land, mining, and other similar investments.

A certain portion of the U.S. Equities and Non-U.S. Equities are in pooled funds. At June 30, 2017 and 2016, the amount of pooled funds that include the University's assets was $40,404,147 and $34,398,747, respectively.

Investments include funds traditionally considered the endowment of the University, as well as assets of split-interest agreements and unrestricted net assets. As of June 30, the allocations shown at fair value are as follows:

	2017	2016
Endowment Funds	$ 88,250,751	$ 80,598,769
Split-Interest Agreements	2,096,677	2,216,925
Unrestricted Investments	153,241	193,557
Total Investments	$ 90,500,669	$ 83,009,251

NOTE 5 FAIR VALUE MEASUREMENTS

The University uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the University values all other assets and liabilities refer to Note 1 – Summary of Significant Accounting Policies.

Assets measured at fair value on a recurring basis as of June 30, 2017:

	Level 1	Level 2	Level 3	No Level	Total
Investments:					
Fixed Income - Multifaceted Bonds	$ 562,543	$ -	$ -	$ -	$ 562,543
Fixed Income Collective Funds					
Measured at Net Asset Value	-	-	-	20,394,997	20,394,997
Equities - Domestic	10,647,117	-	-	-	10,647,117
Equity Collective Funds Measured					
at Net Asset Value	-	-	-	36,312,755	36,312,755
Equity Long/Short Fund of Funds					
Measured at Net Asset Value	-	-	-	15,490,619	15,490,619
Liquid Alternative Investments					
Measured at Net Asset Value	-	-	-	19,434	19,434
Alternative Strategies in Illiquid Structures					
Measured at Net Asset Value	-	-	-	5,990,462	5,990,462
Other	137,211	-	-	-	137,211
Total Investments	11,346,871	-	-	78,208,267	89,555,138
Beneficial Interest in Trusts	-	-	1,749,150	-	1,749,150
Other Assets - Interest Rate Swap	-	-	-	-	-
Total	$ 11,346,871	$ -	$ 1,749,150	$ 78,208,267	$ 91,304,288

Assets measured at fair value on a recurring basis as of June 30, 2016:

	Level 1	Level 2	Level 3	No Level	Total
Investments:					
Fixed Income - Multifaceted Bonds	$ 616,290	$ -	$ -	$ -	$ 616,290
Fixed Income Collective Funds Measured					
at Net Asset Value	-	-	-	12,744,581	12,744,581
Equities - Domestic	7,914,445	-	-	-	7,914,445
Equity Collective Funds Measured at Net					
Asset Value	-	-	-	28,784,290	28,784,290
Equity Long/Short Fund of Funds					
Measured at Net Asset Value	-	-	-	13,745,575	13,745,575
Liquid Alternative Investments Measured					
at Net Asset Value	-	-	-	11,279,225	11,279,225
Alternative Strategies in Illiquid Structures					
Measured at Net Asset Value	-	-	-	6,985,858	6,985,858
Other	134,763	-	-	-	134,763
Total Investments	8,665,498	-	-	73,539,529	82,205,027
Beneficial Interest in Trusts	-	-	1,621,860	-	1,621,860
Other Assets - Interest Rate Swap	-	(10,004)	-	-	(10,004)
Total	$ 8,665,498	$ (10,004)	$ 1,621,860	$ 73,539,529	$ 83,816,883

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

The totals do not include certain amounts as they are not measured on a recurring basis at fair value. The table below reconciles total University investments:

	2017	2016
Total Investments	$ 90,500,669	$ 83,009,251
Investments Not Measured at Fair Value on a Recurring Basis:		
Cash and Cash Equivalents	(495,376)	(333,415)
Cash Surrender Value of Life Insurance Policies	(450,155)	(470,809)
Total Investments Measured at Fair Value on a Recurring Basis	$ 89,555,138	$ 82,205,027

Level 3 Assets

The following table provides summary of changes in fair value of the University's Level 3 financial assets for the year ended June 30, 2017:

	Beneficial Int.
Balances as of July 1, 2016	$ 1,621,860
Net Realized and Unrealized Gains on Investments	127,290
Investment Income	-
Purchases of Investments	-
Proceeds from Sales of Investments	-
Balances as of June 30, 2017	$ 1,749,150

The following table provides summary of changes in fair value of the University's Level 3 financial assets for the year ended June 30, 2016:

	Beneficial Int.
Balances as of July 1, 2015	$ 1,694,557
Net Realized and Unrealized Losses on Investments	(72,697)
Investment Income	-
Purchases of Investments	-
Proceeds from Sales of Investments	-
Balances as of June 30, 2016	$ 1,621,860

The University values certain investment holdings at fair value using their net asset value and has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date.

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Net Asset Value

Fair value measurements of investments that calculate net asset value per Share (or its equivalent) as of June 30, 2017:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity Collective Funds	$ 36,312,755	$ -	Monthly/Annually	2 - 60 Days
Fixed Income Collective Funds	20,394,997	-	Monthly/Annually	2 - 60 Days
Multi-Strategy Hedge Funds	19,434	-	Monthly	30 - 90 Days
Equity Long/Short Fund of Funds	15,490,619	-	Annually	75 Days
Private Equity	3,485,882	483,250	Not Available	Not Available
Real Estate Funds	2,504,580	1,777,673	Not Available	Not Available

Fair value measurements of investments that calculate net asset value per share (or its equivalent) as of June 30, 2016:

	Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity Collective Funds	$ 28,784,290	$ -	Monthly/Annually	2 - 60 Days
Fixed Income Collective Funds	12,744,581	-	Monthly/Annually	2 - 60 Days
Multi-Strategy Hedge Funds	11,279,225	-	Monthly	30 - 90 Days
Equity Long/Short Fund of Funds	13,745,575	-	Annually	75 Days
Private Equity	4,189,012	483,250	Not Available	Not Available
Real Estate Funds	2,796,846	1,687,790	Not Available	Not Available

Equity Collective Funds includes investments in long only funds and an enhanced index fund that are invested in domestic and international common stock. The fair value of the investment in this category is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the University is able to verify its account balances.

Fixed Income Collective Funds includes investments in fixed income securities and derivative securities. The fair value of the investment in this category is based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the University is able to verify its account balances.

Multi-Strategy Hedge Fund of Funds is invested primarily in a diversified portfolio of directly originated loan investments, distressed corporate and mortgage bonds and long/short credit. The fair value of the fund of hedge funds in this category has been estimated using the net asset value per share of the investments.

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Net Asset Value (Continued)

Equity Long/Short Fund of Funds is invested primarily in long/short equity managers. The fair value of the fund of funds in this category has been estimated using the net asset value of the investments.

Private equity funds include funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. Redemption is not available and these investments are held for long-term purposes.

Real Estate Funds include mutual funds that primarily focus on investing in securities offered by public real estate companies. Redemption is not available and these investments are held for long-term purposes.

NOTE 6 INVESTMENT INCOME

The following schedule summarizes the investment return and its classification in the statements of activities:

	2017	2016
Dividend and Interest	$ 1,718,675	$ 2,019,523
Advisory Fees	(537,929)	(369,893)
Net Realized and Unrealized Gains (Losses)	9,262,826	(6,404,673)
Gain (Loss) on Assets Held for Investment	10,443,572	(4,755,043)
Investment Income on Short-Term Investments	634,847	357,405
Total Net Gain (Loss) on Investments	11,078,419	(4,397,638)
Investment Gain Designated for Current Operations	648,500	199,318
Investment Gain (Loss) in Excess of Amount Designated for Current Operations	$ 10,429,919	$ (4,596,956)

NOTE 7 PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following at June 30, 2017 and 2016:

	2017	2016
Land	$ 3,028,079	$ 3,028,079
Land Improvements	8,909,665	8,271,184
Buildings and Building Improvements	144,005,712	142,736,696
Equipment	34,625,092	38,458,404
Academic Collection	10,203,471	10,222,504
Property, Plant, and Equipment	200,772,020	202,716,867
Less: Accumulated Depreciation	(108,804,932)	(108,377,930)
Subtotal Property, Plant, and Equipment, Net of Accumulated Depreciation	91,967,088	94,338,937
Construction in Process	470,639	140,396
Total	$ 92,437,727	$ 94,479,333

NOTE 7 PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

Total depreciation expense was $6,178,963 and $6,124,028 for the years ended June 30, 2017 and 2016, respectively.

NOTE 8 RESTRUCTURING COSTS

In 2012 and 2010, the University offered voluntary early retirement incentive programs. These programs provided the options of an immediate or phased retirement, and offered pay per years of service and subsidized medical coverage. The programs were open to those faculty and staff members who met certain age limits and certain years of service requirements. The liabilities represent the present value of the remaining expenses to be paid to or on behalf of these individuals approved for the programs. The long-term portion of the payout was discounted using a rate of 1.5% for 2012 and 2.5% for 2010. The discount rate for the 2010 program was changed to 0.5% for 2015 and after.

The restructuring liability was $2,814 and $21,513 at June 30, 2017 and 2016, respectively, for the 2012 program. The restructuring liability was $-0- and $5,614 at June 30, 2017 and 2016, respectively, for the 2010 program. The liabilities for all programs are included in Accrued Expenses on the accompanying Balance Sheet.

NOTE 9 SPLIT-INTEREST AGREEMENTS

The University has arrangements with donors classified as charitable remainder trusts, perpetual trusts, charitable annuity trusts, and charitable gift annuities. In general, under these arrangements, the University receives a gift from a donor in which it has a remainder interest and agrees to pay the donor-stipulated amounts over the life of the donor. The arrangement may cover one or more lives.

The University invests and administers the related assets and makes distributions to the beneficiaries as required. When the agreement reaches the end of its term, remaining assets are retained by the University as unrestricted, temporarily restricted, or permanently restricted net assets or, in some instances, distributed to third-party beneficiaries.

When a split interest gift is received, it is recorded as a partial gift and a partial liability. The liability is calculated based on an actuarial calculation of the present value of future distributions to the donor and the remaining amount of the initial receipts is retained for the benefit of the University or third-party beneficiaries.

The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered, and age and gender characteristics of the donor. The University used an interest rate of 6% at June 30, 2017 and 2016 in making the calculation.

Investments held by the University under split-interest agreements totaled $2,096,677 and $2,216,925 at June 30, 2017 and 2016, respectively.

NOTE 9 SPLIT INTEREST AGREEMENTS (CONTINUED)

For charitable remainder trusts for which Hamline is not the trustee the value of the beneficial interest in the remainder trusts is recorded when the trust agreement has been received and there is sufficient information available to value the agreement. The amount recorded is the beneficial interest which is the net expected benefit to be received.

This is determined as the difference between the fair value of the trust assets and the actuarial liability. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered, and age and gender characteristics of the donor. The University used an interest rate of 6% at June 30, 2017 and 2016 in making the calculation.

NOTE 10 LONG-TERM DEBT

Long-term debt consisted of the following at June 30:

Description	2017	2016
MHEFA Revenue Bonds of 2011, Series Seven K2, Bearing Interest at 6%, Payable in Varying Installments to October 1, 2041 (Original Amount of $18,330,000). The proceeds were used for the construction of the University Center. Interest is payable semiannually on April 1 and October 1 of each year. The principal amounts are delayed until October 1, 2027 . Deposits with the trustees under the bond indenture are pledged as collateral and reported in the statement of financial position as restricted cash. The balance includes $249,636 and $260,490 of bond original issue discount in 2017 and 2016. The bonds are secured by a reserve account in the amount of $2,098,800 at June 30, 2017.	$ 18,080,364	$ 18,069,510
MHEFA Revenue Bonds of 2010, Series Seven E, Bearing Interest at 3% to 5%, Payable in Varying Installments to October 1, 2021 (Original Amount of $14,890,000). The proceeds were used for refunding the Series 5B bonds and refinancing the Harris line of credit. Interest is payable semiannually on April 1 and October 1 of each year. The principal amounts due on or after October 1, 2021 are subject to optional redemption at the discretion of the University commencing October 1, 2020. Deposits with the trustees under the bond indenture are pledged as collateral and reported in the statement of financial position as restricted cash. The balance includes $71,594 and $77,101 of bond premium in 2017 and 2016, respectively. The bonds are secured by a reserve account in the amount of $1,425,701 at June 30, 2017.	13,171,594	13,452,101
MHEFA Revenue Note, Series 2017A, Bearing Interest at 2.41%, Interest is payable monthly beginning August 1, 2017 to October 1, 2026 (Original Amount of $6,726,000). The proceeds were used for prepaying the Series Seven L note ($4,000,000) plus one-month's accrued interest. In addition the proceeds were used to fund the defeasance on an advance basis the Series Seven K1 remaining principal of $2,755,000 plus remaining interest. The balance includes $118,443 of bond issuance costs and a defeased loss of $59,547 that will be amortized over the remaining life of the defeased Series Seven K1. The remainder of the transaction proceeds was $3,853 and reported in the balance sheet as restricted cash.	6,726,000	-
MHEFA Bonds of 2013, Series Seven Y2, Bearing Interest at 1.47%, Interest is payable monthly beginning November 1, 2013 to October 1, 2025 (Original Amount of $6,210,000) The proceeds were used for refunding the Series Six E2 bonds.	5,005,000	5,420,000
MHEFA Revenue Bonds of 2011, Series Seven K1, Bearing Interest at 3.75%, Payable in varying installments to October 1, 2019 (Original Amount of $8,810,000). The proceeds were used for a bridge loan for construction of the University Center. Payments were made from pledge payments. Interest was payable semiannually on April 1 and October 1 of each year. Deposits with the trustees under the bond indenture were pledged as collateral and reported in the statement of financial position as restricted cash. On June 30, 2017, the bond principal remaining ($2,755,000) and remaining interest was defeased through the issuance of Revenue Note Series 2017A. Prior to that, the regularly scheduled payment of $1,295,000 was made in October 2016.	-	4,050,000

NOTE 10 LONG-TERM DEBT (CONTINUED)

Description	2017	2016
US Bank Private Placement Loan Series Seven L Note, Variable Interest Rate Debt is based on 1.8% plus 1-month LIBOR. Interest is payable monthly beginning March 31, 2011. (Original Amount of $4,000,000) The proceeds were used for the construction of the University Center. An additional $4,000,000 loan was available when necessary for the construction of the University Center and was drawn in July 2012. Deposits with the trustees under the loan are pledged as collateral and reported in the statement of financial position as restricted cash. The note is unsecured.	$ -	$ 4,000,000
MHEFA Bonds of 2013, Series Seven Y1, Variable Interest Rate Debt reset monthly using a formula based on 1 month LIBOR, Interest is payable monthly beginning November 1, 2013 to October 1, 2016 (Original Amount of $2,900,000) The proceeds were used for refunding the Series Six E1 bonds. In direct connection with this series, an interest rate swap agreement was entered into for the same term at a fixed rate of 3.4092% annually.	-	1,005,000
MHEFA Bonds of 2013, Series Seven Y3, Bearing interest at 1.28%. Interest is payable monthly beginning November 1, 2013 to October 1, 2016 (Original Amount of $730,000). The proceeds were used for refunding the Series Six E3.	-	250,000
	42,982,958	46,246,611
Less: Unamortized bond issuance costs and unamortized defeased loss	(616,051)	(435,610)
Total	$ 42,366,907	$ 45,811,001

During 2017, the University restructured a portion of the debt portfolio by refinancing the remaining balances of the Series 7L note and the Series 7K1 bond. The Series 7L note was prepaid while the Series 7K1 was defeased in an advance refunding. The restructure transaction was completed on June 30, 2017 and is the revenue note Series 2017A. The transaction resulted in a $59,547 deferred loss on the Series 7K1 defeasance. The loss on the defeasance is included in long-term debt on the accompanying balance sheet and will be amortized over the remaining life of the defeased Series 7K1 through October 1, 2018. The restructure loss was considered financially beneficial to smooth the debt service requirements of the University.

As of June 30, 2017, future debt service requirements (principal payments), excluding impact of bond premium and discount, on all long-term borrowings are summarized as follows:

Year Ending June 30,	Scheduled Payment Amount
2018	$ 2,245,000
2019	3,017,000
2020	3,143,000
2021	3,266,000
2022	3,393,000
Thereafter	28,097,000
Total Long-Term Debt	$ 43,161,000

Total interest expense on debt was $2,099,170 and $2,148,586 for the years ended June 30, 2017 and 2016, respectively.

NOTE 10 LONG-TERM DEBT (CONTINUED)

Interest Rate Swap Agreement

In conjunction with the MHEFA Series Six-E1 bonds, the University entered into an interest rate swap agreement with RBC Dain Rauscher Inc. (the Swap Provider) with the objective to minimize the risks associated with market rate fluctuations. The swap agreement is a cash flow hedge that is deemed to be 100% effective.

Pursuant to the terms of the swap agreement (Interest Rate Swap), the University pays the Swap Provider interest at a fixed rate, 3.4092%. The Swap Provider will pay the University interest at a variable rate equal to the Weighted Average Rate (the arithmetic mean of the Bond Market Association (BMA) Index in effect for each day in the calculation period). This Interest Rate Swap has the effect of converting the interest rate on the bonds from a variable rate to a net fixed rate, or synthetic rate, of 3.4092%. The swap agreement expired on October 1, 2016. At June 30, 2017 and 2016, the fair value of the swap agreement liability was $-0- and $(10,004), respectively, and is reported in prepaid expenses and other assets on the Balance Sheet. The change in value of the swap agreement for the years ended June 30, 2017 and 2016 was $10,004 and $43,571, respectively, and is reported in the statements of activities. The swap agreement was collateralized with a bank account at the Swap Provider. The balance of the collateralized account is $-0- and $100,000 at June 30, 2017 and 2016, respectively, and is reported as part of cash and cash equivalents on the balance sheets.

NOTE 11 OBLIGATIONS UNDER OPERATING LEASES

The University entered into various lease agreements for equipment and office space. In turn, the University sublet significant amounts of office space. The future commitments are summarized as follows:

Year Ending June 30,	Amount	Net of Sublease Payments
2018	$ 1,553,197	$ 1,081,325
2019	1,293,201	791,707
2020	1,013,253	559,191
2021	933,554	471,104
2022	2,195,617	1,724,777
Thereafter	816,902	293,044
Total Future Minimum Lease Payments	$ 7,805,724	$ 4,921,149

Rental expense for the years ended June 30, 2017 and 2016 was $1,309,182 and $1,397,988, respectively. Included in those amounts was $783,114 and $829,464 of rental expense for office space for the years ended June 30, 2017 and 2016, respectively.

NOTE 12 LINE OF CREDIT

The University has an unsecured line of credit totaling $7,000,000 with a bank. Interest is payable monthly at 1.85% plus the one-month LIBOR rate in 2017 and 2016. Principal is repayable on April 17, 2018, which is the expiration date of the agreement. At June 30, 2017 and 2016, the University had no borrowings under this agreement. The interest rate on this line of credit was 2.26% at June 30, 2017 and 2.32% at June 30, 2016.

The University also has an unsecured revolving line of credit totaling $3,000,000 with another bank. Interest is payable quarterly at 1.2% plus LIBOR. Principal is repayable on July 6, 2018, which is the expiration date of the agreement. At June 30, 2017 and 2016, the University had no borrowings under this agreement.

NOTE 13 ENDOWMENT

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to maintain the purchasing power of endowment assets. Under this policy approved by the board of trustees, the endowment assets are invested in a manner that is intended to achieve an annualized total return after investment management fees of 5.5% net of inflation. Actual returns in any given year may vary from this amount.

It is the policy of the board to spend 4.5% of the rolling three-year market value of the Endowment assets. At its discretion the board may change the targeted spending rate in any one year to achieve the strategic objectives of the University. The board approved an upward departure to 5.0% for fiscal year 2016 onward. During fiscal 2017 and 2016, the University endowment appropriation designated for current operations was $3,876,295 and $4,261,584, respectively.

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of historical value. Deficiencies of this nature, which are reported in unrestricted net assets, were $235,716 and $1,016,620 as of June 30, 2017 and 2016, respectively. Deficiencies result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriations for certain programs that was deemed prudent by the board of trustees.

During 2016, the fair value of sixty endowment funds was transferred from the University to another university due to the discontinued operations of the University School of Law (Note 19). The fair value and book value of these funds when transferred were $3,605,696 and $3,364,635, respectively. In addition, seventy-six temporarily restricted funds totaling $604,407 were transferred. These funds represented prior year's excess appropriations from the endowment funds or law school program specific funds. The endowment fund transfers are represented as transfer to other nonprofit in the changes in endowment net assets. The total transfer attributable to the endowment funds are represented by the Endowment Fund Transfer in the Statement of Activity.

NOTE 13 ENDOWMENT (CONTINUED)

Endowment by Net Asset Class

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Donor-Restricted Endowment Funds	$ (235,716)	$ 15,007,619	$ 65,791,290	$ 80,563,193
Board-Designated Endowment Funds	12,611,036	-	-	12,611,036
Total Funds	$ 12,375,320	$ 15,007,619	$ 65,791,290	$ 93,174,229

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Assets
Donor-Restricted Endowment Funds	$ (1,016,620)	$ 10,142,095	$ 62,270,348	$ 71,395,823
Board-Designated Endowment Funds	11,695,786	-	-	11,695,786
Total Funds	$ 10,679,166	$ 10,142,095	$ 62,270,348	$ 83,091,609

NOTE 13 ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets

For the year ended June 30:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 10,679,166	$ 10,142,095	$ 62,270,348	$ 83,091,609
Investment Return	10,419,914	-	-	10,419,914
Net Appreciation (Depreciation)	(4,865,524)	4,865,524	-	-
Contributions	17,000	-	3,238,371	3,255,371
Appropriation of Endowment Assets for Expenditure	(3,876,295)	-	-	(3,876,295)
Other	1,059	-	282,571	283,630
Endowment Net Assets, End of Year	$ 12,375,320	$ 15,007,619	$ 65,791,290	$ 93,174,229

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	$ 12,736,711	$ 17,130,330	$ 64,751,220	$ 94,618,261
Investment Return	(4,640,527)	-	-	(4,640,527)
Net Appreciation (Depreciation)	6,773,386	(6,773,386)	-	-
Contributions	3,000	-	760,833	763,833
Appropriation of Endowment Assets for Expenditure	(4,261,584)	-	-	(4,261,584)
Transfer to Other Nonprofit	(71,162)	(214,849)	(3,319,685)	(3,605,696)
Other	139,342	-	77,980	217,322
Endowment Net Assets, End of Year	$ 10,679,166	$ 10,142,095	$ 62,270,348	$ 83,091,609

NOTE 14 TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The net asset balances consist of the following at June 30:

	2017	2016
Temporarily Restricted:		
Restricted for Programs	$ 5,423,711	$ 5,361,121
Gains on Permanently Restricted Endowment Funds	15,007,619	10,142,095
Gifts Designated for Plant Expenditures	15,683,367	15,930,101
Beneficial Interest in Trust	480,713	480,589
Total	$ 36,595,410	$ 31,913,906

	2017	2016
Permanently Restricted:		
Permanent Endowment	$ 65,791,290	$ 62,270,348
Beneficial Interest in Trust	2,271,815	2,264,374
Gifts Designated for Student Loans	42,544	42,544
Total	$ 68,105,649	$ 64,577,266

The temporarily restricted net assets released from restrictions of $4,682,037 and $5,417,903 for the years ended June 30, 2017 and 2016, respectively, were from gifts restricted for a particular purpose and from pledges.

NOTE 15 FUNCTIONAL EXPENSES

Expenses reported in the financial statements are classified among program services and supporting activities as follows:

	2017	2016
Program Services	$ 64,284,270	$ 66,697,144
Supporting Activities:		
Management and General	12,734,648	12,700,707
Fundraising	1,882,556	2,085,462
Total	$ 78,901,474	$ 81,483,313

The University allocated interest expense of $2,060,955, amortization expense of $38,215, depreciation expense of $6,178,963, and facility operation and maintenance expense of $8,036,236 to program and support functions for the year ended June 30, 2017.

The University allocated interest expense of $2,106,147, amortization expense of $42,142, depreciation expense of $6,124,028, and facility operation and maintenance expense of $7,925,006 to program and support functions for the year ended June 30, 2016. Discontinued operations depreciation expense of $375,820 for the year ended June 30, 2016 is not included in depreciation expense noted above and is reflected in the discontinued operations activity in the Statement of Activities.

NOTE 15 FUNCTIONAL EXPENSES (CONTINUED)

Expenses are allocated based on square footage percentages and the best estimates of management.

The University has a policy that allows functional units to expend funds from board-designated funds. The activity in the funds is as follows:

	2017	2016
Beginning Balance	$ 341,680	$ 389,801
Additions	20,673	1,400,000
Expense	(12,650)	(1,448,121)
Ending Balance	$ 349,703	$ 341,680

The unrestricted net asset activity reported in the financial statements for June 30, 2016 reflects the board-approved financial restructuring plan to reduce capital spending through a transfer to operating activities.

NOTE 16 RETIREMENT PLAN

The University participates in the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) (the Plan), which covers certain faculty and staff employees. Nonelective discretionary contributions equal to 5% of eligible compensation and discretionary match contributions up to 2.5% of pretax elective deferrals are required under the program. Benefits are based upon amounts accumulated for the account of each individual employee at date of retirement. Contributions by the University for the Plan were $2,000,075 and $2,224,739 for the years ended June 30, 2017 and 2016, respectively.

NOTE 17 OTHER POSTRETIREMENT BENEFITS

The University provides medical benefits for eligible employees who retire at or beyond age 55 with 10 or more years of service. The Plan is contributory for all retired employees. The University does not prefund these costs.

In 2003, the Plan was amended to provide benefits only to those employees retiring on or before June 30, 2008. The University adopted the curtailment methodology of recognizing the financial impact in the year of the change.

	2017	2016
Accumulated Postretirement Benefit Obligation:		
Retirees	$ 1,072,170	$ 1,102,584
Fully Eligible Active Plan Participants	-	-
Accrued Postretirement Benefit Cost Included in Accounts Payable and Accrued Expenses	$ 1,072,170	$ 1,102,584

NOTE 17 OTHER RETIREMENT BENEFITS (CONTINUED)

The amounts recognized in the University's statements of financial position are as follows:

	2017	2016
Service Cost of Benefits Earned During the Period	$ -	$ -
Interest Cost on Accumulated Postretirement Benefit Obligation	30,013	39,308
Amortization of Prior Service Cost	-	-
Amortization of Gain	-	-
Net Periodic Postretirement Benefit Cost	$ 30,013	$ 39,308

The discount rate used in determining the accumulated postretirement benefit obligation (APBO) was 3.28% and 2.88% in 2017 and 2016, respectively. The assumed increase in health-care costs used in measuring the APBO was 7% for the first year decreasing to 5% for future years. The health-care cost trend rate assumption has an effect on the amounts reported.

NOTE 18 RELATED PARTY

Pledges from certain board of trustee members and parents of trustee members are included in the financial statements. The pledges outstanding were $777,425 and $728,848 for the years ended June 30, 2017 and 2016, respectively.

The University contracts with a board member's firm for construction projects. The University has a conflict of interest policy in place which is updated annually and also performs an independent third-party review of these contracts. The expenditures paid were $539,972 and $498,297 for the years ended June 30, 2017 and 2016, respectively. Accounts payable at June 30, 2017 and 2016 totaled $-0- and $84,179, respectively.

See Note 19 for a description of the related party relationship between the University and the Mitchell Hamline School of Law.

NOTE 19 COMBINATION OF UNIVERSITY SCHOOL OF LAW AND WILLIAM MITCHELL SCHOOL OF LAW

In 2015, the University entered into a definitive agreement to combine the Hamline School of Law (HUSL) and William Mitchell College of Law (WMCL). The American Bar Association (ABA) granted acquiescence to combine Hamline University School of Law with William Mitchell College of Law, and to recognize Mitchell Hamline School of Law (MHSL) as a fully ABA-approved law school effective on December 28, 2015. The newly combined school is located primarily on William Mitchell's existing campus. The MHSL is an autonomous, nonprofit institution governed by an independent board of trustees, with a strong, visible, and long lasting affiliation to Hamline University. The new institution offers more enrollment options than any other school in the country including full-time, weekend and part time programs, as well as hybrid, on-campus/on-line JD option.

NOTE 19 COMBINATION OF UNIVERSITY SCHOOL OF LAW AND WILLIAM MITCHELL SCHOOL OF LAW (CONTINUED)

Students are able to earn dual degrees through the school's affiliation with Hamline University. MHSL is a top law school for dispute resolution and health law and a nationally recognized pioneer in clinical programs. It currently has an alumni network of over 19,000, the largest in the region.

Since acquiescence was not received until December 2015, a plan was implemented in order to preserve the ongoing operations of HUSL and WMCL and enhance viability of MHSL. The two schools operated independently for the fall 2015 term. HUSL operated with a scaled back group of faculty and staff while remaining within the regulations of the ABA.

Major terms of the combination as defined by the Definitive Agreement fall into these categories: transfer of assets and liabilities, fees and expenses of the combination, ongoing financial consideration and governance and leadership.

Transfer of assets included the HUSL's transfer of permanent and temporarily restricted endowment balances as well as temporarily restricted program funds that were originally designated to HUSL. HUSL also transferred pledge receivables to the same endowment funds. The funds transfers are shown as fund transfer to another organization on the accompany statements of activities and the pledges, which were written off by the University are shown as a part of combination/discontinued operations in the statements of activities. HUSL transferred certain other assets including intellectual property assets, tuition and fee deposits, historical books and records from the academic collection, tangible personal property, and study abroad exchange contracts. The transfer of assets excluded some assets including student accounts receivable from activity prior to the acquiescence, property and fixtures, and all law library assets except those noted as tangible personal property. Transfer of liabilities included tenured employment obligations, current tuition exchange obligations, and certain severance obligations. The transfer of liabilities excluded certain tuition exchange programs and severance and retirement obligations from activity prior to acquiescence.

Certain transactions fees and expenses of the combination are split between HUSL and WMCL, without reimbursement back to either party. Other specific costs related to the startup of the newly formed MHSL were also shared equally in payout, but are fully reimbursable to the University by MHSL in eight equal installments, without interest, with the first payment made on June 30, 2017. Fees and expenses that were split equally are the cost of all communications, public relations, and costs for the initial development of the MHSL History Center and out of pocket costs of submitting the Application for Acquiescence to the ABA, including the ABA site visit. Fees and expenses that are reimbursable to the University include the reasonable attorney expenses incurred in connection with the endowment transfer and expenses concerning branding, website design and implementation expenses, all qualifying severance costs and mutually agreed upon moving costs. Moving costs constituted the physical move of staff and faculty and the electronic file and data move. The combination resulted in $720,587 and $956,651 of accounts receivable as of June 30, 2017 and 2016, respectively. The expenses related to the combination are reflected in combination/discontinued operations in the accompany statements of activities.

NOTE 19 COMBINATION OF UNIVERSITY SCHOOL OF LAW AND WILLIAM MITCHELL SCHOOL OF LAW (CONTINUED)

Ongoing financial consideration relates to an agreement that MHSL will pay to the University within a designated length of time following each fiscal year end, a percentage of that fiscal year's net tuition revenue as defined by the terms of the combination's Definitive Agreement.

The governance and leadership terms of the combination state that the University shall have the right to nominate to and maintain on, the MHSL Board of Trustees equal to 33% of the total MHSL Trustees, inclusive of the President of the University. All MHSL Board of Trustees, regardless of who nominated them, will have the same terms, rights, privileges, and responsibilities in their capacity as trustees.

In the process of combining operations, it was necessary to write down any remaining assets from the academic collection. The remaining fair market value of the academic collection is recorded as Discontinued Operations Assets Held for Sale and is reflected in Prepaid Expenses and Other Assets in the accompanying Balance Sheet. The discontinued operations assets balances were $5,248 and $21,883 for the years ended June 30, 2017 and 2016, respectively. The fiscal year's portion of depreciation prior to the combination and the loss associated with the write down to the fair market value of the academic collection is part of the discontinued operations activity noted below:

	2017	2016
Revenues		
Net Tuition & Fees	$ -	$ 2,392,697
Other	-	95,720
Total Revenue	-	2,488,417
Expenses		
Compensation	-	1,815,253
Overhead	-	561,219
Loss on Asset Disposal	-	2,086,599
Total Expenses	-	4,463,072
Change in Net Assets	$ -	$ (1,974,655)

NOTE 20 COMMITMENTS AND CONTINGENCIES

The University is subject to certain claims arising out of the ordinary course of business. Although it is not possible to predict the outcome of these claims, management believes they will not have a material effect on the financial condition of the University.

For the years ended June 30, 2017 and 2016, the University had commitments to investment funds in the amount of $2,260,923 and $2,171,040, respectively, funded through reallocation of investments.

The University is in the process of construction on Sorin Hall. Constructions costs to date, which have been capitalized as construction in progress, are $359,949 as of June 30, 2017. The University expects the additional costs to complete the project will be approximately $3,540,000.

NOTE 21 SUBSEQUENT EVENTS

In preparing these financial statements, the University has evaluated events and transactions for potential recognition or disclosure through October 11, 2017, the date the financial statements were available to be issued.

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