OFFICIAL STATEMENT DATED APRIL 1, 1992

NEW ISSUE

Rating: Requested from Moody's Investors Service

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

$4,565,000

Minnesota Higher Education Facilities Authority

Mortgage Revenue Bonds, Series Three-K

(Trustees of the Hamline University of Minnesota)

Dated Date: May 1, 1992

Interest Due: Each June 1 and December 1, commencing December 1, 1992

The Bonds will mature annually on June 1 as follows:

1994	$160,000	1998	$200,000	2002	$255,000	2006	$330,000
1995	$170,000	1999	$210,000	2003	$270,000	2007	$355,000
1996	$180,000	2000	$225,000	2004	$290,000	2008	$375,000
1997	$190,000	2001	$235,000	2005	$310,000	2009	$810,000

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after June 1, 2003 may be redeemed prior to maturity commencing June 1, 2002, and in whole on any date thereafter or in part on any interest payment date thereafter. The Bonds will also be subject to optional redemption in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in the event of a Determination of Taxability, as described herein.

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

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of the Trustees of the Hamline University of Minnesota, as owner and operator of Hamline University (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 CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF MINNESOTA, OR THE TAXING POWERS OF THE STATE, ARE PLEDGED. THE AUTHORITY HAS NO TAXING POWERS.

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than 102% with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the Underwriters of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than 102% until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale.

The Bonds are offered when, as and if issued by the Authority subject to the approval of legality by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon by William F. Archerd, Esq., Roseville, Minnesota, counsel to the University. Bonds are expected to be available for delivery on or about May 14, 1992.

This cover page contains certain information for quick reference only. It is not a summary of this Issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

BID OPENING: April 15, 1992 (Wednesday) at 11:00 A.M., Central Time
AWARD: April 15, 1992 (Wednesday) at 2:00 P.M., Central Time

SPRINGSTED
PUBLIC FINANCE ADVISORS

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

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

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

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

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

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

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

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

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Carol A. Blomberg, Chair	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
Kathryn D. Jarvinen, Vice Chair	Hospital Administrator, Winona, Minnesota.
Jack Amundson, Secretary	Partner, McMahon, Hartmann, Amundson & Co., Saint Cloud, Minnesota.
Kathryn Balstad Brewer	Student, New Brighton, Minnesota.
Earl R. Herring	Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
Fred Hsiao	President, Shaw/Lundquist Associates, Saint Paul, Minnesota.
David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota.
Tom Martinson	Principal, Private City Planning Practice, Minneapolis, Minnesota.
David Powers (Ex Officio)	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.
Catherine M. Warrick	Faculty Member, Metropolitan State University, Saint Paul, Minnesota.

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

(This page was left blank intentionally.)

TABLE OF CONTENTS

OFFICIAL TERMS OF OFFERING

$4,565,000

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

(Trustees of the Hamline University of Minnesota)

Sealed bids for the Bonds will be received and will be opened by Dr. Joseph E. LaBelle, Executive Director, Minnesota Higher Education Facilities Authority (the "Authority") or his duly appointed representative on Wednesday, April 15, 1992 at 11:00 A.M., Central Time, at Suite 450, Galtier Plaza, 175 East Fifth Street, Saint Paul, Minnesota 55101, telephone (612) 296-4690. The Executive Director is authorized to award the sale of the Bonds immediately following the bid opening with no further act or approval by the Members of the Authority, provided the net interest cost does not exceed 8.0% per annum.

DETAILS OF THE BONDS

The Bonds will be dated May 1, 1992, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing December 1, 1992. Interest will be computed upon the basis of a 360-day year of 12 30-day months and will be rounded pursuant to rules of the MSRB. The Bonds will be issued in the denomination of $5,000 each, or in integral multiples thereof as requested by the Purchaser, and fully registered as to principal and interest. Principal will be payable at the main corporate office of the Trustee and interest on each Bond will be payable by check or draft of the Trustee mailed to the registered holder thereof at his address as it appears on the books of the Trustee as of the 15th day of the calendar month next preceding the interest payment.

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

1994	$160,000	1998	$200,000	2002	$255,000	2006	$330,000
1995	$170,000	1999	$210,000	2003	$270,000	2007	$355,000
1996	$180,000	2000	$225,000	2004	$290,000	2008	$375,000
1997	$190,000	2001	$235,000	2005	$310,000	2009	$810,000

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

OPTIONAL REDEMPTION

At the option of the Authority all Bonds maturing on or after June 1, 2003 may be redeemed prior to maturity commencing June 1, 2002. Redemption may be on any date if in whole or on any interest payment date if in part, and if in part, in such order of maturity as the University shall direct and by lot within a maturity in integral multiples of $5,000.

The Bonds are also subject to redemption in whole, but not in part, on any date in certain events of damage or destruction described in a Loan Agreement between the University and the Authority and a Trust Indenture between the Authority and the Trustee. The Bonds are further subject to optional redemption in whole or in part on the next practicable date and any date thereafter upon a Determination of Taxability as provided in the Loan Agreement. All prepayments shall be at a price of par and accrued interest. If in part, redemption may be in such order of maturity as the University shall direct and by lot within a maturity in integral multiples of $5,000.

SECURITY AND PURPOSE

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the University pursuant to the Loan Agreement or from other amounts pledged therefor pursuant to the Trust Indenture. Pursuant to the Loan Agreement, loan repayments sufficient to pay principal, premium (if any) and interest on the Bonds when due are a full faith and credit obligation of the University. The Bonds are additionally secured by a mortgage on and security interest in certain property of the University and by a debt service reserve in an amount equal to 10% of the principal amount of the Bonds, unless such amount exceeds 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale) in which case the debt service reserve will be in the amount of such lesser sum. **The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority, or the State of Minnesota, or the taxing powers of the State, are pledged.** The Authority has no taxing powers. The proceeds will be used together with other funds of the University to refund the 1993 through 2008 maturities of the Authority's Mortgage Revenue Bonds, Series Two-A, issued on behalf of the University in 1979.

TYPE OF BID

A sealed bid for not less than $4,496,500 and accrued interest on the total principal amount of the Bonds shall be filed by an eligible bidder with the undersigned on the Official Bid Form prior to the time set for the opening of bids. Bids shall be accompanied by a good faith deposit ("Deposit") in the form of a certified or cashier's check or a Financial Surety Bond in the amount of $45,650, payable to the order of the Authority. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota, and preapproved by the Authority. Such bond must be submitted to Springsted Incorporated prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder using a Financial Surety Bond, then that purchaser is required to submit its Deposit to Springsted Incorporated in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time, on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Authority to satisfy the Deposit requirement. The Authority will deposit the check of the purchaser, the amount of which will be deducted at settlement and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted bid, said amount will be retained by the Authority. No bid can be withdrawn after the time set for receiving bids unless the meeting of the Authority scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates offered by bidders shall be in integral multiples of 5/100 or 1/8 of 1%. No basic rate of interest specified for a maturity shall exceed the basic rate of interest specified for any subsequent maturity. Bonds of the same maturity shall bear a single basic rate from the date of the Bonds to the date of maturity.

AWARD

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

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

TERMS AND CONDITIONS OF CONTRACT OF SALE

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

REOFFERING OF BONDS

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than 102% of par with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the Underwriters of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than 102% of par until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale set forth on the Official Bid Form to be executed by the Authority and the Underwriters in connection with the sale of the Bonds.

BOND INSURANCE AT PURCHASER'S OPTION

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

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

TRUSTEE/REGISTRAR/PAYING AGENT

The Trustee will be First Trust National Association, Saint Paul, Minnesota, which shall also act as Registrar and Paying Agent.

CUSIP NUMBERS

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

OFFICIAL STATEMENT

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

The Official Statement, when supplemented by an addendum prepared by the Authority or its Financial Advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds, together with certain additional information as more fully described in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the purchaser or purchasers (the "Underwriters") of the Bonds, shall constitute a "Final Official Statement" of the Authority, as that term is defined in Rule 15c2-12. Pursuant to the Terms and Conditions, the Authority shall agree that, no more than seven business days after the award of sale of the Bonds (unless the Underwriters fail to comply with the obligation to provide certain information as required by Section 1 of the Terms and Conditions), it shall provide without cost to the Underwriters c/o the Account Manager 200 copies of such Final Official Statement and shall designate the Account Manager as its agent for purposes of distributing copies of the Final Official Statement to each of the Underwriters named on the Official Bid Form.

SETTLEMENT

It is expected that on or about May 14, 1992, the Bonds will be delivered without cost to the Purchaser at the office of the Authority or at such other place mutually satisfactory to the Authority and the Purchaser. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Faegre & Benson of Minneapolis, Minnesota, as to the validity and exemption of the Bonds from federal and State of Minnesota income tax, which opinion will be printed on the Bonds, and of customary closing papers, including a no-litigation certificate and a certificate pertaining to information in the Official Statement. Certain legal matters will be passed on for the University by its counsel, William F. Archerd, Esq., Roseville, Minnesota. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Trustee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms of payment.

Dated March 25, 1992

BY ORDER OF THE MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle
Executive Director

SCHEDULE OF BOND YEARS

$4,565,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES THREE-K

Year	Principal	Bond Years	Cumulative Bond Years
1994	$160,000	333.3333	333.3333
1995	$170,000	524.1667	857.5000
1996	$180,000	735.0000	1,592.5000
1997	$190,000	965.8333	2,558.3333
1998	$200,000	1,216.6667	3,775.0000
1999	$210,000	1,487.5000	5,262.5000
2000	$225,000	1,818.7500	7,081.2500
2001	$235,000	2,134.5833	9,215.8333
2002	$255,000	2,571.2500	11,787.0833
2003	$270,000 c	2,992.5000	14,779.5833
2004	$290,000 c	3,504.1667	18,283.7500
2005	$310,000 c	4,055.8333	22,339.5833
2006	$330,000 c	4,647.5000	26,987.0833
2007	$355,000 c	5,354.5833	32,341.6666
2008	$375,000 c	6,031.2500	38,372.9166
2009	$810,000 c	13,837.5000	52,210.4166

Average Maturity: 11.44 Years

Bonds Dated: May 1, 1992

Interest Due: December 1, 1992 and each June 1 and December 1 to maturity.

Principal Due: June 1, 1994-2009 inclusive.

Optional Call: Bonds maturing on or after June 1, 2003 are callable commencing June 1, 2002 at par. (See Official Terms of Offering.)

c: subject to optional call

OFFICIAL STATEMENT

$4,565,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MORTGAGE REVENUE BONDS, SERIES THREE-K

(Trustees of the Hamline University of Minnesota)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the Trustees of the Hamline University of Minnesota, a Minnesota nonprofit corporation, as owner and operator of Hamline University (the "University"), an institution of higher education located in Saint Paul, Minnesota, in connection with the issuance of the Authority's $4,565,000 Mortgage Revenue Bonds, Series Three-K (Trustees of the Hamline University of Minnesota), (the "Bonds," the "Series Three-K Bonds" or the "Issue").

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

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

Pursuant to a Loan Agreement between the University and the Authority, 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 and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the University by the Authority to redeem on June 1, 1992 the maturities due June 1, 1993 through 2008 of the Authority's outstanding $6,000,000 Revenue Bonds, Series Two-A, issued on behalf of the University (the "Series Two-A Bonds"), as more fully described in "THE PURPOSE OF THE BONDS," page 7 herein.

The Series Two-A Bonds were originally issued to finance the acquisition, construction, furnishing and equipping of the Law Center on the campus of the University, together with all necessary furnishings and site improvements therefor (the "Project").

The Bonds are general obligations of the University, secured by a pledge from the Authority to the Trustee of the Loan Repayments to be made by the University, a mortgage on and security interest in the Project, and a Reserve Account.

The Reserve Account will be funded in the amount of 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale), (the "Reserve Requirement").

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

The Bonds are not secured by the Authority's General Bond Reserve Account.

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

RISK FACTORS

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

Risk of Insufficient Collateral

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

Adequacy of Revenues

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

Dependence on Tuition and Enrollment

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

Financial Aid

Approximately 73% of the University's students currently receive some federal or State financial aid covering tuition and fees or living expenses. No assurance can be given that federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the 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.

Nature of Pro Forma Debt Service Coverage

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

Limited Obligation

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 Trust Indenture or the Bonds or the other obligations of the University. Accordingly, for payment of principal, interest, premium, if any, on the Bonds, holders of the Bonds must look solely to the security under the Loan Agreement, the Indenture and the Mortgage.

Foreclosure of the Mortgage

The Bonds are limited obligations of the Authority and are payable from Loan Repayments by the University under the Loan Agreement or from the Reserve Account. If sufficient payments are not forthcoming from these sources, it may be necessary for the Trustee to exercise its remedies under the Mortgage. The value of the Mortgaged Property upon foreclosure of the Mortgage may be adversely affected by a number of factors. The mortgaged building is designed for general academic purposes and its use and marketability for other purposes may be limited. Attempts to foreclose under mortgages are frequently met with protracted litigation and/or bankruptcy proceedings, which proceedings cause delays in realizing on collateral and may otherwise limit the value of the collateral.

Bankruptcy

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

Other Possible Risk Factors

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

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

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

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

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

THE BONDS

The Bonds will be dated May 1, 1992 and will mature annually each June 1, commencing June 1, 1994, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each June 1 and December 1, commencing December 1, 1992.

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

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

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

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

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

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

Prior Redemption

Bonds maturing on or after June 1, 2003 are subject to optional redemption on June 1, 2002, and in whole on any date thereafter or in part on any interest payment date thereafter, and if in part, in such order of maturity as the University shall direct and by lot within a maturity, in integral multiples of $5,000, at par plus accrued interest.

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

Partial Redemption

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

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than thirty days, and if more than 60 days, then again not less than 30 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be 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 Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the Date of Taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption" on pages 14 and 15 and Appendix III, "DEFINITION OF CERTAIN TERMS."

The University will have the option to prepay the Loan as a whole or in part from the first practicable date following a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability).

Additional Bonds

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

1. The exclusion of interest on the outstanding Bonds from gross income of the holders of the Bonds for purposes of federal income taxation under the Code shall not be jeopardized by the issuance of the Additional Bonds.

2. Supplements to the Loan Agreement, the Mortgage and Indenture are executed and delivered describing the Additional Bonds as additional indebtedness secured thereby.

3. No Default or Event of Default on the part of the University exists under the Loan Agreement or the Mortgage.

4. The University furnishes evidence satisfactory to the Authority of the University's ability to meet debt service on the Additional Bonds and, to the extent required by the Authority, deposits additional monies or investments in the Reserve Account, to be held by the Trustee under the Indenture in such amount and value as the Authority may require, and executes supplements to the Loan Agreement and the Indenture.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds	
Series Three-K Bonds	$4,565,000
Existing Bond Funds	
Debt Service Fund	200,000
Series Reserve	408,000
General Bond Reserve Balance	301,000
Funds of the University	36,000
Total Sources	$5,510,000

Uses of Funds	
Series Two-A Bond Redemption	$4,925,000
Discount & Issuance Costs	128,500
Reserve for Series Three-K Bonds	456,500
Total Uses	$5,510,000

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

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

PURPOSE OF THE BONDS

Net proceeds of the Bonds together with amounts on deposit in the Series Two-A Bond Account, the Series Two-A Reserve Account and available general funds of the University, if necessary, are to be used to redeem the 1993-2008 maturities of the Series Two-A Bonds on June 1, 1992, pursuant to the Series Two-A Indenture. Said funds will be deposited with the Series Two-A Trustee into the Series Two-A Redemption Account at Bond Closing.

The net proceeds of the Series Two-A Bonds were used by the University to finance the construction of the Law Center, housing the School of Law, which was completed in 1980. The Law Center is a three-story, 82,000-square foot building of masonry construction, located approximately in the center of the University's campus. The Law Center fully houses all functions of the School of Law, including classrooms and administrative and faculty offices, moot court and the 185,000-volume law library.

SUMMARY OF SECURITY FOR THE BONDS

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 in the amount of the Reserve Requirement.

The Bonds are secured by the pledge of the University of its full faith and credit. 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 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 covenants and agrees to charge tuition fees, other fees, rentals and charges which, together with the general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the University as they become due.

Pursuant to the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), the University will mortgage and grant a security interest in the Project to the Authority to secure its obligations to make timely Loan Repayments (see "SUMMARY OF DOCUMENTS - The Mortgage"). The Authority will, in turn, assign its interest in the Mortgage to the Trustee to be held by the Trustee of the Trust Estate.

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

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

FINANCIAL COVENANTS

The University will covenant that:

a. For at least two of the preceding three complete Fiscal Years, Unrestricted Current Fund revenues shall be not less than Unrestricted Current Fund expenditures, including mandatory transfers, according to the principles of accounting used in the preparation of the University's audited financial statements for the Fiscal Year ended May 31, 1991. In the event that, following any Fiscal Year, the University shall not be in compliance with this paragraph (a), the University may cure such deficiency by making a deposit to the Unrestricted Current Fund, during or within 180 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposit may be made from the unencumbered Board-controlled quasi-endowment funds or other unencumbered and unrestricted funds, if such unrestricted funds may legally be transferred to the Unrestricted Current Fund by action of the Board of Trustees. No such deposit may be made from any proceeds of the Bonds or other borrowed funds.

b. For so long as the Bonds remain outstanding, the University shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding which does not increase the average annual debt service on such Funded Debt and further excepting that portion of Funded Debt for capital projects for which the University has received written and signed pledges of gifts for such project), unless for each of the last two Fiscal Years for which audited financial statements are available the Debt Service Coverage Ratio was at least 110% of Maximum Annual Debt Service of (A) then outstanding Funded Debt and (B) Funded Debt thereafter issued or proposed to be issued; provided that if the additional Funded Debt proposed to be issued is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for each of the last two complete Fiscal Years the estimated Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the University and the Trustee; and provided further that if the additional Funded Debt proposed to be issued 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, for purposes of this paragraph (b), there shall be added to Net Income Available for Debt Service for each of the last two complete Fiscal Years the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the University and the Trustee.

(See Appendix III, "DEFINITION OF CERTAIN TERMS.") For purposes of paragraphs (a) and (b) above, all capitalized terms used but not otherwise defined in the Loan Agreement shall have the meanings provided for audits of colleges and universities, as reflected by the University's audited financial statements for the Fiscal Year ended May 31, 1991.

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 Costs of Issuance Fund, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Series Two-A Redemption Account held by the Series Two-A Trustee, except that funds for the payment of issuance costs will be deposited into the Costs of Issuance Fund, the amount required to equal the Reserve Requirement, when added to the balance of the Series Two-A subaccount of the General Bond Reserve Account, will be deposited into the Reserve Account and accrued interest will be deposited in the Bond and Interest Sinking Fund Account. Following 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.

Costs of Issuance Fund

There shall be deposited initially into the Costs of Issuance Fund any Bond proceeds available for the payment of issuance costs. In addition, the University will agree in the Loan Agreement to pay out of available general funds (other than Bond proceeds) all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (par value minus original issue discount according to the reoffering scale). Any amounts in the Costs of Issuance Fund which have not been spent within six months of the issuance of the Bonds shall be deposited into the Bond and Interest Sinking Fund Account.

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the University. 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 the Series Two-A subaccount of the General Bond Reserve Account the estimated amount of $301,000 and from Bond proceeds the estimated amount of $155,500, together to equal the amount of the Reserve Requirement which is irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the University as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement.

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

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

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

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption Account. Funds in this Account will be available to maintain required balances in other accounts and to purchase or redeem Bonds. No specific amounts are required. Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the University or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

General Bond Reserve Account

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

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Reserve Account, the Costs of Issuance Fund or the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments and state housing finance agencies, rated at least A; revenue bond obligations of states and local governments rated at least AA or Aa; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, state and local governments or in repurchase agreements or reverse repurchase agreements collateralized by the foregoing obligations; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation or collateralized by certain government obligations; certain guaranteed investment contracts issued by a bank or insurance company rated at least A; 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.

THE AUTHORITY

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

Coordinating Board, and the President of the Minnesota Private University Council, who is a non-voting member, are also members of the Authority.

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $250 million. The Authority has had 63 issues (including refunded and retired issues) totaling $236,705,000 of which $143,219,767 (excluding the Bonds) is outstanding as of February 2, 1992. The Authority has an additional five issues totaling approximately $65,000,000 in process. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

FINANCIAL ADVISOR

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

RATING

An application for a rating of the Bonds has been made to Moody's Investors Service ("Moody's"), 99 Church Street, New York, New York. If a rating is assigned, it will reflect only the opinion of Moody's. Any explanation of the significance of the rating may be obtained only from Moody's.

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

BOND INSURANCE AT PURCHASER'S OPTION

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

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

LITIGATION

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

LEGALITY

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

Certain legal matters will be passed upon for the University by William F. Archerd, Esq., Roseville, Minnesota.

ENFORCEABILITY OF OBLIGATIONS

While the Bonds are secured or payable pursuant to the Indenture, the Loan Agreement and the Mortgage, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. In addition, the Trustee may not have available sufficient funds under the Indenture to pay the cost of proceeding with such remedies. Pursuant to the Indenture, the Trustee is entitled to require from Bondholders sufficient indemnity for such costs before proceeding to enforce its remedies. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) a limitation of $150,000,000 on the aggregate principal amount of "tax-exempt non-hospital bonds" (generally defined as bonds for other than acute care, in-patient hospital facilities) that is allocated to the University or any 501(c)(3) organization under common management or control with the University as an owner or user of facilities financed with proceeds of such bonds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts and (3) provisions which require that certain investment earnings be rebated periodically to the federal government and (4) a requirement that at least 95% of the proceeds of the Bonds be used for purposes of the University constituting the basis for its being an organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and that not more than 5% of the proceeds of the Bonds be used in (or provide a facility to be used in) an unrelated trade or business of the University or the trade or business of any nonexempt person. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

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

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

The Code imposes an environmental tax with respect to corporations on the excess of a corporation's modified alternative minimum taxable income (determined as described above) over $2 million. Regardless of whether a corporation is subject to the alternative minimum tax, the environmental tax applies with respect to taxable years beginning after December 31, 1986 and before January 1, 1996.

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 is passive investment income.

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

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

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

(This page was left blank intentionally.)

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, the Graduate School and the School of Law. 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. It has produced five Rhodes and 13 Fulbright Scholars. The University is affiliated with the United Methodist Church.

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

Hamline University has been supported by significant grants from organizations such as the National Science Foundation, National Endowment for the Humanities, Consortium for the Advancement of Private Higher Education (CAPHE), Arthur Vining Davis Foundations, McKnight Foundation, Bush Foundation, and the U.S. Department of Education.

Governance

Hamline University is owned and operated by Trustees of the Hamline University of Minnesota. By charter, 11 of the Trustees must be members of the Minnesota Annual Conference of the United Methodist Church. There are currently 33 Trustees. Officers and Trustees of the University are elected by the University Board of Trustees at its annual meeting in May and confirmed at the Conference's annual meeting held each June.

<u>Board of Trustees</u>

Kay L. Fredericks*	President and CEO, Trend Enterprises, Inc., New Brighton, Minnesota
Rev. James Gaughan	Senior Pastor, Excelsior United Methodist Church, Excelsior, Minnesota
Rev. Stanley Hanks '52	District Superintendent, United Methodist Church, Duluth, Minnesota
Donald P. Helgeson*	Chairman, Jack Frost/Gold N' Plump Poultry, Inc., St. Cloud, Minnesota
Louis F. Hill, III, Treasurer*	President, Pacific Rim Equipment Corp. Saint Paul, Minnesota
Ralph P. Hofstad '46	Edina, Minnesota
Shirley Hutton* '51	Minneapolis, Minnesota
Rev. Richard Ireland	Minister, Hamline United Methodist Church, Saint Paul, Minnesota
Robert S. Jepson, Jr.	President, Jepson Industrial Corporation Savannah, Georgia
D. Ward Johnson, Jr.	Vice President, The Howell Group Minneapolis, Minnesota
Rodney Jordan	Senior Attorney, Josten's Inc. Owatonna, Minnesota
Connie M. Levi, Chair*	President, Greater Minneapolis Chamber of Commerce, Minneapolis, Minnesota
Rev. Katherine Austin Mahle	Minister, Riverview United Methodist Church, Brooklyn Park, Minnesota
Dr. Carlos Marino	Senior Director, Industry Science & Technology, Cray Research, Eagan, Minnesota
Thomas J. McGough, Sr.	Executive Vice President, McGough Construction Co., Inc., Saint Paul, Minnesota
Dr. Ronald A. Mitsch* '56	Senior Vice President, Research and Development, 3M Company, Saint Paul, Minnesota
Dr. Larry G. Osnes*	President, Hamline University Saint Paul, Minnesota
Laverne A. Phillips	Sanibel Island, Florida
Rozanne Ridgway '57	President, The Atlantic Council of the United States, Washington, D.C.

The University also has 11 Life Trustees who serve on and vote in committees, but do not vote in full Board of Trustees Meetings.

<u>Life Trustees</u>

<u>President</u>

Larry G. Osnes became the 18th President of Hamline University in June, 1988. He had previously been president and chief executive officer of the Minnesota Private College Council, Minnesota Private College Fund and Minnesota Private College Research Foundation.

He served as executive director of the Indiana Higher Education Council. He held various positions at Anderson College including dean of Academic Development and Public Affairs.

President Osnes earned his bachelor's degree from Anderson College, a master's degree from Wayne State University and his Ph.D. degree from the University of Cincinnati.

<u>Vice President for Finance and Operations</u>

Peter W. Lilienthal was appointed Vice President for Finance in January, 1991. Prior to joining Hamline University, Mr. Lilienthal held senior financial management positions with several publicly-held, Twin Cities-based corporations including Jostens, Inc., Munsingwear, Inc., The

Toro Company and Tonka Corporation. He has also served as an adjunct instructor in corporate finance at the College of St. Thomas in Saint Paul, Minnesota and has worked as a management consultant in the areas of strategic planning, acquisitions and market development.

Mr. Lilienthal received his bachelor's degree from Occidental College. He also holds an M.Ed. degree from Cleveland State University and an M.B.A. degree from the Harvard Business School.

Campus/Physical Plant

The University is located on a 44-acre site in the Midway District of Saint Paul, Minnesota, approximately equidistant from the downtown areas of Saint Paul and Minneapolis. Fourteen principal academic and administrative buildings and seven residence halls comprise the campus physical plant. The physical plant and contents are insured at replacement values of approximately $77,000,000.

The University's oldest building, Old Main, was built in 1884 and is on the National Register of Historic Places. A number of recent buildings have won architectural awards.

Major building construction during the 1980's includes the Law Center (1980), housing the School of Law; the Theatre (1983), seating 292 persons and part of the Drew Fine Arts Center complex; and Sundin Music Hall (1989), completed at a cost of $1.7 million and seating 320 persons. In 1991, the University completed a new $5.5 million, 36,000 square foot Robbins Science Center. The University raised the entire amount in gifts and pledges, including a $1 million Bush Foundation grant and a $400,000 Kresge Foundation challenge grant.

The residence halls on campus house approximately 680 undergraduate and law students; approximately 50% of undergraduates live on campus. Additionally, sororities and fraternities are located on campus and the University has an office to assist students with off-campus housing.

Academic Information

<u>College of Liberal Arts</u>

Hamline University ranks as a "Liberal Arts College I" institution, according to the Carnegie Council on Policy Studies in Higher Education.

Hamline University offers the Bachelor of Arts degree in the College of Liberal Arts. During the 1990-91 academic year, the University awarded 377 Bachelor of Arts degrees.

The undergraduate curriculum, the Hamline Plan, has attracted national attention among educators and support from numerous foundations, corporations, and individuals. The Hamline Plan joins the essential knowledge and values of the liberal arts with skills needed for career success. In addition to the traditional major, students take writing-, speaking- and computer-intensive courses across the curriculum, conduct independent research, participate in career internships or other work experience, and gain understanding of other peoples and cultures.

The College of Liberal Arts follows a 4-1-4 academic calendar. Students have a normal schedule of eight courses during the year spread over fall, winter and spring terms. Fall and spring terms are each 14 weeks long. Winter term is four weeks long, and students may take only one course during the term.

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

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

The Bush Memorial Library, completed in 1971, houses 180,000 volumes and 800 current periodicals. The library also maintains a variety of non-print material such as films, film strips, video tapes, audio tapes, phonograph records and slides. The library belongs to an eight-library network which provides rapid access to a collection of more than 1.5 million volumes.

<u>The Graduate School</u>

The Graduate School was founded in 1980 as the Division of Graduate and Continuing Studies within the College of Liberal Arts, and became an independent unit of the University in fall 1989.

Three Master of Arts degrees are presently offered, including the Master of Arts in Education, Master of Arts in Liberal Studies, and Master of Arts in Public Administration. During the 1990-91 academic year, 76 Master of Arts degrees were awarded.

The Master of Arts in Liberal Studies program is one of the largest and most respected such programs in the nation; it publishes the national liberal studies journal <u>Voiceprint</u>. The Master of Arts in Public Administration educates students for service in local, regional and state government as well as nonprofit organizations; it publishes the <u>Journal of Public Law and Policy</u> and houses the Center for Women in Government, one of only three such university-affiliated centers in the nation.

The Graduating Continuing Studies program is one of the largest programs for K-12 educators in the Upper Midwest, offering courses for graduate and undergraduate credit for teachers, administrators and counselors with certificates in education.

Courses in the graduate programs are geared toward adult working professionals. Although full-time day attendance is possible, these programs are primarily intended to serve the needs of part-time evening and summer students.

<u>School of Law</u>

The present Hamline University School of Law was founded in 1972 as the Midwestern School of Law, and became affiliated with Hamline University in 1976. During the 1990-91 academic year, the University awarded 162 Juris Doctorate degrees.

The School of Law operates on a year-round basis, giving students the option of accelerating the program; however students are not allowed to complete their programs in less than two and one-half years or in more than five years. The curriculum is designed to be completed in six academic semesters. It also offers flexible scheduling to accommodate the needs of working adult students.

The School of Law is distinguished by an emphasis on public service. Students are encouraged to do pro bono work, and the General Practice Clinic provides a wide variety of services including family reunification for Southeast Asians. The law school's Moot Court program has been recognized as one of the best in the country.

The School of Law library houses more than 185,000 volumes, is a government depository, and has access to the WESTLAW and LEXIS computerized legal databases.

The Hamline Law Review is published twice a year by second and third year students. Faculty and students publish the Journal of Law and Religion.

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

Student Enrollment

The University's actual and estimated enrollment is:

		Undergraduate		Graduate		School of Law		Total University	
		FTE	Head Count	FTE	Head Count	FTE	Head Count	FTE	Head Count
Actual:	1987-88	1,267	1,315	163	290	470	474	1,900	2,079
	1988-89	1,385	1,430	184	322	475	483	2,044	2,235
	1989-90	1,459	1,508	228	407	521	529	2,208	2,444
	1990-91	1,452	1,507	252	443	556	564	2,260	2,514
	1991-92	1,411	1,448	237	415	569	580	2,217	2,443
Estimated:*	1992-93	1,386	1,426	239	420	569	580	2,194	2,426
	1993-94	1,339	1,395	256	448	537	555	2,132	2,398
	1994-95	1,345	1,401	264	463	504	521	2,113	2,385
	1995-96	1,359	1,414	264	463	500	517	2,123	2,394
	1996-97	1,360	1,415	264	463	500	518	2,124	2,396

* *Estimates are those of the University management. However, events and circumstances frequently do not occur as expected, and actual enrollment levels may vary materially from those estimated. If the estimated enrollment levels are not met, the University may not be able to meet annual financial obligations or may be required to increase tuition and fee charges.*

Source: Hamline University.

Geographic Distribution of Fall 1991-92 Undergraduate Student Body

State	Number of Students
Minnesota	1,115
Wisconsin	115
North Dakota	22
Iowa	16
South Dakota	11
Montana	9
Other States (21)	123
Foreign Countries	37
Total	1,448

Geographic Distribution of Fall 1991-92 Law School First Year Class

State	Number of Students
Minnesota	112
Wisconsin	33
Virginia	7
Iowa	5
Massachusetts	4
South Dakota	4
Other States (18)	34
Total	199

Freshmen Applications, Admissions and Enrollments

	1987-88	1988-89	1989-90	1990-91	1991-92
Freshmen Applications	792	921	948	916	796
Offers of Admission	664	740	783	769	670
Percentage Admitted	84%	80%	83%	84%	84%
Freshmen Enrolled	335	357	349	312	256
Percentage Admitted Enrolled	50%	48%	45%	41%	38%
Median ACT Scores of Enrolled Freshmen	24	25	25	25	25
Median SAT Scores of Enrolled Freshmen Verbal/Math	490/540	480/540	530/570	520/550	530/570

Law School Applications, Admissions and Enrollment

	1987-88	1988-89	1989-90	1990-91	1991-92
Applications	719	858	1,066	1,249	1,471
Offers of Admission	482	498	501	503	525
Percentage Admitted	67%	58%	47%	40%	36%
Enrolled	201	182	190	224	199
Percentage Enrolled	42%	37%	38%	45%	38%
Average LSAT Score	30	32	34	35	36

Undergraduate Student Retention

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

Fall Semester	New Freshmen	Percent of Students Returning 2nd Year	3rd Year	4th Year	Percent of Graduates 4 Years	By 6th Year
1984	262	75%	64%	61%	45%	55%
1985	283	80	69	70	51	57
1986	274	81	74	70	53	63*
1987	335	78	69	65	56	
1988	357	84	71	55		
1989	349	80	70			
1990	313	82				

* *Fifth year rate.*

Law School Student Retention

The University reports the following law school student retention rates:

Entering Fall Semester	First Year Class	Percent of First Year Students Returning* 2nd Year	3rd Year	Percent of Graduates in Third Yr. to First Yr. Class
1985	168	86%	83%	83%
1986	150	88	87	85
1987	201	84	81	81
1988	182	97	90	90
1989	190	94	91	91
1990	224	92		

* *May include transfer students.*

Faculty and Staff - 1991-92

Undergraduate Full-Time Faculty	89
Undergraduate Part-Time Faculty	50
Graduate Part-Time Faculty	49
Law School Full-Time Faculty	23
Law School Part-Time Faculty	43
Administrative Staff	257
Total Employment	511

Faculty by Rank and Average Salary

	Total Number	Average Salary	Number Tenured
Undergraduate			
Professor	45	$45,814	44
Associate Professor	20	$37,589	18
Assistant Professor	22	$31,443	1
Instructor	2	$29,900	0
Law School			
Professor	14	$71,074	14
Associate Professor	6	$58,733	5
Assistant Professor	1	$51,750	0
Instructor	2	$52,125	0

Tuition and Fees

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

Undergraduate

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

	1987-88	1988-89	1989-90	1990-91	1991-92
Tuition	$8,075	$8,920	$9,860	$10,700	$11,550
Room & Board	2,983	3,054	3,234	3,449	3,711
Student Fees	106	113	139	134	175
Total	$11,164	$12,087	$13,233	$14,283	$15,436

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

School of Law

Annual tuition charged to a full-time student enrolled in the School of Law for the past five years has been:

	1987-88	1988-89	1989-90	1990-91	1991-92
Law School Tuition	$7,340	$8,100	$8,950	$9,934	$10,980

Graduate School

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

1987-88	1988-89	1989-90	1990-91	1991-92
$555	$590	$650	$695	$745

The typical graduate student takes two courses per semester.

The University Board of Trustees recently announced tuition levels for 1992-93. They are: undergraduate - $12,190; School of Law - $11,960; Graduate School - $780 per course. Board and room charges will average $3,895 for the 1992-93 school year.

1991-92 Undergraduate Rate Comparison of Minnesota Private Colleges (Ranked by Total Fee)

	Tuition & Fees	Room & Board	Total
Carleton College	$16,296	$3,324	$19,620
Macalester College	13,331	3,970	17,301
St. Olaf College	12,080	3,345	15,425
Hamline University	**11,550**	**3,711**	**15,261**
Gustavus Adolphus College*	11,900	2,900	14,800
University of St. Thomas	10,528	3,535	14,063
Augsburg College	10,148	3,832	13,980
College of St. Benedict	10,135	3,750	13,885
St. John's University	10,135	3,680	13,815
Minneapolis College of Art and Design	10,340	3,400	13,740
College of St. Catherine	10,140	3,593	13,733
Bethel College	9,950	3,590	13,540
College of St. Scholastica	9,921	3,255	13,176
St. Mary's College of Minnesota*	9,205	3,170	12,375
Concordia College (Moorhead)	8,690	2,710	11,400
Concordia College (St. Paul)	8,268	2,910	11,178
Average	$10,789	$3,412	$14,200

* *Figures for Gustavus Adolphus College and St. Mary's College of Minnesota are for fall, 1991 new students only.*

Source: Minnesota Private College Council.

Comparative Law School Tuition

Following are comparative tuition charges for selected private law schools for the 1991-92 academic year. The institutions listed compare to the University because they compete directly with the University for law students, are comparable in the size of the law school, or are located in an urban area or offer undergraduate programs.

	1991-92 Tuition
California Western School of Law	$14,350
John Marshall Law School	12,150
Drake University	11,600
William Mitchell College of Law	11,270
Hamline University	**10,980**
University of Dayton	10,970
Valparaiso University	10,900
Marquette University	10,480
Gonzaga University	10,300
Western New England College	9,975

Source: American Bar Association.

Financial Aid

Approximately 80% of the student body receives some form of financial aid. The following table is a five-year summary of financial aid received from University and non-University sources.

	1987-88	1988-89	1989-90	1990-91	Estimated 1991-92
Federal:					
Pell Grants	$ 462,391	$ 667,035	$ 683,701	$ 686,468	$ 755,116
SEO Grants	241,869	242,231	272,000	278,484	333,801
Stafford Loans	4,340,670	5,102,349	5,449,866	6,040,292	6,314,755
Supplemental Loans	1,070,998	1,564,557	1,781,704	2,081,669	2,334,307
Work-Study	384,687	368,011	360,000	410,000	410,000
Perkins Loans	523,271	746,262	1,500,000	816,724	955,000
Minnesota:					
Grants	$ 1,498,537	$ 1,556,567	$ 1,942,939	$ 2,112,202	$ 2,067,787
SELF Loans	216,955	384,431	391,331	579,696	450,327
Work-Study	55,618	52,877	66,479	67,084	82,242
University Grants:					
College of Liberal Arts:					
General	$ 1,729,997	$ 2,318,407	$ 2,510,414	$ 3,049,239	$ 3,600,000
Endowed/Restricted	474,291	432,304	438,333	487,065	490,000
College of Law:					
General	310,274	345,907	430,959	526,413	626,280
Endowed/Restricted	51,765	49,583	68,325	64,110	63,448
Other	$ 131,487	$ 198,454	$ 224,244	$ 234,383	$ 290,955
Total	$11,492,810	$14,028,975	$16,120,295	$17,433,829	$18,774,018
Number of Students Receiving Financial Aid	1,517	1,638	1,730	1,959	1,867

Retirement Plan

The University participates in the Teachers Insurance and Annuity Association of America (TIAA) program which covers certain full-time faculty and staff employees. Contributions equal to 10% of eligible employees' salaries are required under the program. Benefits are based upon amounts accumulated for the account of each individual employee at date of retirement. University expenditures include $872,000 for this retirement plan for the year ended May 31, 1991.

Gift and Grant Support

The University maintains an active development program seeking gift and grant support from private donors, foundations, corporations and government agencies, among others. The following table summarizes private gifts and grants received for Fiscal Years 1987 through 1991.

	1986-87	1987-88	1988-89	1989-90	1990-91
Unrestricted Current Fund	$ 895,989	$ 506,704	$ 559,414	$ 625,379	$ 598,628
Restricted Current Fund	947,943	760,954	743,698	889,924	679,710
Loan Funds	---	---	15,150	27,050	47,650
Endowment & Similar Funds	1,053,639	2,030,867	800,613	734,267	695,879
Annuity & Life Income Funds	36,125	60,425	499,352	38,000	358,853
Unexpended Plant Fund	870,063	1,189,762	1,344,654	2,133,081	1,737,371
Total	$3,803,759	$4,548,712	$3,962,881	$4,447,701	$4,118,091

Endowment Funds

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

Year Ended May 31	Fund Balance: Endowment	Fund Balance: Quasi-Endowment	Total
1987	$14,308,701	$2,394,708	$16,703,409
1988	16,539,033	2,405,431	18,944,464
1989	17,075,483	2,379,357	19,454,840
1990	18,315,843	2,705,365	21,021,208
1991	19,019,690	2,919,784	21,939,474

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.

Capital Campaign

In 1989 the University initiated its Campaign for Leadership, a $32.1 million fund drive which will continue through May 31, 1992. The goals of the campaign are:

Academic Program Endowment	$ 3,000,000
Faculty Endowment	5,000,000
Scholarship Endowment	5,000,000
Facilities and Equipment	13,600,000
Current and Annual Fund	5,500,000

As of March 5, 1992, the University has received $35,068,432 in pledges and gifts. These funds have not been raised and are not being pledged or held for payment of debt service on the Bonds.

Financial Statements

The University's fiscal year ends May 31 of each year. Financial records are maintained on the fund accounting system and financial statements have been prepared on the accrual basis of accounting. Appendix V sets forth the financial statements of the University for the year ended May 31, 1991, audited by KPMG Peat Marwick, Certified Public Accountants, Minneapolis, Minnesota. KPMG Peat Marwick has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

Current Funds Revenues, Expenditures and Transfers

The following table sets forth a summary of the University's audited Unrestricted Current Fund revenues, expenditures and transfers for the past five Fiscal Years. This table should be read in conjunction with the financial statements found in Appendix V.

Based upon its current estimates with respect to the Fiscal Year ending May 31, 1992, management of the University expects that Unrestricted Current Fund revenues for such Fiscal Year will equal or exceed Unrestricted Current Fund expenditures, including mandatory transfers. In addition, management believes that non-mandatory transfers made to other funds will be in the range of $800,000 to $1,100,000.

TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA
SUMMARY STATEMENT OF UNRESTRICTED CURRENT FUND
REVENUES, EXPENDITURES AND TRANSFERS

For the Years Ended May 31,

	1987	1988	1989	1990	1991
REVENUES:					
Tuition and fees	$13,509,418	$15,300,318	$18,310,850	$21,535,914	$23,920,657
Federal grants and contracts	58,498	85,418	82,216	106,480	91,065
Private gifts and grants	895,989	506,704	559,414	625,379	598,628
Endowment income	489,045	599,274	609,848	617,800	634,266
Sales and services of educ. activities	46,171	46,374	41,948	49,847	140,146
Other sources	240,492	533,867	810,686	868,961	902,189
Sales and services of Auxiliary Enterprises	2,659,306	2,886,716	3,065,719	3,243,809	3,961,164
Total Current Revenues	17,898,919	19,958,671	23,480,681	27,048,190	30,248,115
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and General					
Instruction	5,780,332	6,052,316	6,924,839	7,875,147	8,934,666
Public service	16,782	18,089	15,405	15,167	67,004
Academic support	1,857,970	2,097,296	2,434,435	3,082,040	3,435,528
Student services	1,543,190	1,861,480	2,053,812	2,367,364	2,782,805
Institutional support	1,906,706	1,975,542	2,354,109	2,963,756	3,456,318
Operation and maintenance	1,247,686	1,537,791	1,651,376	1,865,267	2,111,552
Scholarships and fellowships	2,167,177	2,329,820	2,988,328	3,061,360	3,577,073
Educational and General Expenditures	14,519,843	15,872,334	18,422,304	21,230,101	24,364,946
Auxiliary Enterprises					
Expenditures	2,181,923	2,381,475	2,642,738	2,793,117	3,640,669
Mandatory transfers for debt service	317,883	317,149	331,996	314,723	321,164
Total Auxiliary Enterprises	2,499,806	2,698,624	2,974,734	3,107,840	3,961,833
Mandatory Transfers for Debt Service					
Unrelated to Auxiliary Enterprises	517,150	639,690	648,537	662,911	662,109
Mandatory Transfer- Federal Loan Matching	35,608	26,131	36,866	37,200	35,543
Total Expenditures and Mandatory Transfers	17,572,407	19,236,779	22,082,441	25,038,052	29,024,431
OTHER NONMANDATORY TRANSFERS AND DEDUCTIONS:					
Renewals and replacement reserve	(24,410)	(67,289)	(3,486)	(8,675)	(8,460)
Transfers to service interfund borrowing	(46,589)	(46,319)	(16,281)	(25,255)	(23,751)
Other nonmandatory transfers	(214,732)	(552,010)	(1,151,927)	(1,812,147)	(1,191,473)
NET INCREASE (DECREASE) IN FUND BALANCE	$40,781	$56,274	$226,546	$164,061	$0

Source: Audited financial statements of the University

Long-Term Debt of the University

As of April 2, 1992, the University's total long-term debt outstanding, adjusted to include the Series Three-K Bonds, but excluding the refunded Series Two-A Bonds is $10,308,000.

1. $2,250,000 Hamline University Dormitory and Auxiliary Facilities Bonds of 1969, Series A, B and C. The Series A have a final maturity of June 1, 1996 payable at 2.75%; the Series B have a final maturity of June 1, 1998, payable at 3%; and the Series C have a final maturity of June 1, 2009, payable at 3%. Certain residence halls and land are pledged as collateral. $1,188,000 is outstanding.

2. $6,000,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Two-A, dated November 1, 1979, final maturity June 1, 2008. The Series Two-A Bonds are secured by the full faith and credit of the University, a mortgage on the Law Center, a debt service reserve of $400,000, and the Authority's General Bond Reserve. $5,050,000 is outstanding. The 1993-2008 maturities, outstanding in the amount of $4,925,000, are being refunded with the proceeds of the Bonds. The June 1, 1992 maturity, in the amount of $125,000, will be paid as scheduled.

3. $4,430,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-A, dated August 1, 1991, final maturity October 1, 2010. The bonds are secured by the full faith and credit of the University and a debt service reserve of $443,000. $4,430,000 is outstanding.

4. The Series Three-K Bonds.

Annual Debt Service By Fiscal Year and Coverage Statement

The table on page I-16 sets forth the principal and estimated debt service on the Bonds and debt service on the University's currently outstanding long-term debt (excluding the Series Two-A Bonds to be refunded), for each fiscal year during the term of the Bonds. Actual long-term debt of the University may increase in the future. Column 5 shows coverage of such annual debt service by the amount of University revenue that was available for debt service in the Unrestricted Current Fund as of May 31, 1991, as further detailed in footnote (c) of the table.

This table is intended merely to show the relationship of historic annual revenues of the University available for the payment of debt service to a proforma statement of combined annual debt service of the University after giving effect to the issuance of the Bonds based on an assumed interest rate and amortization schedule with respect thereto. 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 revenues, expenses, debt service and debt service coverage of the University or the respective relationships thereof will correspond to the revenues, expenses and debt service or the respective relationships thereof shown by or reflected in the following table.

ANNUAL DEBT SERVICE BY FISCAL YEAR AND COVERAGE STATEMENT

FISCAL YEAR ENDING MAY 31	DEBT SERVICE ON THE BONDS(a)	EXISTING LONG TERM DEBT SERVICE(b)	COMBINED LONG TERM DEBT SERVICE	AMOUNT AVAILABLE FOR DEBT SERVICE(c)	COVERAGE (times)
1992	$0	$913,714	$913,714	$2,206,957	2.42
1993	325,516	478,811	804,327	2,206,957	2.74
1994	460,476	539,574	1,000,050	2,206,957	2.21
1995	462,956	543,486	1,006,442	2,206,957	2.19
1996	464,286	540,678	1,004,964	2,206,957	2.20
1997	464,566	533,063	997,629	2,206,957	2.21
1998	463,830	528,875	992,705	2,206,957	2.22
1999	462,030	534,214	996,244	2,206,957	2.22
2000	464,220	532,336	996,556	2,206,957	2.21
2001	460,044	534,246	994,290	2,206,957	2.22
2002	464,886	558,966	1,023,852	2,206,957	2.16
2003	463,056	556,236	1,019,292	2,206,957	2.17
2004	464,830	556,653	1,021,483	2,206,957	2.16
2005	464,964	386,300	851,264	2,206,957	2.59
2006	463,418	385,525	848,943	2,206,957	2.60
2007	465,152	388,700	853,852	2,206,957	2.58
2008	459,946	385,675	845,621	2,206,957	2.61
2009	868,320	386,425	1,254,745	2,206,957	1.76
2010	0	310,950	310,950	2,206,957	7.10
2011	0	465,750	465,750	2,206,957	4.74
2012	0	0	0	2,206,957	
2013	0	0	0	2,206,957	
Totals	$8,142,496	$10,060,177	$18,202,673		

(a) Estimated, based on average rate of 6.85%.
(b) Excludes Series Two-A Bonds (refunded with proceeds of the Bonds) after Fiscal Year 1991-92.
(c) Amount available for Debt Service (Unrestricted Current Fund), based on fiscal year 1990-91 audited financial report of the University:

Unrestricted Current Fund ("UCF") Revenues:	$30,248,115
Less UCF Expenditures & Mandatory Transfers:	29,024,431
Excess of UCF Revenues over UCF Expenditures and Mandatory Transfers:	$1,223,684
Add: Mandatory Transfers for Debt Service:	983,273
Amount Available for Debt Service:	$2,206,957

PROPOSED FORM OF LEGAL OPINION

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

$4,565,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Three-K
(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 Mortgage Revenue Bonds, Series Three-K (Trustees of the Hamline University of Minnesota), in the aggregate principal amount of $4,565,000 (the "Bonds"), dated May 1, 1992, in the denomination of $5,000 each and integral multiples thereof, maturing on June 1 in the years and amounts and bearing interest at the basic rates per annum as follows:

Year	Amount	Basic Interest Rate	Year	Amount	Basic Interest Rate
1994	$160,000	%	2002	$255,000	%
1995	170,000	%	2003	270,000	%
1996	180,000	%	2004	290,000	%
1997	190,000	%	2005	310,000	%
1998	200,000	%	2006	330,000	%
1999	210,000	%	2007	355,000	%
2000	225,000	%	2008	375,000	%
2001	235,000	%	2009	810,000	%

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds and the Indenture. Interest on the Bonds is payable on each June 1 and December 1, commencing December 1, 1992. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the principal corporate trust office of First Trust National Association, in St. Paul, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to Trustees of the Hamline University of Minnesota, a Minnesota nonprofit corporation (the "University"),

DENVER DES MOINES WASHINGTON, D.C. LONDON FRANKFURT

as owner and operator of Hamline University, a Minnesota nonprofit institution of higher education located in the City of St. Paul, Minnesota, in order to refund the Authority's First Mortgage Revenue Bonds (Trustees of the Hamline University of Minnesota), Series Two-A, dated November 1, 1979, originally issued to finance a project consisting of the acquisition, construction and equipping of an academic building for the law school of the University located on the campus of the University in the City of St. Paul, Minnesota, together with all necessary furnishings and site improvements therefor (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the University, the Trust Indenture (the "Indenture") between the Authority and the Trustee, and the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage") from the University to the Authority and assigned by the Authority to the Trustee, all dated as of May 1, 1992, the opinion of William F. Archerd, Esq. as counsel to the University, the opinion of Stapleton, Nolan & McCall, P.A. as to certain title matters, 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 University without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of William F. Archerd, Esq., as to the Loan Agreement and the Mortgage having been duly authorized and executed and being binding upon the University and as to the corporate organization, tax-exempt status, good standing and powers of the University, and on the opinion of Stapleton, Nolan & McCall, P.A. as to title to the Project Site (as defined in the Loan Agreement and Indenture) without examining the records of the University or original title records or abstracts of title.

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

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

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

Agreement, the Indenture and the assignment of the Mortgage to secure the Bonds.

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

3. The Bonds are secured by the assignment of the loan repayments payable by the University 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, by the pledge of the funds and investments held by the Trustee under the Indenture and by the mortgage lien on the Project facilities and a security interest in the net revenues and income arising therefrom provided by the Mortgage.

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

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

Dated at Minneapolis, Minnesota, May ___, 1992.

DEFINITIONS OF CERTAIN TERMS

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

Additional Bonds: Any Additional Bonds issued by the Authority on behalf of the University, pursuant to Section 2.09 of the Indenture.

Authority: The Minnesota Higher Education Facilities Authority, its successors and assigns.

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, Vice Chair, Secretary or Executive Director. Such certificate may designate an alternate or alternates.

Authorized Institution Representative: The person at the time designated to act on behalf of the 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 President, the Vice President or Secretary of its Board of Trustees or the President or any Vice President of the Institution. Such certificate may designate an alternate or alternates.

Authorized Investments: Investments authorized for moneys in the accounts created under the Indenture and described in Section 5.04 thereof.

Board-Controlled: When used with reference to quasi-endowment funds, means funds designated by the Board of Trustees, and not by the donor, to function as quasi-endowment funds and which may be transferred to the Unrestricted Current Fund by action of the Board of Trustees and used for the general purposes of the University.

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

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

Bonds: $4,565,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Three-K (Trustees of the Hamline University of Minnesota) and any Additional Bonds then outstanding.

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

Bond Resolution: The Resolution to Issue and Sell and Authorizing Notice of Sale and Series Resolution of the Authority adopted on March 25, 1992, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: (a) The period from the Bond Closing to the close of business on December 1, 1992 and (b) each succeeding 12-month period ending at the close of business on December 1 of each year in which the outstanding Series Three-K Bonds, if paid at their stated maturity dates, shall be outstanding.

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

Costs of Issuance Fund: The account established under the Indenture for the deposit of certain Bond proceeds to be used for the payment of certain costs of issuance of the Bonds.

Date of Taxability: That date as of which the interest on the Bonds is determined to be includable in the gross income of the Owners thereof, pursuant to a Determination of Taxability; 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.

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

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

Event of Default: An Event of Default described in the Indenture or Loan Agreement and summarized in Appendix IV - SUMMARY OF DOCUMENTS under the headings "The Indenture - Events of Default" and "The Loan Agreement - Events of Default."

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

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

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

General Bond Reserve Account: The General Bond Reserve Account created by the General Bond Resolution.

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

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

Indenture: The Trust Indenture between the Authority and First Trust National Association, St. Paul, Minnesota, as Trustee, dated as of May 1, 1992, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: Hamline University, a Minnesota nonprofit institution of higher education with its main campus in the City of St. Paul, Minnesota, its successors and assigns.

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

Issue: The Bonds.

Loan Agreement: The Loan Agreement between the Authority and the University dated as of May 1, 1992, as amended or supplemented from time to time.

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

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

Mortgage: The Combination Mortgage, Security Agreement and Fixture Financing Statement, dated as of May 1, 1992 from the University to the Authority, and assigned by the Authority to the Trustee, as amended or supplemented from time to time.

Net Income Available for Debt Service: The excess of Unrestricted Current Fund revenues over Unrestricted Current Fund expenditures but excluding depreciation, amortization and interest from Unrestricted Current Fund expenditures, plus income from investments of Accounts held by the Trustee under the Indenture, all as determined by generally accepted accounting principles.

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

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

Project: The acquisition, constructing and equipping of an academic building for the law school of the University on the main campus of the University in the City of St. Paul, Minnesota together with all necessary furnishings and site improvements therefor, financed with the proceeds of the Series Two-A Bonds.

Project Building: The law school building acquired, improved, furnished and equipped as part of the Project.

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

Project Site: The land on which the Project Building is located.

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

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

Reserve Account: The Reserve Account established under the Indenture, into which at Bond Closing will be placed Bond proceeds in the amount of the Reserve Requirement (approximately $456,500). Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient thereof and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the University or the Authority fails to provide for payment of any rebate.

Reserve Requirement: (i) If no Additional Bonds are outstanding, $_____, or (ii) if Additional bonds are outstanding, the sum of (A) the amount set forth in subsection (i) plus (B) the maximum amount of principal of and interest on Additional Bonds payable in any remaining Bond Year or (if less) 10% of the proceeds (par value less original issue discount, if any, according to the reoffering scale) received from the issuance and sale of the Additional Bonds.

Series Two-A Bond Account: The Bond and Interest Sinking Fund Account created under the Series Two-A Indenture.

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

Series Two-A Indenture: The Mortgage Trust Indenture dated November 1, 1979 between the Authority and the Series Two-A Trustee.

Series Two-A Redemption Account: The Redemption Account created under the Series Two-A Indenture.

Series Two-A Reserve Account: The Debt Service Reserve Account created under the Series Two-A Indenture.

Series Two-A Trustee: First Trust Company of St. Paul, now known as First Trust National Association, or any successor Trustee under the Series Two-A Indenture.

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

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

Trustee, Registrar, Paying Agent: First Trust National Association, St. Paul, Minnesota.

University: Trustees of the Hamline University of Minnesota, its successors and assigns.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Loan and Redemption of Series Two-A Bonds

In order to provide funds to lend to the University for the redemption of the outstanding Series Two-A Bonds, the Authority will deposit with the Trustee all of the net proceeds of the Series Three-K Bonds and the Trustee shall deposit said proceeds (other than accrued interest, rounding amounts and amounts used to pay certain reserve and issuance costs of the Series Three-K Bonds) with the Series Two-A Trustee, for deposit in the Series Two-A Redemption Account, to be used, together with amounts on deposit in the Series Two-A Bond Account, Series Two-A Reserve Account and available general funds of the University, if necessary, for the redemption of the outstanding Series Two-A Bonds by the University on June 1, 1992 in accordance with the provisions of the Indenture. The University agrees that it will provide, from available general funds, any such additional amounts necessary to redeem the outstanding Series Two-A Bonds as set forth above, and to pay any costs of issuance of the Bonds which are not payable from proceeds of the Bonds.

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 on the Bonds when due. To provide for such payments the University covenants to pay for the account of the Authority in immediately available funds the following amounts:

(a) at least 10 business days prior to each June 1 and December 1, commencing December 1, 1992, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Series Three-K Bonds on such interest payment date, and at least 10 business days prior to each June 1, commencing on June 1, 1994, a sum equal to the amount payable as principal on the Series Three-K 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, and (ii) any credits permitted by Sections 5.02, 5.03 or 5.04 of the Indenture (relating to 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 and prepayment of the Bonds, into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Series Three-K Bonds called for redemption from the Redemption Account; and

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

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

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

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

Maintenance of Project Facilities

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

Title to Property and Liens

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

Taxes and Other Governmental Charges

The University will pay all taxes, special assessments, 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 bought by the University therein or thereon, or the Bonds, the Loan Agreement, the Mortgage, the Indenture, or the interest of the Authority, the Trustee, or the Bondholders therein.

The University may, at its expense, in good faith contest any such taxes, assessments, license fees and other charges and may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest unless the Authority or the Trustee shall notify the 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, including fire and extended coverage in an amount not less than the lesser of (i) the full insurable replacement value of the Project Buildings or (ii) the principal amount of the outstanding Bonds or (if greater) 80% of the full insurable replacement value of the Project Buildings, with a deductible amount of up to $50,000.

(b) Comprehensive general public liability insurance against liability for personal injury in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $5,000,000, with a deductible amount of not more than $50,000 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 (i) may 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 coverage, upon such terms and conditions as the Trustee may require, and (ii) shall permit modifications to such insurance requirements and deductible amounts, including permission for self-insurance for comprehensive general public liability, in accordance with the recommendation of an independent insurance consultant employed by the University and satisfactory to the Trustee.

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

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and the University shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds, as more fully provided in the Loan Agreement. The Bonds may be redeemed in whole, at the University's option, if the Project

Facilities are damaged or destroyed to such extent that they cannot be reasonably restored within six months or the University is prevented from carrying on its normal use and operation for six months or the cost of restoration would exceed by more than $100,000 the Net Proceeds of the insurance.

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 the Project Building and site thereof 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 rebuild or restore such facilities, as more fully provided in the Loan Agreement.

Removal of Project Equipment and Building Equipment

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

(a) the University may substitute furnishings, 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 of the Project Facilities and that such substituted property shall become Project Equipment or Building Equipment subject to the lien of the Mortgage if the replaced equipment was subject to the lien of the Mortgage prior to the substitution;

(b) the University may remove any Project Equipment, 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 for the redemption and prepayment of the Three-K Bonds; provided that if the original cost of any item of equipment so removed was less than $25,000, such removal without substitution and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an Independent Engineer upon such showing by the University as may be satisfactory to the Trustee;

(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 of the Project Facilities.

In connection with (a), (b) and (c) above, if the original cost of the Project Equipment or Building Equipment to be substituted or removed exceeds $25,000 the University will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the removal of such equipment will not materially impair the character or revenue producing significance of the Project Facilities.

Release of Real Property

The University may release Land from the Mortgage only upon receipt by the Trustee of a certificate of an Authorized Institution Representative stating, among other things, that no Default exists under the Loan Agreement and that the property to be released is not necessary for the operating unity and efficiency of the Project Facilities and that such release will not impair the structural integrity of the Project Facilities for their intended purposes nor inhibit ingress to or egress from the Project Facilities and provided further that the University pays to the Trustee for deposit in the Redemption Fund cash equal to the value of the Land as determined by an independent appraiser and obtain an opinion of bond counsel to the effect, among other things, that all conditions precedent to the Loan Agreement relating to such release have been complied with.

The University may grant to itself or others easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to the Land, free from the lien of the Mortgage, or may release existing easements, licenses, rights of way and other rights or privileges with or without consideration; provided, however, that prior to any such grant or release, there shall have been supplied to the Trustee a Certificate of an Authorized Institution Representative and, if requested by the Trustee, of an Independent Engineer to the effect that (i) such grant or release is not detrimental to the proper operation of the Project Facilities and (ii) such grant or release will not impair the operating unity or the efficiency of the Project Facilities on such Land or materially and adversely affect the character thereof.

Indemnification

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

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

$150,000,000 Limitation on Outstanding Nonhospital 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.

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.

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bonds is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the bonds, the Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, in integral multiples of $5,000, as a whole or in part on the next practicable date and any date thereafter at a redemption price equal to par plus accrued interest.

Financial Covenants

The University covenants and agrees, so long as the Bonds shall remain outstanding, to comply with the financial covenants described under the heading "Summary of Security for the Bonds" in this Official Statement. In addition, the Loan Agreement includes provisions governing the calculation of Maximum Annual Debt Service covering, among other things, variable rate indebtedness, guarantees, balloon indebtedness, put indebtedness, refunded debt, subordinated debt, and capital appreciation bonds and notes.

Other Covenants

The University further agrees to provide financial statements and other information to the Authority and the Trustee; to comply with all applicable laws and regulations against discrimination, and not to discriminate on account of religion, race, color or creed in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds and to 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 and the Minnesota Higher Education Coordinating Board, 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) the moneys on deposit in the Bond and Interest Sinking Fund Account, Reserve Account or Redemption Account, as the case may be, on a Bond principal or interest payment date or redemption date are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (ii) such failure shall continue for 5 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 University shall default in the observance of any of the covenants set forth in Section 6.13 of the Loan Agreement (relating to financial covenants), provided that failure to comply with Section 6.13(a) (relating to the ratio of Unrestricted Current Fund revenues to Unrestricted Current Fund expenditures) shall not become an Event of Default unless the University fails to restore the deficiency thereunder within a period of 180 days, from the close of the Fiscal Year in which such deficiency has occurred; and provided further that any Event of Default arising from a failure to comply with Section 6.13(a) and failure to restore the deficiency thereunder within 180 days shall cease to be an Event of Default if in any subsequent Fiscal Year the University shall be in compliance with such covenant; or

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

(e) 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 this Loan Agreement for a period of thirty (30) days after written notice, specifying such default and requesting that it be remedied, is given to the University by the Authority or the Trustee; or

(f) If there shall occur an event of default (as defined therein) under the Mortgage; or

(g) 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

(h) 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 ninety days from the date of the entry thereof; or

(i) 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 ninety days from the date of assumption of such custody or control.

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

Any amounts collected by the Trustee pursuant to the actions set forth above shall be applied first to advances 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.

THE INDENTURE

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

Granting Clauses

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

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

(2) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture, (ii) moneys and investments in the Costs of Issuance Fund not paid out for costs of issuance of the Series Three-K Bonds, and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

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

Accounts

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

Trustee's Right to Payment

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

Additional Bonds

In addition to the Bonds, the Indenture permits the issuance of one or more series of Additional Bonds by the Authority, acting at the request of the University, equally and ratably secured on a parity with the Bonds to provide funds for the following purposes: (i) refunding of all or any series or portion of series of then outstanding Bonds or Additional Bonds, (ii) to provide funds for improvements to or alterations, repairs or replacement of the Project Facilities, (iii) for another project or projects as authorized by the Act.

The issuance of Additional Bonds requires, among other things, evidence satisfactory to the Authority of the University's ability to meet debt service on the Additional Bonds and comply with certain financial covenants set forth in the Loan Agreement. Furthermore, to the extent required by the Authority, the University shall make additional deposits to the Reserve Fund, grant additional collateral to be held by the Trustee under the Mortgage and Indenture and execute supplements to the Loan Agreement, the Indenture and Mortgage. Additional Bonds may not be issued unless in the opinion of bond counsel the exclusion of interest on the outstanding Bonds from gross income of the holders for federal income tax purposes shall not be jeopardized by the issuance of the Additional Bonds.

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

Remedies

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

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

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

Concerning the Trustee

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

Concerning the Bondholders

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

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

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

Defeasance

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

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

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

Supplemental Indentures

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

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

(b) to add to the covenants and agreements of the Authority or to surrender any right or power reserved to or conferred upon the Authority 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 shall not be inconsistent with the provisions of the Indenture or any supplemental indenture and which shall not impair the security of the same;

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

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

Amendments to the Loan Agreement and the Mortgage

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

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

THE MORTGAGE

At or prior to the closing, the University will execute and deliver to the Authority, and the Authority will assign to the Trustee, a Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), to be dated as of May 1, 1992, to secure the Bonds. The following is a summary of certain provisions of the Mortgage.

Under the Mortgage, in order to secure its obligations under the Loan Agreement, including payment of Loan Repayments in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds, the University grants to the Authority a security interest in the equipment described therein and a first mortgage lien on its right, title and interest in and to the land described in Exhibit A to the Mortgage (the "Mortgaged Land"), and any buildings now standing or hereafter constructed or placed upon the Mortgaged Land, including the academic building for the law school of the University constituting the Project Facilities (collectively, the "Mortgaged Property"). The Authority is also granted a security interest in all of the general intangibles, rents, issues, condemnation awards, insurance proceeds and similar revenues and income (the "Revenues and Income") arising from the ownership of the Mortgaged Property, net of any taxes, operating expenses, utility charges, special assessments, license fees, other governmental charges or any other costs of collection or recovery thereof, including attorneys' fees.

The Loan Agreement provides that the University may release equipment from the lien of the Mortgage upon certain conditions more fully described under the caption "The Loan Agreement - Removal of Project Equipment and Building Equipment" in this Appendix IV.

Events of Default

The following are Events of Default under the Mortgage:

(a) If an event of default (as defined therein) under the Loan Agreement has occurred and is continuing; or

(b) If an event of default (as defined therein) under the Indenture has occurred and is continuing; or

(c) If the University violates or fails to perform any covenant under the Mortgage for a reason other than force majeure (as defined in the Loan Agreement) for a period of thirty days after written notice from the Authority or the Trustee specifying the default and requesting that it be remedied or for such further period of time as the Trustee shall permit; or

(d) If any representation of the University in the Mortgage or the Loan Agreement is incorrect in any material respect.

(This page was left blank intentionally.)

TRUSTEES OF THE HAMLINE UNIVERSITY OF MINNESOTA

Financial Statements

May 31, 1991

Peat Marwick

Certified Public Accountants

4200 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

Trustees of the Hamline University
of Minnesota
St. Paul, Minnesota:

We have audited the accompanying balance sheet of Hamline University of Minnesota (the University) as of May 31, 1991 and the related statements of changes in fund balances (deficit) and current funds revenues, expenditures and other changes for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hamline University of Minnesota as of May 31, 1991 and the changes in its fund balances (deficit) and its current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 10 to the financial statements, the University adopted the provisions of Statement of Financial Accounting Standards No. 93, Recognition of Depreciation by Not-for-Profit Organizations, which requires the recording of depreciation of long lived tangible assets.

KPMG Peat Marwick

August 23, 1991

HAMLINE UNIVERSITY OF MINNESOTA

Balance Sheet

May 31, 1991
(with comparative amounts at May 31, 1990)

Assets	1991	1990
Current funds:		
Unrestricted:		
Cash and temporary investments	$ 4,525,597	8,442,150
Receivables (note 4)	1,245,816	777,447
Inventories	221,786	176,169
Prepaid expenditures	129,425	86,216
Investments (notes 2 and 3)	115,458	45,280
Total unrestricted	6,238,082	9,527,262
Restricted:		
Receivables (note 4)	202,658	330,334
Due from other funds (note 5)	1,615,123	1,404,547
Total restricted	1,817,781	1,734,881
Total current funds	$ 8,055,863	11,262,143
Loan funds:		
Cash and temporary investments	298,417	445,174
Receivables (note 4)	4,483,805	4,172,878
Due from other funds (note 5)	60,807	-
Total loan funds	$ 4,843,029	4,618,052
Endowment and similar funds:		
Cash and temporary investments	1,100,694	849,698
Due from other funds (note 5):		
Loans to investment in plant fund	145,759	173,501
Endowment funds invested in deposits with Trustee under bond indentures	110,000	110,000
Investments (notes 2 and 3)	21,105,442	20,158,205
Total endowment and similar funds	$ 22,461,895	21,291,404
Annuity and life income funds:		
Cash and temporary investments	117,261	185,886
Receivables (note 4)	18,260	5,586
Investments (notes 2 and 3)	1,352,238	1,009,184
Total annuity and life income funds	$ 1,487,759	1,200,656

Liabilities and Fund Balances	1991	1990
Current funds:		
Unrestricted:		
Accounts payable and accrued expenses	$ 3,856,406	4,389,356
Deposits and deferred credits	1,211,772	594,635
Due to other funds (note 5)	1,169,904	4,543,271
Total unrestricted	6,238,082	9,527,262
Restricted:		
Fund balances	1,817,781	1,734,881
Total restricted	1,817,781	1,734,881
Total current funds	$ 8,055,863	11,262,143
Loan funds:		
Due to other funds (note 5)	-	140,548
Fund balances:		
U.S. government grants refundable	4,171,508	3,892,553
Private grants refundable	147,193	98,608
University funds	524,328	486,343
Total fund balances	4,843,029	4,477,504
Total loan funds	$ 4,843,029	4,618,052
Endowment and similar funds:		
Due to other funds (note 5)	522,428	270,196
Fund balances:		
Quasi endowment	2,919,784	2,705,365
Endowment	19,019,690	18,315,843
Total fund balances	21,939,474	21,021,208
Total endowment and similar funds	$ 22,461,895	21,291,404
Annuity and life income funds:		
Annuities payable	538,057	352,034
Due to other funds (note 5)	11,158	24,694
	549,215	376,728
Fund balances:		
Life income	410,786	408,705
Annuities	527,758	415,223
Total fund balances	938,544	823,928
Total annuity and life income funds	$ 1,487,759	1,200,656

(Continued)

HAMLINE UNIVERSITY OF MINNESOTA

Balance Sheet, Continued

Assets	1991	1990
Plant funds:		
Unexpended:		
Due from other funds (note 5)	$ -	3,468,932
Loan to investment in plant	2,003,523	521,995
Prepaid expenses	36,904	-
Total unexpended plant funds	$ 2,040,427	3,990,927
Renewal and replacement:		
Due from other funds (note 5)	138,914	132,382
Deposits with Trustee under bond indentures (note 6)	255,833	255,833
Total renewal and replacement	$ 394,747	388,215
Retirement of indebtedness:		
Receivable (note 4)	88,714	164,117
Deposits with Trustee under bond indentures (note 6)	1,538,926	1,561,490
Total retirement of indebtedness	$ 1,627,640	1,725,607
Investment in plant:		
Prepaid expenses	134,146	145,132
Due from other funds (note 5)	43,964	86,965
Investment in physical plant (note 1):		
Land	1,092,942	1,089,135
Land improvements	1,436,029	1,130,351
Buildings	35,805,235	29,427,401
Equipment	3,164,747	3,967,212
Library books and other	2,630,186	1,932,611
Accumulated depreciation (note 10)	(14,187,321)	(12,688,488)
Total investment in plant	$ 30,119,928	25,090,319

Liabilities and Fund Balances	1991	1990
Plant funds:		
Unexpended:		
Short-term loans	$ 80,709	-
Accounts payable and accrued expenses	-	30,777
Due to other funds (note 5)	116,610	-
	197,319	30,777
Fund balances:		
Restricted	51,429	1,135,380
Unrestricted	1,791,679	2,824,770
Total fund balances	1,843,108	3,960,150
Total unexpended plant funds	$ 2,040,427	3,990,927
Renewal and replacement:		
Fund balances:		
Restricted	255,833	255,833
Unrestricted	138,914	132,382
Total fund balances	394,747	388,215
Total renewal and replacement	$ 394,747	388,215
Retirement of indebtedness:		
Due to other funds (note 5):		
Current	38,714	114,117
Endowment funds temporarily invested in deposits with Trustee under bond indentures	110,000	110,000
	148,714	224,117
Long-term financing (note 6)	1,116,600	1,116,600
Fund balance - restricted	362,326	384,890
Total retirement of indebtedness	$ 1,627,640	1,725,607
Investment in plant:		
Due to other funds (note 5)	145,759	173,501
Short-term loans	388,220	-
Long-term financing (note 6)	6,736,400	7,302,819
Loans from unexpended plant funds (note 9)	2,003,523	521,995
	9,273,902	7,998,315
Fund balance (note 10)	20,846,026	17,092,004
Total investment in plant	$ 30,119,928	25,090,319

See accompanying notes to financial statements.

HAMLINE UNIVERSITY OF MINNESOTA

Statement of Changes in Fund Balances

Year ended May 31, 1991
(with comparative amounts for year ended May 31, 1990)

Year ended May 31, 1991	Current Funds Unrestricted	Current Funds Restricted	Loan Funds	Endowment and Similar Funds	Annuity and Life Income Funds	Plant Funds Unexpended	Plant Funds Renewal and Replacement	Plant Funds Retirement of Indebtedness	Plant Funds Investment in Plant
Revenues and other additions:									
Current fund revenues	$ 30,248,115	-	-	-	-	-	-	-	-
Gifts, grants and contracts:									
Private gifts and grants	-	679,710	47,650	695,879	358,853	1,737,371	-	-	-
Federal grants and contracts	-	1,684,719	319,888	-	-	-	-	-	-
State grants and contracts	-	2,288,310	-	-	-	-	-	-	-
Endowment income - restricted	-	851,520	7,538	9,297	-	-	-	-	-
Investment income	-	-	135,054	-	-	-	-	95,509	-
Distribution of endowment gains	-	-	-	(184,576)	-	-	-	-	-
Expended for plant facilities (including $654,337 charged to current funds expenditures)	-	-	-	-	-	-	-	-	6,605,193
Matured annuities	-	-	-	47,301	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	-	-	-	-	525,231
Interfund borrowings	-	-	-	-	-	1,800,819	-	-	-
Miscellaneous	-	174,308	-	76	(171,680)	53,938	770	-	-
Total revenues and other additions	30,248,115	5,678,567	510,130	567,977	187,173	3,592,128	770	95,509	7,130,424
Expenditures and other deductions:									
Educational and general expenditures	24,364,946	5,679,606	-	-	-	-	-	-	-
Auxiliary enterprises expenditures (note 7)	3,640,669	74,198	-	-	-	-	-	-	-
Expenditures for other designated purposes	-	-	1,183	-	-	-	2,838	-	10,986
Indirect costs recovered	-	-	115,271	-	-	-	-	-	-
Matured annuities	-	-	-	-	72,557	-	-	-	-
Provision for doubtful loans and loan cancellations	-	-	64,724	-	-	-	-	-	-
Expenditures for plant facilities (including noncapitalized expenditures of $425,730)	-	-	-	-	-	6,376,586	-	-	-
Interest on indebtedness	-	-	-	-	-	-	-	614,326	-
Retirement of indebtedness	-	-	-	-	-	-	-	525,231	-
Interfund borrowings	-	-	-	-	-	-	-	-	1,843,819
Loss on disposal	-	-	-	-	-	-	-	-	22,764
Provision for depreciation	-	-	-	-	-	-	-	-	1,498,833
Total expenditures and other deductions	28,005,615	5,753,804	181,178	-	72,557	6,376,586	2,838	1,139,557	3,376,402
Interfund transfers:									
Mandatory transfers for debt service	(983,273)	-	-	-	-	-	-	983,273	-
Mandatory transfer for federal loan matching	(35,543)	-	35,543	-	-	-	-	-	-
Nonmandatory transfers:									
To service interfund borrowings	(23,751)	-	-	-	-	(14,460)	-	38,211	-
Renewals and replacement reserve	(8,460)	(140)	-	-	-	-	8,600	-	-
Other nonmandatory transfers	(1,191,473)	158,277	1,030	350,289	-	681,877	-	-	-
Total interfund transfers	(2,242,500)	158,137	36,573	350,289	-	667,417	8,600	1,021,484	-
Net increase (decrease) in fund balances	-	82,900	365,525	918,266	114,616	(2,117,041)	6,532	(22,564)	3,754,022
Fund balances at May 31, 1990, as previously reported	-	1,734,881	4,477,504	21,021,208	823,928	3,960,150	388,215	384,890	29,759,003
Prior period adjustment (note 10)	-	-	-	-	-	-	-	-	(12,666,999)
Fund balances at May 31, 1990, as restated (note 10)	-	1,734,881	4,477,504	21,021,208	823,928	3,960,150	388,125	384,890	17,092,004
Fund balances at May 31, 1991	$ -	1,817,781	4,843,029	21,939,474	938,544	1,843,109	394,747	362,326	20,846,026

See accompanying notes to financial statements.

(Continued)

HAMLINE UNIVERSITY OF MINNESOTA

Statement of Changes in Fund Balances (Deficit)

Year ended May 31, 1991
(with comparative amounts for year ended May 31, 1990)

Year ended May 31, 1990	Current Funds Unrestricted	Current Funds Restricted	Loan Funds	Endowment and Similar Funds	Annuity and Life Income Funds	Plant Funds Unexpended	Plant Funds Renewal and Replacement	Plant Funds Retirement of Indebtedness	Plant Funds Investment in Plant
Revenues and other additions:									
Current fund revenues	$ 27,048,190	-	-	-	-	-	-	-	-
Gifts, grants and contracts:									
Private gifts and grants	-	889,924	27,050	734,267	38,000	2,133,081	-	-	-
Federal grants and contracts	-	1,544,536	334,798	-	-	-	-	27,489	-
State grants and contracts	-	1,963,866	-	-	-	-	-	-	-
Endowment income - restricted	-	807,640	7,538	13,077	-	-	-	-	-
Investment income	-	-	143,814	-	-	105,792	20,392	122,097	-
Distribution of endowment gains	-	-	-	189,701	-	-	-	-	-
Expended for plant facilities (including $514,605 charged to current funds expenditures)	-	-	-	-	-	-	-	-	3,308,226
Retirement of indebtedness	-	-	-	-	-	-	-	-	482,298
Interfund borrowings	-	-	-	-	-	521,995	-	-	-
Miscellaneous	-	100,260	-	-	25,738	30,890	4,818	(5,936)	-
Total revenues and other additions	27,048,190	5,306,226	513,200	937,045	63,738	2,791,758	25,210	143,650	3,790,524
Expenditures and other deductions:									
Educational and general expenditures	21,230,101	5,007,560	-	-	-	-	-	-	-
Auxiliary enterprises expenditures	2,793,117	47,451	-	-	-	-	-	-	-
Expenditures for other designated purposes	-	-	6,682	-	-	64,996	8,045	-	4,048
Indirect costs recovered	-	-	37,241	-	-	-	-	-	-
Provision for doubtful loans and loan cancellations	-	-	100,947	-	-	-	-	-	-
Expenditures for plant facilities	-	-	-	-	-	2,752,741	-	-	-
Interest on indebtedness	-	-	-	-	-	-	-	651,804	-
Retirement of indebtedness	-	-	-	-	-	-	-	482,646	-
Interfund borrowings	-	-	-	-	-	-	-	-	521,995
Total expenditures and other deductions	24,023,218	5,055,011	144,870	-	-	2,817,737	8,045	1,134,450	526,043
Interfund transfers:									
Mandatory transfers for debt service	(977,634)	-	-	-	-	15,671	-	961,963	-
Mandatory transfer for federal loan matching	(37,200)	-	37,200	-	-	-	-	-	-
Nonmandatory transfers:									
To service interfund borrowings	(25,255)	-	-	-	-	-	-	25,255	-
Renewals and replacement reserve	(8,675)	(140)	-	-	-	(30,000)	38,815	-	-
Other nonmandatory transfers	(1,812,147)	215,404	-	629,323	-	917,420	-	(20,548)	70,548
Total interfund transfers	(2,860,911)	215,264	37,200	629,323	-	903,091	38,815	966,670	70,548
Net increase (decrease) in fund balances:									
Designated income stabilization	164,061	-	-	-	-	-	-	-	-
Undesignated fund balance	-	466,479	405,530	1,566,368	63,738	877,112	55,980	(24,130)	3,335,029
Fund balances (deficit) at May 31, 1989	(164,061)	1,268,402	4,071,974	19,454,840	760,190	3,083,038	332,235	409,020	26,423,974
Fund balances at May 31, 1990	$ -	1,734,881	4,477,504	21,021,208	823,928	3,960,150	388,215	384,890	29,759,003

See accompanying notes to financial statements.

HAMLINE UNIVERSITY OF MINNESOTA

Statement of Current Funds Revenues, Expenditures and Other Changes

Year ended May 31, 1991
(with comparative amounts for year ended May 31, 1990)

	1991 Unrestricted Funds	1991 Restricted Funds	1991 Total	1990 Unrestricted Funds	1990 Restricted Funds	1990 Total
Revenues:						
Tuition and fees	$ 23,920,657	-	23,920,657	21,535,914	-	21,535,914
Federal grants and contracts	91,065	1,682,076	1,773,141	106,480	1,503,460	1,609,940
State grants and contracts	-	2,291,499	2,291,499	-	1,967,692	1,967,692
Private gifts and grants	598,628	759,759	1,358,387	625,379	714,184	1,339,563
Endowment income	634,266	690,419	1,324,685	617,800	613,713	1,231,513
Sales and services of educational activities	140,146	-	140,146	49,847	31,685	81,532
Other sources	902,189	45,002	947,191	868,961	9,014	877,975
Sales and services of auxiliary enterprises (note 7)	3,961,164	129,722	4,090,886	3,243,809	-	3,243,809
Total revenues	30,248,115	5,598,477	35,846,592	27,048,190	4,839,748	31,887,938
Expenditures and mandatory transfers:						
Educational and general:						
Instruction	8,934,666	654,549	9,589,215	7,875,147	461,765	8,336,912
Research	-	31,331	31,331	-	9,436	9,436
Public service	67,004	298,839	365,843	15,167	208,675	223,842
Academic support	3,435,528	438,255	3,873,783	3,082,040	337,141	3,419,181
Student services	2,782,805	131,414	2,914,219	2,367,364	60,853	2,428,217
Institutional support	3,456,318	26,266	3,482,584	2,963,756	85,365	3,049,121
Operation and maintenance of physical plant	2,111,552	69,054	2,180,606	1,865,267	57,402	1,922,669
Scholarships and fellowships	3,577,073	3,874,571	7,451,644	3,061,360	3,571,660	6,633,020
Total educational and general expenditures	24,364,946	5,524,279	29,889,225	21,230,101	4,792,297	26,022,398
Auxiliary enterprises (note 7):						
Expenditures	3,640,669	74,198	3,714,867	2,793,117	47,451	2,840,568
Mandatory transfers for debt service	321,164	-	321,164	314,723	-	314,723
Total auxiliary enterprises	3,961,833	74,198	4,036,031	3,107,840	47,451	3,155,291
Mandatory transfers for debt service unrelated to auxiliary enterprises	662,109	-	662,109	662,911	-	662,911
Mandatory transfer for federal loan matching	35,543	-	35,543	37,200	-	37,200
Total expenditures and mandatory transfers	29,024,431	5,598,477	34,622,908	25,038,052	4,839,748	29,877,800
Other nonmandatory transfers and changes:						
Renewals and replacement reserve	(8,460)	(140)	(8,600)	(8,675)	(140)	(8,815)
Transfers to service interfund borrowings	(23,751)	-	(23,751)	(25,255)	-	(25,255)
Other nonmandatory transfers	(1,191,473)	158,277	(1,033,196)	(1,812,147)	215,404	(1,596,743)
Restricted receipts in excess of transfers to revenue	-	(75,237)	(75,237)	-	251,215	251,215
Total other nonmandatory transfers and changes	(1,223,684)	82,900	(1,140,784)	(1,846,077)	466,479	(1,379,598)
Net increase in fund balances	$ -	82,900	82,900	164,061	466,479	630,540

See accompanying notes to financial statements.

HAMLINE UNIVERSITY OF MINNESOTA

Notes to Financial Statements

May 31, 1991

(1) Summary of Significant Accounting Policies

The financial statements are presented in accordance with generally accepted accounting principles. The more significant accounting policies are summarized below.

Accrual Basis

The financial statements of Hamline University (the University) are prepared on the accrual basis of accounting. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds relating to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

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

Fund Accounting

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

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

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Quasi endowment funds 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.

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

Other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, endowment income and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes. Pledges are not reflected in the financial statements until the assets are actually received.

Inventories

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

Investment in Plant

Land, buildings and other property included in the plant funds are stated at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. Depreciation is computed on a straight-line basis over estimated useful lives as follows:

Buildings	50 years
Land improvements	20 years
Computer equipment	5–7 years
Other equipment	2–20 years
Library materials	10 years

Federal Income Taxes

The University is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

(2) Investments

Investments are stated at cost, adjusted where appropriate for amortization of premiums and accrual of discounts. Investments received by gift are stated at market value at the date of acquisition. Investments of the endowment and similar funds, annuity and life income funds and the current unrestricted fund consisted of the following at May 31, 1991 (with comparative amounts at May 31, 1990):

	1991		1990	
	Cost	Market	Cost	Market
Current unrestricted fund:				
Common stocks	$ 115,458	134,149	45,280	53,344
Endowment and similar funds:				
U.S. government obligations	4,396,001	4,469,133	3,896,698	3,862,129
Bonds	4,372,819	4,503,506	4,885,463	4,796,691
Common stocks	11,992,597	15,514,477	11,090,818	13,927,489
Mortgages and other	344,025	344,025	285,226	285,226
Total endowment and similar funds	21,105,442	24,831,141	20,158,205	22,871,535
Annuity and life income funds:				
U.S. government obligations	893,973	916,469	864,394	868,633
Tax free bonds	243,962	250,382		
Common stocks	101,952	95,487		
Mortgages and other	112,351	112,351	144,790	144,777
Total annuity and life income funds	1,352,238	1,374,689	1,009,184	1,013,410
Total investments	$ 22,573,138	26,339,979	21,212,669	23,938,289

(3) Valuation and Performance of Endowment and Quasi Endowment Funds

Certain assets of the endowment and similar funds, having a cost basis of $20,743,846, are pooled.

During the year ended May 31, 1987, the University adopted an endowment total return spending policy. The Board of Trustees set a spending rate for all subsequent years to be equal to the amount distributed in 1986 plus 5% on all endowment additions after 1986. In future years, it is the Board of Trustees' intention to limit the spending rate to 5% on the majority of endowment fund assets.

The earnings to be distributed under the spending rate exceeded the endowment fund income by $356,807 for the year ended May 31, 1991. This distribution was made from realized gains and is accounted for as a reduction from current year realized gains on the statement of changes in fund balances.

The total income earned on endowment and similar funds, annuity and life income funds during the year ended May 31, 1991 amounted to $1,265,921, a yield of 5.1% on the average market value and 5.8% on the average carrying value. Comparative yields for the year ended May 31, 1990 are 4.6% on the average market value and 5.2% on the average carrying value. These earnings do not include net realized gains on endowment assets of $172,231 and $505,454 and unrealized appreciation of $3,748,150 and $2,717,556 for 1991 and 1990, respectively.

(4) Receivables

Receivables consisted of the following at May 31, 1991 (with comparative amounts at May 31, 1990):

	1991	1990
Current unrestricted funds:		
Student	$ 893,883	325,401
Less allowance for losses in collection	(166,181)	(65,962)
Interest and endowment income	184,367	228,644
Gifts	145,268	168,809
Other	188,479	120,555
	1,245,816	777,447
Current restricted funds:		
Government grants	179,376	297,910
Other	23,282	32,424
	202,658	330,334
Loan funds:		
Student loans receivable	4,983,805	4,722,878
Less allowance for losses in collection	(500,000)	(550,000)
	4,483,805	4,172,878
Annuity and life income funds:		
Accrued interest receivable	18,260	5,586
Plant funds:		
Interest subsidy from government	88,714	164,117
	$ 6,039,253	5,450,362

(5) Due from/to Other Funds

Current fund interfund borrowings are without maturity dates. Borrowings from the endowment and similar funds group bear interest based on the current effective yield on investments of 5.83% in 1991.

(6) Long-term Financing, Commitments and Lines of Credit

Long-term financing at May 31, 1991 consisted of:

Hamline University Dormitory and Auxiliary Facilities Bonds of 1969 (original amount $2,250,000):	
Series A, 2.75%, payable in varying installments to June 1, 1996	$ 58,000
Series B, 3%, payable in varying installments to June 1, 1998	140,000
Series C, 3%, payable in varying installments to June 1, 2009	1,055,000
MHEFA Revenue Note of 1983, Series II-G, 8.6% to 10.25%, payable in varying installments to June 2001 (original amount $1,970,000) (Sorin Hall remodeling)	1,550,000
Capital lease obligation (original amount $6,000,000) (MHEFA, Series II-A) (Law School)	5,050,000
	$ 7,853,000

The Hamline University Dormitory and Auxiliary Facilities Bonds mature serially and require semiannual deposits on June 1 and December 1 of each year. The University may redeem the bonds at any time prior to maturity at a varying premium up to 3%. Buildings carried at $7,089,414, along with underlying land and deposits with Trustees under the bond indentures, are pledged as collateral to the bonds.

The University's loan agreement with the Minnesota Higher Education Facilities Authority (MHEFA) is bearing interest at 9.9% and requires accelerating annual principal installments ranging from $75,000 in 1992 to $525,000 in 2001 together with accrued interest. The proceeds were used to renovate the Sorin Hall dining room and kitchen, to refurbish other University residence halls, to fund a debt service reserve fund of $286,600 and to fund MHEFA's cost of issuance of its revenue bonds to fund the loan. Among other provisions, the agreement requires the University to pledge marketable securities and cash of its endowment fund group having an aggregate market value at the lesser of 75% of the original principal amount ($1,970,000) or 100% of the outstanding principal balance of the loan less the current balance in the debt service reserve account, which was $1,263,490 at May 31, 1991. Assets with a market value of $2,666,346 were pledged by the University as of May 31, 1991. In addition, the University is generally restricted from incurring additional long-term debt.

The University entered into a lease agreement with the MHEFA dated November 1, 1979 whereby MHEFA would acquire a site for and construct a law school building. Under a trust indenture dated November 1, 1979, the MHEFA sold its First Mortgage Revenue Bond Series II-A (Hamline University) totaling $6,000,000 in order to finance the project. The bonds bear interest at rates varying from 7.25% to 7.75% and mature in annual installments of $125,000 to $375,000, with the last payment of $1,275,000 due on June 1, 2008.

Under the terms of the lease agreement, the University must pay as base rent for the use of the facilities a sum equal to (1) the amount payable as principal and interest on the bonds; and (2) a payment to restore the bond and interest sinking fund to an amount equal to the next semiannual principal and interest payment reduced by the balance in the debt service reserve fund. Additional rent is payable by the University at the rate of $12,000 per year. The University has the option to purchase the leased premises for $500 at the end of the lease period.

Under the terms of the mortgage trust indenture of the bond issue, $100,000 of the bond proceeds were deposited with MHEFA in a general bond reserve account and recorded by the University as a deposit with Trustee under bond indentures. In addition, $42,500 is on deposit with MHEFA as a general reserve for the Series II-G bond issue. The general bond reserve accounts are maintained by MHEFA for debt service, if needed, for any bonds of MHEFA. The University will receive the original deposits with interest to the extent earned and available upon retirement of its bond series. Because the ultimate realization of the interest income is dependent upon the loss experience of MHEFA, the University has elected not to record interest income.

Minimum rental commitments at May 31, 1991 under this noncancelable lease are payable as follows:

Year ending May 31:	
1992	$ 511,687
1993	527,313
1994	516,062
1995	529,813
1996	516,687
After 1996	6,998,313
Total minimum obligation	9,599,875
Less amount representing interest	4,549,875
Amounts recorded as long-term debt	$ 5,050,000

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

Year ending May 31:

1992	$ 330,183
1993	351,580
1994	342,403
1995	331,018
1996	320,483
After 1996	2,591,380
Total principal and interest	$ 4,267,047

On August 1, 1991 the MHEFA issued $4,430,000 of Revenue Bonds on behalf of Hamline University of Minnesota. The bonds mature at varying amounts through October 1, 2010, and bear interest at rates ranging from 6.375% to 7% through that date. Interest is payable semiannually on April 1 and October 1 of each year commencing April 1, 1992. The principal amounts due after October 1, 2001, are subject to early redemption at the option of MHEFA commencing October 1, 2000.

The net proceeds from the bonds will be used to defease the remaining amounts due on the existing 1983 Revenue Note and to provide funds for renovation of various residence facilities, purchase of an emergency generator, purchase of campuswide signage, and miscellaneous safety and maintenance projects. A portion of the proceeds will also be used to establish a reserve fund for retirement of the bonds.

The debt service, which includes principal and interest expense for long-term borrowings, after issuance of the 1991 bonds and defeasement of the 1983 bonds is summarized as follows:

1992	$ 814,648
1993	1,006,201
1994	1,057,770
1995	1,074,433
1996	1,054,528
After 1996	14,241,731
Total principal and interest	$ 19,249,311

(7) Auxiliary Enterprises

Unrestricted current fund revenues and expenditures of auxiliary enterprises consist of:

	Revenues	Expenditures
Residence halls and other campus housing	$ 1,429,372	1,227,701
Dining halls	1,888,717	1,824,715
Information services and other	643,075	588,253
	$ 3,961,164	3,640,669
Mandatory transfers for debt service		321,164
Nonmandatory transfers to service interfund borrowings		23,751
		$ 3,985,584

(8) Retirement Plan

The University participates in the Teachers Insurance and Annuity Association of America (TIAAA) program which covers certain full-time faculty and staff employees. Contributions equal to 10% of eligible employees' salaries are required under the program. Benefits are based upon amounts accumulated for the account of each individual employee at date of retirement. Total expenditures for the retirement plan were $872,000 for the year ended May 31, 1991.

(9) Loans from Unexpended Plant Funds

Loans from unexpended plant funds are comprised of expenditures for construction projects and purchases of equipment. The loans will be retired by payments on outstanding gift pledges and nonmandatory transfers from the current unrestricted fund during a ten-year period ending May 31, 1999. Included in the nonmandatory transfers to the unexpended plant fund is $137,000 for reduction of the loan balance.

(10) Change in Accounting for Depreciation

During the fiscal year ended May 31, 1991, the University adopted the provisions of Statement of Financial Accounting Standards No. 93 (SFAS No. 93), Recognition of Depreciation by Not-for-Profit Organizations, which requires the recording of depreciation of long-lived tangible assets.

In addition to recording depreciation, the University also changed its capitalization policy to include Bush Library books at the original purchase price and made certain corrections to its accounting records to reflect the results of an inventory of plant assets taken during the year.

Accordingly, the investment in plant fund balance has been restated at May 31, 1990 as follows:

Investment in plant fund balance, as previously reported	$ 29,759,003
Adjustments:	
To record accumulated depreciation related to prior years	(12,688,488)
To record library books at acquisition cost	435,994
To record plant inventory adjustments	(414,505)
Total adjustments	(12,666,999)
Investments in plant fund balance, as restated	$ 17,092,004

OFFICIAL BID FORM

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

SALE DATE: April 15, 1992

RE: $4,565,000 Mortgage Revenue Bonds, Series Three-K
(Trustees of the Hamline University of Minnesota)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $4,496,500) and accrued interest to the date of delivery.

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

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated April 1, 1992. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

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

NET INTEREST COST: $____________________________

NET EFFECTIVE RATE: ______________ %

Account Members

____
Account Manager

BY: _________________________

Acceptance

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

Dated: April 15, 1992

____
Executive Director

_____ SURE-BID _____ Good Faith Check Submitted

TERMS AND CONDITIONS OF CONTRACT OF SALE

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

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

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than 102%. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than 102% until such time as such amendment to the Order of Registration is effective.

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

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

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

OFFICIAL BID FORM

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

SALE DATE: April 15, 1992

RE: $4,565,000 Mortgage Revenue Bonds, Series Three-K
(Trustees of the Hamline University of Minnesota)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $4,496,500) and accrued interest to the date of delivery.

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

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated April 1, 1992. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

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

NET INTEREST COST: $__________________________

NET EFFECTIVE RATE: _____________ %

Account Members

____
Account Manager

BY: ________________________

Acceptance

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

Dated: April 15, 1992

____
Executive Director

____ SURE-BID ____ Good Faith Check Submitted

TERMS AND CONDITIONS OF CONTRACT OF SALE

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

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

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than 102%. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than 102% until such time as such amendment to the Order of Registration is effective.

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

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

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