OFFICIAL STATEMENT DATED OCTOBER 5, 1988

NEW ISSUE **Rating: Not Requested**

In the opinion of Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities; and the interest to be paid on the Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes and is not an item of tax preference included in the computation of the alternative minimum tax imposed on individuals under the Internal Revenue Code. Interest on the Bonds is subject to Minnesota franchise taxes on banks and corporations measured by income and is includable in the calculation of certain federal and State of Minnesota taxes imposed on corporations. (See "TAX EXEMPTION" herein.)

$4,250,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Two-R
(William Mitchell College of Law)

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

Principal Due: August 1, 1998

Dated Date: November 1, 1988 **Interest Due: Each February 1 and August 1, commencing February 1, 1989**

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

The Bonds will be further secured by a first mortgage upon the campus of the College in Saint Paul, Minnesota and by covenants of the College with respect to deposits of certain revenues and contributions, including receipts of a current fund drive for the Warren E. Burger Law Library.

Commencing August 1, 1993, and on each interest payment date thereafter, the Trustee shall redeem Bonds chosen by lot in integral multiples of $25,000 to the extent there are sufficient proceeds therefor in the Redemption Account.

At the option of the College, all Bonds may be redeemed prior to maturity at any time on or after August 1, 1993.

The Bonds will also be subject to optional redemption in whole but not in part in certain cases of damage to or destruction or condemnation of the Project Facilities or other Mortgaged Property described in the Loan Agreement and Indenture and in the event of a Determination of Taxability, as described herein.

All prepayments shall be at a price of par and accrued interest.

In the event of a Determination of Taxability, the Bonds will bear additional interest at a rate of 2.00% per annum from the Date of Taxability.

Bidding instructions are set out in the Official Terms of Offering herein.

The Bonds will be issued in denominations of $5,000, and in integral multiples thereof, as requested by the Purchaser, and will be fully registered as to principal and interest. First Bank National Association, Minneapolis, Minnesota, will act as Trustee, Registrar and Paying Agent for the Bonds.

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 deductibility of interest incurred by financial institutions to purchase or carry tax-exempt obligations.

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 be delivered without cost to the Purchaser within 40 days following the date of their award. Delivery of the Bonds is subject to receipt of an approving legal opinion by Faegre & Benson, Minneapolis, Minnesota, bond counsel. Certain legal matters will be passed upon for the College by its counsel, Briggs and Morgan Professional Association, Saint Paul and Minneapolis, Minnesota.

BID OPENING: October 19, 1988 (Wednesday) at 11:00 A.M., Central Time

AWARD: October 19, 1988 (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.

No dealer, broker, salesman or other person has been authorized by the Authority or the College to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either the Authority or the College. The information contained herein, except as it relates to the Authority, has been obtained from the College and is not guaranteed by the Authority as to accuracy or completeness and is not to be construed as a representation by the Authority. Information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the College since the date hereof.

References in this Official Statement to laws, rules, regulations, agreements, and any 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 hereto, they will be furnished on request.

The Bonds have been registered with the Minnesota Department of Securities under the Minnesota Securities Act, Minnesota Statutes, Chapter 80A.

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

This Official Statement was prepared for the information of bidders for the Bonds at public sale by the Authority. Only the Arabic numbered pages and the appendices of this Official Statement may be used or reproduced, in whole or in part, for distribution to investors. However, no assurance is given and no representation is made that no additional information will be required if the Bonds are reoffered by the purchasers of the Bonds from the Authority to investors or that this Official Statement states all facts material to an investor who purchases Bonds.

OFFICIAL STATEMENT DATED OCTOBER 5, 1988

NEW ISSUE **Rating: Not Requested**

In the opinion of Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities; and the interest to be paid on the Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes and is not an item of tax preference included in the computation of the alternative minimum tax imposed on individuals under the Internal Revenue Code. Interest on the Bonds is subject to Minnesota franchise taxes on banks and corporations measured by income and is includable in the calculation of certain federal and State of Minnesota taxes imposed on corporations. (See "TAX EXEMPTION" herein.)

$4,250,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Two-R
(William Mitchell College of Law)

Principal Due: August 1, 1998

Dated Date: November 1, 1988 **Interest Due: Each February 1 and August 1, commencing February 1, 1989**

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

The Bonds will be further secured by a first mortgage upon the campus of the College in Saint Paul, Minnesota and by covenants of the College with respect to deposits of certain revenues and contributions, including receipts of a current fund drive for the Warren E. Burger Law Library.

Commencing August 1, 1993, and on each interest payment date thereafter, the Trustee shall redeem Bonds chosen by lot in integral multiples of $25,000 to the extent there are sufficient proceeds therefor in the Redemption Account.

At the option of the College, all Bonds may be redeemed prior to maturity at any time on or after August 1, 1993.

The Bonds will also be subject to optional redemption in whole but not in part in certain cases of damage to or destruction or condemnation of the Project Facilities or other Mortgaged Property described in the Loan Agreement and Indenture and in the event of a Determination of Taxability, as described herein.

All prepayments shall be at a price of par and accrued interest.

In the event of a Determination of Taxability, the Bonds will bear additional interest at a rate of 2.00% per annum from the Date of Taxability.

Bidding instructions are set out in the Official Terms of Offering herein.

The Bonds will be issued in denominations of $5,000, and in integral multiples thereof, as requested by the Purchaser, and will be fully registered as to principal and interest. First Bank National Association, Minneapolis, Minnesota, will act as Trustee, Registrar and Paying Agent for the Bonds.

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 deductibility of interest incurred by financial institutions to purchase or carry tax-exempt obligations.

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 be delivered without cost to the Purchaser within 40 days following the date of their award. Delivery of the Bonds is subject to receipt of an approving legal opinion by Faegre & Benson, Minneapolis, Minnesota, bond counsel. Certain legal matters will be passed upon for the College by its counsel, Briggs and Morgan Professional Association, Saint Paul and Minneapolis, Minnesota.

BID OPENING: October 19, 1988 (Wednesday) at 11:00 A.M., Central Time

AWARD: October 19, 1988 (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.

No dealer, broker, salesman or other person has been authorized by the Authority or the College to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either the Authority or the College. The information contained herein, except as it relates to the Authority, has been obtained from the College and is not guaranteed by the Authority as to accuracy or completeness and is not to be construed as a representation by the Authority. Information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Authority or the College since the date hereof.

References in this Official Statement to laws, rules, regulations, agreements, and any 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 hereto, they will be furnished on request.

The Bonds have been registered with the Minnesota Department of Securities under the Minnesota Securities Act, Minnesota Statutes, Chapter 80A.

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

This Official Statement was prepared for the information of bidders for the Bonds at public sale by the Authority. Only the Arabic numbered pages and the appendices of this Official Statement may be used or reproduced, in whole or in part, for distribution to investors. However, no assurance is given and no representation is made that no additional information will be required if the Bonds are reoffered by the purchasers of the Bonds from the Authority to investors or that this Official Statement states all facts material to an investor who purchases Bonds.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Earl R. Herring, Chairman	Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
Kathryn D. Jarvinen, Vice-Chairman	Hospital Administrator, Winona, Minnesota.
Catherine M. Warrick, Secretary	Instructor, Metropolitan State University, Saint Paul, Minnesota.
John M. Amundson	Partner, McMahon, Hartman, Amundson & Co., Saint Cloud, Minnesota.
Carol A. Blomberg	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
Kathleen Kies (Ex Officio)	Acting Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.
John A. McHugh	Attorney and Banker, Minneapolis, Minnesota.
David B. Laird, Jr., (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota.
Steve Senich	Director of Physical Therapy, Leisure Hills Health Care Center, Hibbing, Minnesota.
John Young, Jr.	Salesman/Construction Foreman, Olson Pool Company, Hawley, Minnesota.

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

TABLE OF CONTENTS

OFFICIAL TERMS OF OFFERING

$4,250,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES TWO-R
(WILLIAM MITCHELL COLLEGE OF LAW)

Sealed bids for the Bonds will be opened by Dr. Joseph E. LaBelle, Executive Director, Minnesota Higher Education Facilities Authority (the "Authority") on Wednesday, October 19, 1988 at 11:00 A.M., Central Time, at Suite 450, Galtier Plaza, 175 East Fifth Street, Saint Paul, Minnesota 55101, telephone (612) 296-4690. Consideration for award of the Bonds will be by the Board of the Authority at 2:00 P.M., Central Time, of the same day.

DETAILS OF THE BONDS

The Bonds will be dated November 1, 1988, as the date of original issue, and will bear interest payable on February 1 and August 1 of each year, commencing February 1, 1989. Interest will be computed upon the basis of a 360-day year of twelve 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 First Bank National Association, Minneapolis, Minnesota (the "Trustee") and interest on each Bond will be payable by check or draft of the Trustee mailed or (pursuant to an agreement between the bondholder and the Trustee) by wire transfer to the registered holder thereof at his address as it appears on the books of the Trustee as of the 15th day of the calendar month next preceding the interest payment.

The Bonds will mature on August 1, 1998.

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

REDEMPTION

(a) The Bonds are subject to mandatory redemption on August 1, 1993 and on each interest payment date thereafter, in integral multiples of $25,000, to the extent there are sufficient funds therefor in the Redemption Account on the June 15 and December 15 (and if such date is not a Business Day, on the last Business Day preceding such date) preceding each August 1 and February 1 interest payment date respectively, at par plus accrued interest, and if the Bonds are not redeemed in whole, the Bonds to be so redeemed shall be selected by lot. In addition to funds required to be transferred to or deposited in the Redemption Account pursuant to the terms hereof or of the Loan Agreement, the College may deposit funds in the Redemption Account to be used for such redemption at any time and from any source whatsoever.

(b) The Bonds are subject to optional redemption, as a whole and not in part (except as provided above), at any time on or after August 1, 1993, at par plus accrued interest.

(c) All Bonds are subject to optional redemption, as a whole and not in part, at par and accrued interest, on any interest payment date if prior to August 1, 1993 and at any time if after such date, in case of damage to or destruction to or condemnation of Project Facilities or other Mortgaged Property, as provided in the Loan Agreement.

(d) The Bonds are subject to optional redemption, as a whole and not in part, upon the occurence of a Determination of Taxability, as described in the Loan Agreement, that interest on the Bonds is subject to federal income taxation under Sections 103 and related Sections of the Internal Revenue Code and regulations thereunder, as in effect on the date of issuance of the Bonds, at a redemption price equal to par plus accrued interest. The date of redemption shall be established by the Trustee.

SECURITY AND PURPOSE

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College pursuant to the Loan Agreement or from other amounts pledged therefor pursuant to the Trust Indenture. The Bonds will be a general obligation of the College. All Contributions and Pledge Receipts of the College's current fund drive for the Warren E. Burger Law Library received on or after September 1, 1988, shall be deposited when received into the Bond and Interest Sinking Fund Account to the extent that moneys and investments in the Bond and Interest Sinking Fund Account are not sufficient to pay interest on the next interest payment date. Thereafter, all Contributions and Pledge Receipts shall be deposited to the Construction Account up to an amount of $955,000, after which such receipts shall be deposited to the Redemption Account. The College shall also deposit receipts of future fund drives of $1,000,000 or more into the Redemption Account to the extent required to pay debt service on the Bonds, and shall make monthly deposits into the Redemption Account to cover any estimated shortfall in the amount of unpaid pledges available to pay the principal amount of the Bonds, all as more fully described in the Loan Agreement. In addition, the College shall deposit all Unrestricted Current Fund revenues upon receipt into a special Revenue Fund to be held by a depository bank or banks. Upon occurrence of an Event of Default, and upon notice to the depository bank or banks, the Revenue Fund shall be transferred to the Trustee who shall use the Unrestricted Current Fund revenues then on deposit in or subsequently deposited to the Revenue Fund to ratably pay as due and payable the Bonds and parity debt, if any, as more fully described in the Loan Agreement.

The Bonds also will be secured by a mortgage on and security interest in the land and buildings of the College comprising its campus at 875 Summit Avenue, Saint Paul, Minnesota, and a deposit from Bond proceeds to a Reserve Account in the amount of $170,000. **The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority, or the State of Minnesota, or the taxing powers of the State, are pledged.** The Authority has no taxing powers.

Bond proceeds, together with other funds, will be used for the construction of the Warren E. Burger Law Library on the campus of the College in Saint Paul, Minnesota.

(Defined terms as used in the foregoing section shall have the meanings set out in the Loan Agreement and Trust Indenture for the Bonds.)

TYPE OF BID

A sealed bid for not less than $4,165,000 and accrued interest on the total original principal amount of the Bonds shall be filed with the undersigned prior to the time set for the opening of bids; provided that a portion of the discount shall be paid by the College from non-Bond proceeds (with an equal reduction in the amount of the discount) if and to the extent needed to preserve the tax-exempt status of the Bonds. Also prior to the time set for bid opening, a certified or cashier's check in the amount of $42,500, payable to the order of the Authority, shall have been filed with the undersigned or SPRINGSTED Incorporated, the Authority's financial advisor. No bid will be considered for which said check has not been filed. The check of the Purchaser will be retained by the Authority as liquidated damages in the event the Purchaser fails to comply with the accepted bid. The Authority will deposit the check of the Purchaser, the amount of which will be deducted at settlement.

AWARD

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

The Authority 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 with or without cause, or (iii) reject any bid which the Authority determines to have failed to comply with the terms herein.

TRUSTEE/REGISTRAR/PAYING AGENT

The Trustee will be First Bank National Association, Minneapolis, 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.

SETTLEMENT

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 interest on the Bonds of federal and State of Minnesota income tax, which opinion will be printed on the Bonds, and of customary closing papers, including a no-litigation certificate and a certificate pertaining to information in the Official Statement. Certain legal matters will be passed on for the College by Briggs and Morgan Professional Association, Saint Paul and Minneapolis, Minnesota. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Trustee not later than 1:00 P.M., Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms for payment.

OFFICIAL STATEMENT

Underwriters may obtain a copy of the Official Statement by request to the Authority's financial advisor. The Purchaser will be provided with 50 copies of the Official Statement.

Dated October 5, 1988

BY ORDER OF THE MINNESOTA HIGHER
EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle, Executive Director

SCHEDULE OF BOND YEARS

$4,250,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES TWO-R
(WILLIAM MITCHELL COLLEGE OF LAW)

Year	Principal	Bond Years
1998	$4,250,000	41,437.50

Average Maturity: 9.75 Years

OFFICIAL STATEMENT

$4,250,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES TWO-R
(WILLIAM MITCHELL COLLEGE OF LAW)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and William Mitchell College of Law, St. Paul, Minnesota, (the "College") in connection with the issuance of the Authority's $4,250,000 Mortgage Revenue Bonds, Series Two-R (William Mitchell College of Law) (the "Bonds" or the "Issue").

The Bonds will be issued pursuant to the provisions of Sections 136A.25 to 136A.42, Minnesota Statutes, 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 will also be issued pursuant to the Trust Indenture between the Authority and First Bank National Association, Minneapolis, 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 College and the Authority, the College will covenant as a general obligation of the College to make payments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the College by the Authority to finance the construction of the Warren E. Burger Law Library, as more fully described under "THE PROJECT." (See pages 6 and 7 for more detail.)

The Bonds are a general obligation of the College payable primarily from certain revenues and contributions, including Contributions and Pledge Receipts of the current fund drive for the Warren E. Burger Law Library, and secured by a mortgage on and security interest in the land and buildings of the College comprising its campus, and by the Security Agreement granting a security interest in certain current and future fund drive receipts and general revenues of the College.

A Reserve Account will be funded from proceeds of the Issue in the amount of $170,000.

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

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

RISK FACTORS

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

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge of amounts payable under the Loan Agreement, (b) the Mortgage and by a security interest in certain Contributions, Pledge Receipts, Major Capital Fund Drive Gift Receipts and general revenues of the College (the "Security Interest"), and (c) a Reserve Account which will be held by the Trustee and applied to the payment of principal and interest on the Bonds. 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, interest on or the purchase price of, the Bonds.

Tuition and Fees

Tuition and fees represent a primary source for the College of meeting its costs of educational programs. An increase in tuition and fees could adversely affect the ability of the College to maintain enrollment levels necessary to achieve adequate funding. Similarly, a decrease in enrollment levels could adversely affect the revenue generated from tuition and fees.

Financial Aid

Over 70% of the College's students currently receive Federal or State financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's revenues.

Endowments, Gifts and Bequests

Endowment funds, gifts and bequests represent a source of funding for the College. No assurance can be given that current levels of these sources of funding will continue. A decline in such levels could adversely affect the ability of the College to meet its cost of educational programs.

Lack of Bond Rating and Secondary Market

No application has been made for a credit rating for the Bonds. The absence of a rating could adversely affect the market for the Bonds. The owners cannot be assured that there will be a secondary market in the Bonds. In addition, adverse developments, including decreased enrollment or increased actual operating expenses of the College, may have an unfavorable effect upon the bid and asked prices for the Bonds in any secondary market.

Ability to Foreclose Under the Mortgage

The Bonds are limited obligations of the Authority and have only one source of repayment, which is revenues derived from the College under the Loan Agreement. If sufficient payments are not forthcoming from the College, it will be necessary for the Trustee to exercise its remedies under the Mortgage and the Security Interest. It has been the experience of mortgagees that attempts to foreclose under mortgages are frequently met with protracted litigation and/or bankruptcy proceedings, which proceedings cause delays in realizing on collateral.

Limited Obligation

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

Bankruptcy

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

Other Possible Risk Factors

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

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

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

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

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

THE BONDS

The Bonds will be dated November 1, 1988 and will mature on August 1, 1998. The Bonds will be issued in denominations of $5,000 and integral multiples thereof, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each February 1 and August 1, commencing February 1, 1989.

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

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

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

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

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

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

Prior Redemption

Commencing August 1, 1993 and on each interest payment date thereafter, the Trustee shall redeem Bonds chosen by lot in integral multiples of $25,000 to the extent there are sufficient proceeds therefor in the Redemption Account on the June 15 and

December 15 (and if such date is not a Business Day, on the last Business Day preceding such date) preceding each August 1 and February 1 interest payment date respectively, at par plus accrued interest.

At the option of the College, all Bonds may be redeemed prior to maturity in whole at any time on or after August 1, 1993.

The Bonds will also be subject to optional redemption, as a whole, but not in part, on any interest payment date, if prior to August 1, 1993 and at any time if after such date, in certain cases of damage to or destruction or condemnation of the Project Facilities or other Mortgaged Property, and as a whole but not in part, upon a Determination of Taxability as provided in the Loan Agreement (see "SUMMARY OF DOCUMENTS -Loan Agreement"). All prepayments shall be at a price of par and accrued interest.

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, the Loan Agreement, Mortgage or the Security Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

Notice of Redemption

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

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the 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 rate from the Date of Taxability effective until the respective dates on which the principal of the Bonds is paid. (For definition of Determination of Taxability, see Appendix III.)

The College will have the option to prepay the Loan in full but not in part on any interest payment date after a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability).

ESTIMATED SOURCES AND USES OF FUNDS

Sources

Bond Proceeds	$4,250,000
Fund Drive	2,195,000
Total	$6,445,000

Uses

Construction	$4,950,000
Furnishings	650,000
Architectural Fees	450,000
Contingency	50,000
Reserve	170,000
Underwriters Discount	85,000
Issuance Costs	90,000
Total	$6,445,000

Bond proceeds will be used to fund only the cost of construction in the amount of $3,995,000, underwriters' discount up to 2%, and the Reserve Requirement of $170,000. Any costs of issuance, furnishings, movable equipment and architect and engineering fees will be paid from Contributions and Pledge Receipts on hand as of September 1, 1988 and other funds of the College.

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. To the extent the purchase price exceeds the minimum price, the additional Bond proceeds will be deposited in the Construction Account and may be used for Project Costs.

THE PROJECT

Approximately $3,995,000 of the Issue, together with funds of the College, including an anticipated $955,000 of Contributions and Pledge Receipts, will be used to finance the construction of a law library. Any excess costs will need to be met by the College.

The Warren E. Burger Law Library, honoring the 15th Chief Justice of the United States, a graduate of the College, will contain approximately 63,000 square feet on three floors. The library will provide space for the College's current law collection of approximately 200,000 volumes and for expansion. In addition, the library will contain reading and study rooms, seminar rooms and a conference suite. The building will be connected to the College's other buildings by a walkway.

Construction will commence in the spring of 1989 and completion is expected in the summer of 1990.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture including moneys and investments in the Reserve Account. The Reserve Account will be fully funded from proceeds of the Bonds in the amount of $170,000.

The College anticipates that debt service on the Bonds will be supported primarily from Contributions and Pledge Receipts derived from a current fund drive to solicit contributions for the Project. The fund drive's goal is $6.8 million. As of May 13, 1988, the College had received $1,593,595 in cash contributions and $1,572,101 in written pledges of future contributions. (See Appendix VII for Coopers & Lybrand report.) Since that time College officials report that they have received at least an additional $1,070,000 in Contributions and Pledges; this amount has not been verified by Coopers & Lybrand.

All Contributions and Pledge Receipts received by the College on or after September 1, 1988 will be deposited into the Bond and Interest Sinking Fund Account to the extent that moneys and investments in the Bond and Interest Sinking Fund Account are not sufficient to pay interest on outstanding Bonds due on the next interest payment date. Contributions and Pledge Receipts received on or after September 1, 1988 in excess of amounts required to be deposited in the Bond and Interest Sinking Fund Account shall be deposited to the Construction Account and used to pay Project Costs up to the amount of $955,000. Thereafter, all Contributions and Pledge Receipts in excess of amounts required to be deposited in the Bond and Interest Sinking Fund Account shall be deposited to the Redemption Account to be used for the redemption of outstanding Bonds.

As of each May 1, commencing May 1, 1991, the College shall provide the Trustee and the Authority with a certificate of an independent certified public accountant setting forth the difference between (i) the amount then on deposit in the Redemption Account plus the remaining balance of unpaid Pledges, and (ii) the then remaining outstanding principal amount of the Bonds, which difference shall be divided by the number of years remaining after the next August 1 to August 1, 1998. Commencing on the following August 1 in each year and on the first day of each of the next 11 months thereafter, the College shall deposit one-twelfth of such amount, if any, to the Redemption Account.

Pursuant to the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), the College will mortgage and grant a security interest in the land and buildings comprising the College's campus 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 as part of the Trust Estate.

The College will assign to the Trustee, pursuant to the Security Agreement, a security interest in all Unrestricted Current Fund revenues, which upon receipt the College shall deposit into a special Revenue Fund held by a depository bank. Upon the occurrence of an Event of Default, upon notice to the depository bank, the Revenue Fund shall be transferred to the Trustee who shall use the Unrestricted Current Fund revenues then on deposit in or subsequently deposited into the Revenue Fund first, to pay certain fees and expenses of the Trustee and due and unpaid interest on and principal of the Bonds (and any Additional Bonds outstanding), second, to pay principal of and interest on the Bonds (and any Additional Bonds outstanding) due on the next interest payment date, and third, to pay ordinary and necessary expenses of operation and maintenance of the College and any other obligations of the College incurred prior to such Event of Default or incurred thereafter with the consent of the Trustee. Any moneys or investments in the Revenue Fund which are restricted as to use or are required by law to be used first for some other purpose shall be used in accordance with such restriction or requirement.

Pursuant to the Loan Agreement, the College will agree that, so long as any of the Bonds are outstanding, the College will include the Project in any future Major Capital Fund Drive ($1,000,000 or more) to the extent reasonably required, in the opinion of the Board of Trustees, to meet debt service on the Bonds, as more fully described in "SUMMARY OF DOCUMENTS - The Loan Agreement" in Appendix IV of this Official Statement.

The College also will covenant that:

a. At July 31, 1991 and at the end of each Fiscal Year thereafter, for at least two of the preceding three Fiscal Years (including such Fiscal Year), Unrestricted Current Fund revenues shall be not less than 102.5% of Unrestricted Current Fund expenditures, including mandatory transfers, according to the principles of accounting used in the preparation of the College's financial statements for the Fiscal Year ended July 31, 1987, examined by Coopers & Lybrand. In the event that, following any Fiscal Year, the College shall not be in compliance, the College may cure such deficiency by making a transfer 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 unencumbered Unrestricted Quasi-Endowment Funds, but not if such deposit will cause the sum of the College's unencumbered Unrestricted Quasi-Endowment Funds to be less than $500,000. No such deposit may be made from any proceeds of the Bonds or other borrowed funds.

b. At July 31, 1989 and at the end of each Fiscal Year thereafter, the total market value of investments and cash included in unencumbered Unrestricted Quasi-Endowment Funds will not be less than $500,000. Within 30 days after the end of each Fiscal Year, the College shall furnish to the Trustee a certificate of an authorized institution representative accompanied by a valuation report of an independent investment manager showing the amounts of unencumbered Unrestricted Quasi-Endowment Funds, the investments thereof, the valuations of such investments, and the amount thereof (if any), which is pledged to secure obligations of the College or is otherwise encumbered, all as of the end of the Fiscal Year. If at the end of any Fiscal Year the market value of investments and cash included in unencumbered Unrestricted Quasi-Endowment Funds does not equal or exceed $500,000, the College shall obtain (from gifts, removal of encumbrance or restriction, sale of tangible property or otherwise) and cause to be credited to unencumbered Unrestricted Quasi-Endowment

Funds additional unencumbered moneys or investments at least equal to the amount of the deficiency as promptly as possible, but in any event within 180 days after the close of the Fiscal Year, and shall report the same to the Trustee, but proceeds of borrowed funds or from the sale of tangible property leased back by the College for a term of more than two years or with a repurchase option shall not be included in computation of amounts eligible to cure the deficiency.

c. For so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding), unless in each of the last two preceding Fiscal Years for which audited financial statements are available the Debt Service Coverage Ratio was at least 125% of maximum annual debt service of (i) then outstanding Funded Debt and (ii) 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 the earlier Fiscal Year, the estimated amount of Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be issued is to finance other College facilities and if the Board of Trustees has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, there shall be added to Net Income Available for Debt Service for the earlier Fiscal Year the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the College and the Trustee. (See "DEFINITION OF CERTAIN TERMS," Appendix III, for definitions of terms used in this paragraph.)

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

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which the proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement will be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, a Redemption

Account and a Revenue Fund. The net proceeds of original issue and sale of the Bonds will be deposited into the Construction Account, except that the amount of the Reserve Requirement ($170,000), 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 College as Loan Repayments will be deposited into the Bond and Interest Sinking Fund Account and the Redemption Account and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due and to maintain a debt service reserve in the Reserve Account in the amount of the Reserve Requirement.

Construction Account

There shall be deposited initially into the Construction Account the proceeds received from sale of the Bonds, exclusive of accrued interest and the Reserve Requirement, which proceeds shall be approximately $3,995,000. In addition, the College will agree in the Loan Agreement to pay from Contributions and Pledge Receipts received prior to September 1, 1988 and from general funds of the College all costs relating to the Project in excess of the amount of proceeds of the Bonds available therefor, including fees of architects and engineers, costs of acquisition and installation of furnishings and moveable equipment, and all costs of issuance of the Bonds (including underwriting discount, measured by the reoffering price of the Bonds, in excess of 2.00% of the proceeds of the Bonds). (See "ESTIMATED SOURCES AND USES OF FUNDS" and "SUMMARY OF SECURITY FOR THE BONDS.") The College will be obligated to deposit certain Contributions and Pledge Receipts into the Construction Account in addition to Bond Proceeds. Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project. When work on the Project Building has been completed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account. All interest earnings of the Construction Account shall be transferred to the Bond and Interest Sinking Fund Account or the Redemption Account as appropriate.

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 Contributions and Pledge Receipts and earnings on other accounts established under the Indenture and from Loan Repayments made by the College. The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall restore the deficiency from the next Loan Repayment. Investments in the Reserve Account are to be valued at the end of each Fiscal Year at par or (if purchased at a premium or discount) at amortized cost.

Interest and income of the Reserve Account shall be transferred to the Bond and Interest Sinking Fund Account if not necessary to maintain the balance in the Reserve Account as above provided, and when the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds 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 College shall have failed to pay or provide for the payment thereof under Section 6.09(f) of the Loan Agreement.

Redemption Account

There shall be deposited to the Redemption Account certain Contributions, Pledge Receipts and Major Capital Fund Drive Receipts, all as defined herein, required under the Loan Agreement. In addition, the College shall deposit to the Redemption Account certain payments required by Section 16 of the Loan Agreement in the event of an estimated shortfall of Contributions and Pledge Receipts available to pay the principal amount of the Bonds, and certain other moneys held as part of the Trust Estate not required to be otherwise deposited, including certain excess insurance and condemnation proceeds. Funds in this Account will be available to maintain required balances in other accounts and to redeem Bonds. Deposits shall be made by the College as required under the Loan Agreement and Trust Indenture. Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College shall have failed to pay or provide for the payment thereof under Section 6.09 of the Loan Agreement.

Revenue Fund

The College agrees to establish and maintain, so long as any of the Bonds are outstanding, an account or accounts with a bank or banks satisfying certain criteria set forth in the Security Agreement into which the College shall deposit all Unrestricted Current Fund revenues promptly when received. So long as no Default or Event of Default shall exist, the College shall be entitled to use and invest all moneys in the Revenue Fund to meet current expenses of operation and maintenance, to meet debt service on the Bonds and other obligations of the College, for capital expenditures, and for any other lawful purpose.

In an Event of Default, the Trustee shall have the right to require the depository bank or banks to transfer all moneys in the Revenue Fund to the Trustee, and the College convenants that it shall direct such orders and execute such documents as may be required by the depository bank or banks or the Trustee to effect and complete the transfer of all such moneys to the Trustee and further covenants that it shall assign and deliver to the Trustee such certificates of deposit, other investments or cash as shall then be credited to the Unrestricted Current Fund, including any amounts transferred from the Unrestricted Current Fund to Quasi-Endowment Funds in the then current Fiscal Year or (if longer) in the preceding 90 days; and thereafter, so long as such Event of Default exists, the College covenants that it will deposit all Unrestricted Current Fund revenues promptly when received with the Trustee for credit to the Revenue Fund. Upon an Event of Default, the Trustee shall use the moneys in the Revenue Fund as more fully described in "SUMMARY OF SECURITY FOR THE BONDS" contained in the body of this Official Statement.

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

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

General Bond Reserve Account

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

Authorized Investments

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

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of eight members appointed by the Governor with the advice and consent of the Senate. The Executive Director of the Minnesota Higher Education Coordinating Board, and the President of the Minnesota Private College 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 $150 million. The Authority has had 48 issues (including refunded and retired issues) totaling $164,175,000 of which $107,080,000 (excluding the Bonds) is outstanding as of September 2, 1988. 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 nonprofit educational institutions authorized to provide a program of education beyond the high school level. However, pursuant to specific legislation the Authority has once issued bonds on behalf of a State owned and operated post-secondary institution. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

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

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.

LITIGATION

There is no pending or, to the knowledge of the Authority or the College, threatened litigation which would affect the validity of the Bonds or the likely outcome of which would materially adversely affect the ability of the College to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

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

Certain legal matters will be passed upon for the College by Briggs and Morgan Professional Association, Saint Paul and Minneapolis, Minnesota.

TAX EXEMPTION

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

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. Certificates will be furnished by officers of the Authority and the College to Bond Counsel at closing to the effect that, at the date of issuance of the Bonds, not more than $150,000,000 of tax-exempt nonhospital bonds (including the Bonds) are outstanding allocable to the College and 501(c)(3) organizations under common management or control. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, 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.

Interest on the Bonds is exempt from federal income taxes, including the alternative minimum tax imposed with respect to individuals and corporations except that interest on the Bonds will be included in the computation of "adjusted net book income" (or, for taxable years beginning after 1989, "adjusted current earnings"), which may be an item of tax preference includable in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.
The Code imposes an environmental tax with respect to corporations on the excess of a corporation's modified alternative minimum taxable income (determined as described above) over $2 million. Regardless of whether a corporation is subject to the alternative minimum tax, the environmental tax applies with respect to taxable years beginning after December 31, 1986 and before January 1, 1992.

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

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.

In addition, interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code and is includable in the net investment income of foreign insurance companies for purposes of Section 842(b) of the Code. In the case of an 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 fifteen percent 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 twenty-five percent of its gross receipts is passive investment income.

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 exempt from Federal and Minnesota income tax purposes (other than Minnesota corporate and bank excise taxes measured by income). Interest on the Bonds is not treated as a preference item includable in alternative minimum taxable income for purposes of the Federal alternative minimum tax applicable to all taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates and trusts, but is includable in "book income" or in "earnings and profits" for purposes of computing the alternative minimum tax and the environmental tax that may be imposed with respect to corporations.

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.

CERTIFICATION

Officials of the Minnesota Higher Education Facilities Authority and William Mitchell College of Law, for and on behalf of their respective entities only will, at Bond Closing, furnish certificates to the effect that this Official Statement, as of its date and the date of such certificate did not and does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

THE COLLEGE

William Mitchell College of Law, a private, independent law school, is a Minnesota not-for-profit corporation. It is accredited by the American Bar Association ("ABA") and is a member of the American Association of Law Schools ("AALS").

Since 1900, the College and its predecessor law schools have offered a law degree through evening, and later a combination of day and evening, classes. William Mitchell College of Law was created in 1958 through the successive mergers of several Twin Cities law schools. William Mitchell's first unified campus was at 2100 Summit Avenue in Saint Paul. In 1976, the College moved to its present campus at 875 Summit Avenue in Saint Paul.

Currently two degrees are offered: the Juris Doctor ("J.D.") and the Master of Laws ("LL.M.") in Taxation.

Governance

The College is governed by a 27-member Board of Trustees. The Board consists of not fewer than 15 nor more than 31 persons. Trustees are elected by members of the Corporation at the annual meeting of the membership, or at a special meeting called for that purpose. They serve for a three-year term and may succeed themselves in office. Service on the Board is limited to two successive three-year terms, with an option for reappointment following at least one year off the Board.

The following is a list of the members of the Board of Trustees as of August 1, 1988:

Trustees	Principal Activity
Hon. Douglas K. Amdahl (Secretary)	Chief Justice; Minnesota Supreme Court; Saint Paul, MN
Andrea M. Bond	Attorney; Briggs and Morgan; Saint Paul, MN
Robert S. Burk	Attorney; Popham, Haik, Schnobrich & Kaufman, Ltd.; Minneapolis, MN
Thomas M. Conlin	Attorney; Murnane, Conlin, White, Brandt & Hoffman, Saint Paul, MN
Jerome B. Crary	Assistant Vice President - Distribution; Northwestern Bell; Saint Paul, MN
Charlton Dietz	Vice President/Legal Affairs & General Counsel; 3M Company; Saint Paul, MN
N. Rolf Engh	Attorney; Lindquist & Vennum; Minneapolis, MN
Robert L. Findorff	Sr. Vice President; Donaldson Co., Inc.; Minneapolis, MN
Gerald T. Flom*	Attorney; Faegre & Benson; Minneapolis, MN

* *Mr. Flom has not participated in any action by the Board of Trustees of the College with respect to the Bonds.*

Willis M. Forman	President and Chief Executive Officer; Paper, Calmenson & Co.; Saint Paul, MN
John L. Frost	Sr. Vice President of Personnel; General Mills Inc.; Minneapolis, MN
Craig W. Gagnon	Attorney; Oppenheimer Wolff and Donnelly; Minneapolis, MN
Hon. Ronald E. Hachey (Honorary Chairman & President Emeritus)	Judge; Minnesota Court of Appeals (temporary appointment); Saint Paul, MN
Thomas C. Kayser	Attorney; Robins, Kaplan, Miller & Ciresi; Minneapolis, MN
Reatha Clark King	President; Metropolitan State University; Saint Paul, MN
Thomas M. Libera (Vice Chairman)	Sr. Vice President; First Trust National Association; Minneapolis, MN
John J. McGirl, Jr.	Attorney; Doherty, Rumble & Butler; Minneapolis, MN
Louis E. Navin	Vice President and Chief Financial and Administrative Officer; Honeywell, Inc.; Minneapolis, MN
John D. Quinlivan	Attorney; Quinlivan, Sherwood, Spellacy & Tarvestad, P.A.; Saint Cloud, MN
Kathleen K. Rauenhorst	Attorney; Rauenhorst, Carlson & Knaak; Roseville, MN
James W. Reagan	Chairman & Chief Executive Officer; American National Bank; Saint Paul, MN
Lloyd O. Shervheim (Chairman of the Board)	Sr. Vice President - Law; Saint Paul Companies; Saint Paul, MN
Hon. Gordon W. Shumaker	Judge of District Court; Ramsey County District Court; Saint Paul, MN
Emily Ann Staples	Former Director of Community Relations; Spring Hill Center; Minneapolis, MN
Edward C. Stringer	Executive Vice President and General Counsel and Chief Administrative Officer; Pillsbury Co.; Minneapolis, MN
Kenneth M. Strom	Attorney; Hoversten, Strom, Johnson & Rysavy; Austin, MN
Jerrol M. Tostrud	Vice President and Assistant to the President; West Publishing Co.; Saint Paul, MN
Arthur E. Weisberg	Attorney; Dorsey & Whitney; Minneapolis, MN

Administration

The principal officers of the College are as follows:

President

James F. Hogg was appointed president and dean of the College in June, 1985. He was a professor of law for 13 years at the University of Minnesota School of Law. He also was executive assistant to the president and secretary of the Board of Regents at the University. Hogg was a partner in the Oppenheimer law firm in the Twin Cities for five years, and most recently was a vice president and associate general counsel with Control Data Corporation for ten years. He holds B.A., LL.B., and LL.M. degrees from the University of New Zealand and LL.M. and S.J.D. degrees from Harvard Law School.

Vice President Administration/Treasurer

Bruce E. Hutchins joined the College in 1985 as director of finance/treasurer. In 1986 he was appointed vice president administration/treasurer. He was previously with I.C. System, Inc. as vice president of finance and was also vice president financial management of the YMCA of Metropolitan Minneapolis. He holds a B.A. degree from the University of Minnesota, and an Accounting Diploma from the International Accountants Society. He has had 15 years of senior financial management experience.

Associate Dean of Academic Affairs

Matthew Downs, associate dean of academic affairs and dirctor of the law library, served previously as assistant dean and director of the law library at Valparaiso University School of Law. He received a B.A. degree from Houghton College, an M.L.S. degree from California State University - Fullerton and a J.D. degree from Pepperdine University.

Dean of Students

James Brooks was appointed dean of students in 1983, following ten years of experience in higher education administration, with a specialty in student services. He has B.S. and M.A. degrees from Wake Forest University and an Ed.D. degree from the Catholic University of America.

Vice President for Development and Alumni/ae Relations

Debra S. Fish was recently named vice president for development and alumni/ae affairs. Fish had been director of development at Macalester College, Saint Paul, since 1984. She is a Macalester College graduate and also holds a master's degree in educational leadership from the College of Saint Thomas.

Facilities

The College's physical plant consists of two buildings located on a seven-acre campus on Summit Avenue in Saint Paul. As of July 31, 1987, the book value (cost) of all buildings and property was $7,670,615. Buildings and contents have an insurable value of $13,996,890.

The main law school building houses classrooms, the law library, clinic offices, and most of the administrative offices. The nearby Legal Education Center houses administration offices as well as various not-for-profit law-related offices.

Library

The College's present law library (to be replaced by the Project) is a 27,000 square-foot facility containing approximately 200,000 volumes, including microforms. It has been designated a United States Depository Library, and therefore has a comprehensive collection of law-related government documents which is available to the public. The library is a member of the MINITEX inter-library loan network and subscribes to on-line bibliographic and research databases such as LEXIS, WESTLAW and DIALOG. The audio-visual department is one of the largest among the nation's law schools. Four of its staff members hold the J.D. and Master of Library Science degrees.

Academic Information

The College's academic year consists of two semesters and one summer term. Eighty-eight credits are required for the J.D. degree, which can be completed through a combination of day and evening classes. Part-time students can complete their degree in four academic years, taking 10 to 12 credits per semester, while full-time students can finish in the traditional three-year period, taking up to 16 credits per semester.

In 1986 the College began offering the LL.M. in Taxation degree to provide advanced instruction for lawyers in taxation. Besides the J.D. degree, 22 credits are required to complete the part-time course, which has classes one evening per week.

Of note are several of the College's programs. The Legal Writing program has been praised by both the ABA and the AALS. The Law Clinic programs are designed to offer "hands-on" experience in practicing law and have been nationally recognized for their program excellence and innovation. The Academic Advancement program provides support services for students who show promise but who lack some of the technical skills necessary for law school success. William Mitchell students consistently compare well in competitions with students from other law schools. William Mitchell teams won the 1988 Association of Trial Lawyers of America's National Trial Advocacy competition and placed second in the ABA's 1988 National Client Counseling competition.

Faculty and Staff

The ratio of students to full-time faculty at the College is approximately 28 to 1.

In addition to the 32 full-time faculty, 184 adjunct faculty also teach at the College. Full and part-time staff and administrators number 70.

The full-time faculty members are distinguished by their teaching, publishing and scholarly activities. Their publishing record in 1986-87 compared favorably with the nation's top 20 law schools. Included on the faculty are the first woman from Minnesota and the youngest woman nationally to be inducted in the National Academy of Arbitrators, the chair-elect of the ABA Tax Section's Committee on Corporate Tax, two Fulbright Scholar recipients, and two legal scholars who received research grants to study regional environmental issues.

All 32 faculty members hold the J.D. degree, and 14 hold additional degrees in law, business and science.

The following table lists the average salary of full-time faculty members for the 1987-88 academic year:

Professor	$61,100
Associate Professor	53,100
Assistant Professor	46,000

The College does not discriminate on the basis of race, creed, sex, age, national origin, disability or sexual preference in employment, admission, or operation of its programs or activities.

Applications, Acceptances and Enrollments

	1984-85	1985-86	1986-87	1987-88	1988-89
Applications	1,193	881	832	935	1,062
Acceptances	761	681	601	654	632
% Accepted	64%	77%	72%	70%	60%
Enrolled	341	333	294	309	329
% Enrolled to Accepted	45%	49%	49%	47%	52%

Student Body

The 1988-89 enrollment for the J.D. program is 284 full-time and 769 part-time students. Approximately 88% of the 1988-89 entering class were students from Minnesota. Forty-six percent of the student body are women and 6% are members of minority groups.

Enrollment

The following table sets forth the enrollment at the College as of the fall term for the five most recent academic years.

	1984-85	1985-86	1986-87	1987-88	1988-89
J.D.	1,085	1,109	1,103	1,069	1,053
LL.M.	N/A	N/A	29	48	36
Total	1,085	1,109	1,132	1,117	1,089

The College projects the enrollment in the next five years to be consistent with the enrollments for the past two years.

Housing

The College does not provide housing facilities for its students. Its Student Services Office assists students in locating suitable housing in the community.

Tuition and Fees

The College meets the cost of educational programs primarily through tuition and fees. The following table lists the tuition charged full and part-time students in the J.D. and LL.M. programs for the academic years 1984-85 through 1988-89.

	1984-85	1985-86	1986-87	1987-88	1988-89
J.D.					
Full-time (per year)	$5,776	$6,140	$6,640	$7,180	$8,040
Part-time (per year)	3,950	4,200	4,540	4,920	5,670
LL.M.					
Part-time (per credit)	N/A	N/A	$ 400	$ 440	$ 485

The Board of Trustees reserves the right to revise charges from time to time. Although the Board of Trustees anticipates that it will be able to raise current tuition and fees without adversely affecting the future enrollment, there can be no assurance that it will be able to do so. Future economic and other conditions may affect the ability to increase tuition and fees while sustaining current levels of enrollment. However, the Board's Executive Committee is committed to funding the College's obligations under the Loan Agreement from tuition and fees in the event there is a shortfall from capital funds available for the Project.

The following table lists total revenue derived from tuition and fees for the fiscal years ending July 31.

Year	Tuition and Fees
1984	$4,689,188
1985	5,045,264
1986	5,306,656
1987	5,826,068
1988	6,355,420 (unaudited)

Financial Aid

About 72% of the College's students currently receive some form of financial aid. Some of the federal and State financial aid programs apply to tuition and fees, whereas others provide aid for living expenses such as transportation, housing and personal expenses.

Awards of financial aid, excluding competitive scholarships, are granted on the basis of need up to the maximum allowed by the various programs and can be substituted for each other in the establishment of a student's financial aid package. No assurance can be given that federal and State student financial aid will continue to be funded at current levels. If such student aid is curtailed, it may cause the enrollment of the College to decrease, which in turn, may have an adverse effect on the College revenues.

The following table sets forth a five-year summary of financial aid information for the College. It shows the growth in the number of students receiving financial aid in all forms and the changes that have occurred in each type of program.

FINANCIAL AID BY TYPE

	1983-84	1984-85	1985-86	1986-87	1987-88
CWS	$67,014 (26)	$40,677 (30)	$79,372 (49)	$67,968 (45)	$64,964 (36)
GSL		$3,509,677 (756)	$3,367,291 (706)	$3,588,553 (671)	$3,356,286 (588)
LAL				$606,867* (111)	$836,871 (151)
PERKINS		$143,450* (92)	$167,360 (91)	$139,525 (96)	$196,272 (131)
SLS		$743,456 (259)	$734,162 (262)	$738,412 (237)	$1,067,887 (295)
SELF			$282,141* (60)	$220,931 (46)	$202,221 (45)
General Sch.	$47,105 (53)	$56,052 (65)	$32,706 (56)	$49,950 (68)	$52,686 (62)
Merit Sch.	$7,300 (16)	$9,300 (24)	$10,800 (22)	$8,450 (22)	$9,700 (25)
Minority Sch.	$21,650 (14)	$18,450 (21)	$14,880 (7)	$1,950 (3)	$6,306 (9)

* 1st year of program
( ) = number of students

CWS: College Work Study
GSL: Guaranteed Student Loan
LAL: Law Access Loan
PERKINS: formerly National Direct Student Loan
SLS: Supplemental Loan for Students
SELF: Student Educational Loan Fund

Pensions

Retirement benefits are provided for the academic and non-academic staff and administrators through Mutual of America and The Principal Life, both of which are national organizations used to fund pension benefits for educational institutions. Under these arrangements, the College and plan participants make monthly contributions to these plans. The cost of these benefits to the College was $336,499.00 for 1987/88 (through April) and $385,958.54 for 1986/87.

Unions

The International Brotherhood of Teamsters Local 503 represents five employees who are on the custodial and maintenance staff of the College. The College signed a three-year agreement with the Teamsters Local 503, which runs August 1, 1986 through July 31, 1989.

Financial Records

The College maintains its financial records on the basis of a fiscal year ending July 31. The College uses a fund accounting system, and the financial statements of the College are prepared on the accrual basis, except for depreciation accounting. Appendix V sets forth the comprehensive financial statements of the College for the years ending July 31, 1986 and 1987, which have been examined by Coopers & Lybrand, certified public acountants.

Statement of Revenue, Expenditures and Transfers

The following table sets forth the College's statements of current unrestricted revenues, expenditures and transfers for the College for the five previous fiscal years ending July 31. This table should be read in conjunction with the financial statements which are Appendix V.

STATEMENT OF CURRENT UNRESTRICTED FUND REVENUE, EXPENDITURES AND OTHER CHANGES FOR YEARS ENDING JULY 31

	1983	1984	1985	1986	1987
Revenue:					
Tuition & Fees	$4,419,073	$4,689,188	$5,045,264	$5,306,656	$5,826,068
Gifts & Donations	114,927	115,511	98,366	196,386	100,112
Investment Income	155,512	169,726	175,282	136,480	109,675
Endowment Income	27,387	18,295	13,120	13,528	13,450
Rental Income	166,120	182,791	172,279	176,198	163,031
Other Income	125,616	107,316	64,200	178,938	244,048
Total Revenue	$5,008,635	$5,282,827	$5,568,511	$6,008,186	$6,456,384
Expenditures:					
Educational & General:					
Instructional	$2,285,978	$2,340,207	$2,480,475	$2,686,905	$2,780,393
Library	364,917	503,531	647,356	695,996	684,957
Administrative	1,419,774	1,465,509	1,529,180	1,452,338	1,978,640
Advertising, publicity & student activities	107,776	70,081	70,154	87,831	64,420
Plant Operation & Maintenance	405,527	463,480	501,661	600,866	647,667
Invested Physical Plant	310,594	217,649	318,882	196,279	198,890
Total Expenditures	$4,894,566	$5,060,457	$5,547,708	$5,720,215	$6,354,967
Interfund Transfers:					
Endowment Fund	$32,863	($60,079)	$58,698	-0-	$27,000
Plant Fund	(176,932)	(162,291)	(79,501)	(294,247)	(119,310)
Restricted Current Fund					4,213
Net Transfer	($144,069)	($222,370)	($20,803)	($294,247)	($88,097)
Net increase(decrease) in Fund Balance	($ 30,000)	-0-	-0-	($ 6,276)	$13,320
Fund Balance Beginning of Year	$105,356	$75,356	$75,356	$75,356	$69,080
Fund Balance End of Year	$75,356	$75,356	$75,356	$69,080	$82,400

Gifts and Bequests

The College actively solicits and receives gifts and bequests from a variety of individuals, corporations and private foundations.

A 1976-78 capital campaign raised $3.2 million to purchase and renovate the present main College building, a former parochial high school at 875 Summit Avenue in Saint Paul.

Currently, a $6.8 million capital campaign is under way to finance the construction and furnishing of the Project. As of May 12, 1988, a total of $3.3 million in pledges and gifts had been received.

With the halfway mark within reach, the College is aggressively implementing the second, or national and major gifts phase, of the campaign. During this phase the College seeks to raise an additional $3.3 million by mid-1989. The remaining $200,000 - $300,000 toward the $6.8 million goal will be raised during the constituency-wide phase of the campaign, which is scheduled to take place during the second half of 1989.

During recent years the College has received increased support in several high priority areas in addition to the capital campaign. The annual fund has grown from approximately $26,000 since its inception in 1979 to a projected $110,000 in 1988-89. During the past two years over $297,000 has been pledged or received for the Trustees Chair in Regulatory Policy; $100,000 pledged or received for minority scholarships; and $60,000 pledged or received for academic advancement programs. Total gifts to the College increased 150% between 1983 and 1987.

Schedule of Private Gifts and Bequests for Years Ending July 31

Fiscal Year	Current Unrestricted	Current Restricted(a)	Endowment Fund	Capital Fund	Total
1983	$114,927	$159,202	$ 9,698	$ 15,689	$299,516
1984	115,511	144,410	9,307	-0-	269,228
1985	98,366	114,680	38,016	120,280	371,342
1986	196,386(b)	50,664	93,238	431,755	772,043
1987	100,112	25,517	83,642	533,745	743,016

(a) *Includes contributions to the scholarship fund which, beginning in 1987, were reported in the current restricted fund.*

(b) *Includes a one-time gift of $100,000.*

Endowment Funds

The College's endowment and similar funds include (1) endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and that only the income be utilized either for donor specified purposes or for general College purposes; and (2) funds functioning as endowment (quasi-endowment) which represent expendable funds received which, by decision of the Board of Trustees of the College, have been retained and invested for future benefit of the College, which can be utilized, if and when the need arises, for current operating and capital expenditure purposes at the discretion of the Board of Trustees.

The following table is a recapitulation of fund balances of endowment and similar funds for the five previous fiscal years ending July 31.

	1983	1984	1985	1986	1987
Fund Balances:					
Endowment	$ 620,124	$ 637,468	$ 721,639	$ 804,677	$ 883,372
Quasi-Endowment	648,232	707,533	644,366	714,749	680,943
Total	$1,268,356	$1,345,001	$1,366,005	$1,519,426	$1,564,315

(This page was left blank intentionally.)

PROPOSED FORM OF LEGAL OPINION

OF

FAEGRE & BENSON, BOND COUNSEL

$4,250,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Two-R
(William Mitchell College of Law)

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 Two-R (William Mitchell College of Law), in the aggregate principal amount of $4,250,000 (the "Bonds"), dated November 1, 1988, in the denomination of $5,000 each and integral multiples thereof, maturing on August 1, 1998.

The Bonds are subject to mandatory and optional redemption prior to the stated maturities thereof as provided in the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 1989, at the basic rate of _______% per annum.

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 office of First Bank National Association, Minneapolis, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to William Mitchell College of Law, a Minnesota nonprofit corporation and nonprofit institution of higher education located at the City of St. Paul, Minnesota (the "College"), in order to finance the costs of a project generally described as the construction of a new library building, with appurtenant site improvements (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement between the Authority and the College, the Trust Indenture between the Authority and the Trustee (the

"Indenture"), the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage") from the College to the Authority and assigned by the Authority to the Trustee, and the Security Agreement from the College to the Trustee, all dated as of September 1, 1988, opinions of Briggs and Morgan, Professional Association, as counsel to the College, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Briggs and Morgan, Professional Association, as to the Loan Agreement, the Mortgage and the Security Agreement having been duly authorized and executed and being binding upon the College, as to the corporate organization, good standing and powers of the College, and as to title to the land constituting the Land as described in Exhibit A to the Mortgage, without examining the records of the College or original title records or abstracts of title.

We have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the Official Statement dated ____________, 1988 issued by the Authority with respect to the Bonds (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 College, 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, the Security Agreement, 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 College under the Loan Agreement to the Trustee in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, by the pledge of the funds and investments held by the Trustee under the Indenture, by the pledge of the funds and rights to payment held by certain banks and the Trustee under the Security Agreement, and by the mortgage lien on certain land and facilities owned by the College and a security interest in the 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 excluded from gross income of the holders of the Bonds for purposes of Federal income taxation and is exempt from Minnesota income taxation (other than Minnesota corporate franchise and bank excise taxes measured by income) under present laws and rulings. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (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. 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 Code, but is includable in "book income" or in "earnings and profits" for the purpose of determining the "alternative minimum taxable income" of corporations for taxable years beginning after December 31, 1986. 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, the Mortgage and the Security Agreement 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, _______________, 1988.

1720f

DEFINITION OF CERTAIN TERMS

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

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

Authority: The Minnesota Higher Education Facilities Authority.

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

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

Authorized Investments: Investments authorized for moneys in the funds and accounts created under Article V of the Indenture and described in Section 5.05 thereof.

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

Bond and Interest Sinking Fund Account: The 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: $4,250,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-R (William Mitchell College of Law) and any Additional Bonds then outstanding.

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

Bond Resolution: The Series Resolution of the Authority adopted on October 19, 1988, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

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

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

College: William Mitchell College of Law, a Minnesota nonprofit corporation and institution of higher education located in St. Paul, Minnesota.

Construction Account: The account established under the Indenture for the deposit of certain Bond proceeds and certain Contributions and Pledge Receipts, to be used for the payment of Project Costs.

Contributions: All contributions to the College restricted or intended to be used for the Project.

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

Determination of Taxability: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a Court of competent jurisdiction determining 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, provided that such event shall not be deemed a Determination of Taxability until after the period, if any, for contest or appeal of such Notice of Deficiency or decision by the Bondholders, the Authority or any other interested party has expired without any such contest or appeal having been properly instituted; and provided further that such Notice of Deficiency or decision shall not be deemed a Determination of Taxability if resulting solely from a change in any applicable statute (or regulation thereunder) in effect as of the date of issuance of the Bonds. 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 this Official Statement in the sections entitled "THE INDENTURE - Events of Default" and "THE LOAN AGREEMENT - Events of Default."

Financial Journal: Commercial West, The Daily 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 College's fiscal year, initially the 12-month period commencing on August 1 in each year.

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

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

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

Indenture: The Trust Indenture between the Authority and First Bank National Association, as Trustee, dated as of September 1, 1988, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: The College.

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

Issue: The Bonds.

Land: The land and interests in land covered by the Mortgage, as described in Exhibit A thereto.

Loan Agreement: The Loan Agreement between the Authority and the Institution dated as of September 1, 1988, as amended or supplemented from time to time.

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

Major Capital Fund Drive: Any fund drive or capital campaign with a stated goal in excess of One Million Dollars ($1,000,000) institutued by formal action of the Board of Trustees of the College after September 1, 1988, soliciting funds for tangible capital assets or for the College's permanent capital.

Major Capital Fund Drive Receipts: All contributions and payments on pledges for contributions, or any other payments received pursuant to donors' expression of the intent of the donors to pay such amounts, received by the College in response to a Major Capital Fund Drive, but excluding any such contributions or payments, or earnings thereon, which are restricted to uses other than the Project.

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

Mortgage: The Combination Mortgage, Security Agreement and Fixture Financing Statement, dated as of September 1, 1988 from the College to the Authority, and assigned by the Authority to the Trustee, as amended or supplemented from time to time.

Mortgaged Buildings: Any building or buildings of the College situated on the Land, as the same may at any time exist.

Mortgaged Equipment: Project Equipment and Building Equipment located in the Mortgaged Buildings or on the Land, as the same may at any time exist.

Mortgaged Property: The Land, Mortgaged Buildings, and Mortgaged Equipment located therein, as the same may at any time exist.

Net Income Available for Debt Service: The excess of Unrestricted Current Fund revenues over Unrestricted Current Fund expenditures but excluding depreciation, amortization and interest from expenditures, all as determined by generally accepted accounting principles.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Institution or the Trustee as secured party, of the Mortgaged Property 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 Mortgaged Property, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Mortgaged Property (including, with respect to Mortgaged Equipment, purchase money security interest and equipment leases), and as do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Institution, (iv) the Mortgage, and (v) those additional encumbrances set forth in Exhibit C of the Mortgage.

Pledge Receipts: All payments on Pledges restricted or intended to be used for the Project.

Pledges: Written pledges or donors' expressions of intent of the donors to pay to the College contributions restricted or intended to be used for the Project in a lump sum or installments from time to time not later than June 30,1995.

Project: The Project consists of the acquisition and construction of a library building, with appurtenant site improvements, to be located on the campus of the College in St. Paul, Minnesota.

Project Building: The 63,000 square foot library building being constructed as part of the Project.

Project Costs: Costs properly payable from the Construction Account in relation to the Project.

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds and installed and located in or as part of the Project Building.

Project Facilities: The land constituting the site of the Project Building and the Project Equipment.

Redemption Account: The Redemption Account created under the Indenture for deposit of certain Contributions, Pledge Receipts, and Major Capital Fund Drive Receipts, as more fully described in Section 6.15 of the Loan Agreement, certain additional deposits as more fully described in Section 6.16 of the Loan Agreement, and any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the required reserve in the Reserve Account, and (iii) to redeem or prepay outstanding Bonds; provided that all Contributions and Pledge Receipts deposited in the Redemption Account shall be used for the redemption of outstanding Bonds on the first possible date for optional redemption of the Bonds. In addition, moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College fails to provide for payment of any rebate.

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

Reserve Account: The Reserve Account established under the Indenture, into which at Bond closing will be placed $170,000 of Bond proceeds (the "Reserve Requirement"). Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefor and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College fails to provide for payment of any rebate.

Revenue Fund: The Revenue Fund created under the Loan Agreement with a bank or banks into which the College shall deposit all Unrestricted Current Fund revenues and as to which the College grants a security interest; the Revenue Account shall be transferred to and held by the Trustee if an Event of Default exists, to be used as more fully described in Section 5 of the Security Agreement.

Security Agreement: The Security Agreement dated as of September 1, 1988, between the College and the Trustee.

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 Bank National Association.

(This page was left blank intentionally.)

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement which will be entered into by the Authority and the College prior to Bond Closing. 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.

Construction of Project

The College represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than June 30, 1990 subject only to "force majeure," as provided in the Loan Agreement. The College agrees that it has previously paid or will itself pay all costs relating to the Project (including but not limited to Project Costs), to the extent such payments and costs are not payable or are not met from proceeds of the Bonds in the Construction Account. The Institution has further agreed to pay from its general funds all costs of issuance of the Bonds, except that any underwriters' discount which is not in excess of 2.00% of the proceeds of the Bonds (principal amount less original issue discount), measured by the reoffering price of the Bonds as certified to by the purchasers of the Bonds at the Bond Closing, shall be deducted from gross proceeds of the Bonds in computing net proceeds payable by the underwriters at Bond Closing.

Loan Repayments

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

(a) At least ten Business Days prior to each February 1 and August 1, commencing February 1, 1989, the Institute shall deposit into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Series Two-R Bonds on the next succeeding interest payment date, provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, including any amounts deposited or transferred into such Account in accordance with Sections 4.09, 5.01, 5.02, 5.03, 5.04 or 5.05 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings) and Section 6.15 of the Loan Agreement (requiring certain additional deposits into the Bond and Interest Sinking Fund Account); and

(b) At least ten Business Days prior to August 1, 1998, the College shall deposit into the Bond and Interest Sinking Fund Account a sum which will be equal to the outstanding principal amount on the Series Two-R Bonds; provided, however, that there shall be credited against such obligation the net amount of funds and investments then on deposit to the credit of the Redemption Account (which funds and investments shall be transferred to the Bond and Interest Sinking Fund Account) and the Bond and Interest Sinking Fund Account; and

(c) Prior to a date established for the optional redemption and prepayment of the Series Two-R Bonds, the College shall deposit into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Series Two-R Bonds called for redemption from the Redemption Account; and

(d) The College shall deposit into the Bond and Interest Sinking Fund Account, Construction Account or the Redemption Account all Contributions and Pledge Receipts promptly when received, as more fully described in "SUMMARY OF SECURITY FOR THE BONDS", contained in the body of this Official Statement; and

(e) The College shall deposit into the Redemption Account certain Major Capital Fund Drive Receipts, as more fully provided in Section 6.15(c) of the Indenture, and shall deposit into the Redemption Account on the first day of each month, commencing August 1, 1991, any payments required by Section 6.16 of the Indenture (requiring the College to make certain installment payments in the amount of any estimated shortfall in the amount of Contributions and Pledge Receipts available to pay the outstanding principal amount of the Bonds when due), as more fully described in "SUMMARY OF SECURITY FOR THE BONDS" contained in the body of this Official Statement; and

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

(g) The College shall deposit into the Reserve Account forthwith any amounts then required to be deposited therein by Section 5.03 of the Indenture; and

(h) The College shall deposit 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 5.06 of the Indenture.

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

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

Use of Project Facilities and Mortgaged Property

The College agrees to use the Project Facilities as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. The College agrees not to permit use of the Mortgaged Property in such manner or to such an extent as would cause interest on the Bonds to be includible in gross income of the Holder thereof for federal income tax purposes or loss of the College's status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities and Mortgaged Property

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

Title to Property and Liens

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

Taxes and Other Governmental Charges

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

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

Insurance

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

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

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

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

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

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

Damage or Destruction

If the Project Facilities or other Mortgaged Property shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds, or both, as more fully provided in the Loan Agreement.

Condemnation

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

Indemnification

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

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

Institution to Maintain its Existence and Accreditation

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

College To Be Nonsectarian

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

Federal Income Tax Status

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

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the 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, as a whole and not in part, on the next practicable interest payment date and any interest payment date thereafter if prior to August 1, 1993 and at any time if after such date, and the redemption price therefor shall be equal to par plus accrued interest.

Financial Covenants

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

(a) At the end of each Fiscal Year, commencing with the Fiscal Year ending on July 31, 1991, Unrestricted Current Fund revenues shall be not less than 102.5% of Unrestricted Current Fund expenditures, including mandatory transfers, in at least two of the preceding three Fiscal Years, according to the principles of accounting used in the preparation of the College's financial statements for the fiscal year ended July 31, 1987 examined by Coopers & Lybrand. In the event that, following any Fiscal Year, the College shall not be in compliance with this paragraph (a), the College may cure such default by making a deposit to the Unrestricted Current Fund, within 180 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposits may be made from unencumbered Unrestricted Quasi-Endowment Funds, but not if such deposit will cause such unencumbered unrestricted Quasi-Endowment funds to be less than $500,000. No such deposit may be made from proceeds of the Bonds or other borrowed funds.

(b) The total of marketable investments and cash constituting unencumbered Unrestricted Quasi-Endowment Funds of the College, as reported annually by an independent investment manager (a copy of which report is to be furnished to the Trustee), on July 31, 1989 and at the end of each Fiscal Year thereafter, shall not be less than $500,000. If at the end of any Fiscal Year, the market value of investments and cash included in unencumbered Unrestricted Quasi-Endowment Funds does not equal or exceed $500,000, the College shall cause to be credited to unencumbered Unrestricted Quasi-Endowment Funds additional unencumbered moneys or investments at least equal to the amount of the deficiency within 180 days after the close of the Fiscal Year, but proceeds of borrowed funds or from the sale of tangible property leased back by the College for a term of more than two years or with a repurchase option shall not be included in computation of amounts eligible to cure the deficiency.

(c) Following the date hereof, and for so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt now outstanding), unless in each of the last two preceding 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. Reference should be made to the heading "SUMMARY OF SECURITY FOR THE BONDS" of this Official Statement, paragraph C, for an explanation of possible additions to Net Income Available for Debt Service in computing the Debt Service Coverage Ratio test for additional Funded Debt.

Future Major Capital Fund Drives

The College covenants that it will include the Project in any future Major Capital Fund Drive to the extent reasonably required, as determined by the Board of Trustees of the College, to meet debt service on the Bonds. Unless restricted to some other purpose, all Major Capital Fund Drive Receipts required to meet debt service on the Bonds shall be deposited in the Redemption Account. Major Capital Fund Drive Receipts shall be deemed required to meet debt service on the Bonds unless the principal amount of outstanding Bonds does not exceed the sum of (i) moneys and investments in the Redemption Account, (ii) unpaid Pledges, and (iii) moneys and investments in the Bond and Interest Sinking Fund Account in excess of the amount of interest payable on outstanding Bonds on the next interest payment date.

Other Covenants

The College agrees to establish and maintain, according to the terms of Section 6.14 of the Loan Agreement, a Revenue Fund, as more fully described under "ACCOUNTS", page 11 of this Official Statement into which the College shall deposit all Unrestricted Current Fund revenues.

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

Events of Default

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

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

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

(c) If the College shall default in the observance of any of the covenants set forth in Section 6.13 of the Loan Agreement (relating to financial covenants), provided that failure to comply with Section 6.13(a) (relating to the ratio of Unrestricted Current Fund Revenues to Unrestricted Current Fund expenditures) or Section 6.13(b) (relating to maintaining $500,000 in endowment funds) shall not become an Event of Default unless the College fails to restore the deficiency thereunder within a period of 180 days from the close of the Fiscal year in which such deficiency was reported; or

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

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

(f) If the College shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement, provided such failure shall not become an

Event of Default unless the College fails to restore the deficiency thereunder with a period of thirty (30) days after written notice specifying such deficiency and requesting that it be remedied is given to the College by the Authority or the Trustee; or

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

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

(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 Institution or of the whole or any substantial part of its property, and such custody or control shall not be terminated within sixty days from the date of assumption of such custody or control.

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

Remedies on Default

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

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

Amendments

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

THE INDENTURE

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

Granting Clauses

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

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

(2) a first lien on and pledge of (i) the moneys and investments in the Funds and Accounts covenanted to be paid and maintained under the Indenture, (ii) moneys and investments in the Construction Account not paid out for Project Costs, and (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 College or by anyone in behalf of them or with their written consent, to the Trustee, including, but not limited to, the Mortgage and the Security Agreement.

Accounts

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

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

(d) If any "event of default" on the part of the Institution, as that term is defined in the Loan Agreement, the Mortgage, or the Security Agreement 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, the Security Agreement or the Indenture, the Trustee, anything therein contained to the contrary notwithstanding and without any request from any Bondholder (subject, however to its rights to indemnity and notice provided in the Indenture) shall be obligated to take such action or actions for the enforcement of its rights and the rights of the Bondholders and the rights of the Authority under the Loan Agreement, the Mortgage and Security Agreement 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, to enforce the Security Agreement, and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to its prime rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees.

The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the College to the same extent as if it were not Trustee. Provision is made for the succession or replacement of the Trustee by another corporate Trustee with a minimum capital, surplus and undivided profits of $10 million in event of merger, resignation, or removal by Holders of a majority in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court.

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the College shall:

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

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

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

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

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

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

Supplemental Indentures

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

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

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

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

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

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

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

Amendments to the Loan Agreement, the Mortgage and the Security Agreement

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, the Mortgage or the Security Agreement as may be required (a) by the provisions of the Loan Agreement, the Mortgage, the Security Agreement or Indenture, or (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement, the Mortgage, or the Security Agreement or (d) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Mortgage or the Security Agreement without the written approval or consent of the Holders of not less than 65% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the payments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

The Bonds shall be fully registered as to principal and interest at the office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for a new Bond or Bonds of the same series, aggregate principal amount, maturity and basic interest rate of any authorized denominations. Payment of principal will be at the corporate office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Trustee.

THE MORTGAGE

At or prior to the closing, the College 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 September 1, 1988, to secure the Bonds. The following is a summary of certain provisions of the Mortgage. This summary does not purport to be complete and reference is made to the full text of the Mortgage for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS", Appendix III, contained herein.

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

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

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

(b) the College may remove any Project Equipment without substitution therefore provided that the College pay into the Redemption Account a sum equal to the then value of such Mortgaged Property;

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

THE SECURITY AGREEMENT

At or prior to the closing, the College will execute and deliver to the Trustee a Security Agreement (the "Security Agreement") to be dated as of September 1, 1988, to secure the Bonds. The following is a summary of certain provisions of the Security Agreement. This summary does not purport to be complete and reference is made to the full text of the Security 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.

To secure its obligations under the Loan Agreement, the College pledges and assigns to the Trustee a security interest in the following property including all proceeds thereof:

(a) (i) All funds and deposits held by banks who are depositories of the Revenue Fund, or by the Trustee, from time to time in the Revenue Fund and all securities or investments arising out of moneys held in such Revenue Fund, however held, (ii) all funds, securities and deposits required to be deposited therein pursuant to such provisions, and (iii) any and all proceeds thereof; and

(b) (i) All Contributions, Pledge Receipts, and Major Capital Fund Drive Receipts held by the Trustee from time to time in the Bond and Interest Sinking Fund Account, the Construction Account and the Redemption Account and all securities and investments arising out of such Contributions, Pledge Receipts, and Major Capital Fund Drive Receipts, however held, (ii) all Contributions, Pledge Receipts, and Major Capital Fund Drive Receipts required to be deposited in such Accounts pursuant to Section 6.15 of the Loan Agreement, and (iii) any and all proceeds thereof.

From and after the occurrence of an "event of default" under the Indenture or a default on the part of the College in its obligations under the Security Agreement, the Trustee may take posession of the Revenue Fund and may apply moneys in the Revenue Fund to the payment of amounts due under the Loan Agreement; exercise any rights and remedies available to it under the Loan Agreement, the Indenture, the Mortgage and the Security Agreement; exercise all rights of an owner with respect to any securities included in the property pledged by the Security Agreement; exercise and enforce any and all rights and remedies available after default to a secured party under the Uniform Commercial Code, including the right to offer and sell the property pledged under the Security Agreement; notify any pledgor or account debtor or any other person obligated to pay any amount due the College as pledges, rents, fees, charges or other payments, that such right to payment has been transferred to the Trustee; and exercise or enforce any and all other rights and remedies available by law against the Revenue Fund pledged in the Security Agreement, the College or any other person or property.

WILLIAM MITCHELL COLLEGE OF LAW

REPORT ON EXAMINATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED JULY 31, 1987

Coopers & Lybrand | certified public accountants

To the Board of Trustees
William Mitchell College of Law:

We have examined the balance sheet of William Mitchell College of Law as of July 31, 1987 and the related statements of changes in fund balances and current funds expenditures for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of William Mitchell College of Law as of July 31, 1987, and the changes in fund balances and the current funds expenditures for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

St. Paul, Minnesota
September 25, 1987

WILLIAM MITCHELL COLLEGE OF LAW

BALANCE SHEET, July 31, 1987

(with comparative totals for July 31, 1986)

1986 Totals	1987 Totals	ASSETS	Current Funds Unrestricted	Current Funds Restricted	Student Loan Funds	Endowment and Similar Funds	Plant Funds	Capital Campaign Funds	Agency Funds
$ 1,432,142	$ 2,137,800	Cash and temporary investments	$ 78,985	$ 40,828	$ 1,343	$ 799,107	$ 513,099	$639,129	$65,309
		Receivables:							
253,703	213,188	Tuition, less allowance of $49,442 and $35,000, respectively	213,188						
200,507	207,806	Notes receivable	207,806						
	90,446	Grants receivable		90,446					
283,378	399,704	Student loans receivable, less allowance of $33,000 and $23,000, respectively			399,704				
12,000		Pledge receivables							
89,885	79,740	Other receivables	65,201	2,664	11,875				
1,183,163	834,941	Investment in securities	2,235			808,481		24,225	
		Due from (to) other funds					(62,400)	62,400	
89,761	90,993	Prepaid expenses	87,493					3,500	
	63,996	Bookstore inventory	63,996						
		Investment in physical plant:							
150,000	150,000	Land					150,000		
3,325,851	3,480,053	Buildings and improvements					3,480,053		
1,181,707	1,447,610	Equipment and furnishings					1,376,970	70,640	
2,347,751	2,472,965	Library books					2,472,965		
38,749	119,987	Construction in progress						119,987	
7,044,058	7,670,615								
$10,588,597	$11,789,229	Total assets	$718,904	$133,938	$412,922	$1,607,588	$7,930,687	$919,881	$65,309

WILLIAM MITCHELL COLLEGE OF LAW

BALANCE SHEET, July 31, 1987, Continued

(with comparative totals for July 31, 1986)

1986 Totals	1987 Totals	LIABILITIES	Current Funds Unrestricted	Current Funds Restricted	Student Loan Funds	Endowment and Similar Funds	Plant Funds	Capital Campaign Funds	Agency Funds
$ 365,054	$ 410,479	Accounts payable and accrued expenses	$343,908	$ 1,262					$65,309
		Deferred revenue:							
134,452	292,596	Unearned tuition	292,596						
24,386	15,709	Contributions		15,709					
	154,657	Capital lease obligation					$ 154,657		
45,738	43,273	Payable to beneficiary				$ 43,273			
569,630	916,714	Total liabilities	636,504	16,971		43,273	154,657		65,309
		FUND BALANCES							
69,080	82,400	Current unrestricted fund	82,400						
112,748	116,967	Current restricted fund		116,967					
		Loan funds:							
264,156	376,136	U.S. Government grant refundable			$376,136				
		College funds:							
37,258	36,786	Restricted			36,786				
		Endowment and similar funds:							
280,312	355,919	Endowment restricted				355,919			
467,303	467,303	Term-endowment restricted				467,303			
214,458	160,458	Quasi-endowment restricted				160,458			
500,291	520,485	Quasi-endowment unrestricted				520,485			
57,062	60,150	Annuity fund				60,150			
		Plant funds:							
525,296	450,699	Unexpended					450,699		
6,951,440	7,325,331	Investment in plant					7,325,331		
539,563	919,881	Capital campaign fund						$919,881	
10,018,967	10,872,515	Total fund balances	82,400	116,967	412,922	1,564,315	7,776,030	919,881	
$10,588,597	$11,789,229	Total liabilities and fund balances	$718,904	$133,938	$412,922	$1,607,588	$7,930,687	$919,881	$65,309

The accompanying notes are an integral part of the financial statements.

WILLIAM MITCHELL COLLEGE OF LAW

STATEMENT OF CHANGES IN FUND BALANCES

for the year ended July 31, 1987

(with comparative totals for July 31, 1986)

1986 Totals	1987 Totals		Current Funds Unrestricted	Current Funds Restricted	Student Loan Funds	Endowment and Similar Funds	Plant Funds	Capital Campaign Funds
		Revenues and other additions:						
$ 5,306,656	$ 5,826,068	Tuition and fees	$5,826,068					
772,043	743,016	Gifts and donations	100,112	$ 25,517		$ 83,642		$533,745
291,716	249,002	Government grants		137,788	$111,214			
185,278	180,699	Investment income	109,675	21,307	3,318	1,386		45,013
57,110	45,823	Endowment income	13,450	32,373				
3,120	1,768	Net realized gains and losses				888	$ 880	
176,198	163,031	Rental income	163,031					
221,806	315,341	Other income	244,048	57,341	13,952			
196,279	198,890	Expended for plant facilities, from current unrestricted fund					198,890	
7,210,206	7,723,638	Total revenues and other additions	6,456,384	274,326	128,484	85,916	199,770	578,758
		Expenditures and other deductions:						
5,170,885	5,741,010	Educational and general	5,508,410	232,600				
797,145	846,557	Plant facilities	846,557					
59,764	67,270	Scholarships		60,294	6,976			
53,145	37,007	Other expenses			10,000	7,221	19,786	
31,410	178,246	Operational costs						178,246
6,112,349	6,870,090	Total expenditures and other deductions	6,354,967	292,894	16,976	7,221	19,786	178,246
		Interfund transfers - additions (deductions):						
		Physical plant renewal and replacement reserve	(107,310)				107,310	
		Administrative law chair	3,000	(3,000)				
		Sabbatical reserve	54,000			(54,000)		
		Scholarship allocation	(27,000)	27,000				
		Bookstore purchase	(12,000)				12,000	
		Quasi-endowment income				20,194		(20,194)
		Expenditure reimbursement	1,213	(1,213)				
1,097,857	853,548	Net increase (decrease) in fund balances	13,320	4,219	111,508	44,889	299,294	380,318
8,921,110	10,018,967	Fund balances, beginning of year	69,080	112,748	301,414	1,519,426	7,476,736	539,563
$10,018,967	$10,872,515	Fund balances, end of year	$ 82,400	$116,967	$412,922	$1,564,315	$7,776,030	$919,881

The accompanying notes are an integral part of the financial statements.

WILLIAM MITCHELL COLLEGE OF LAW

STATEMENT OF CURRENT FUNDS EXPENDITURES

for the year ended July 31, 1987

(with comparative totals for the year ended July 31, 1986)

1986 Total	1987 Total		1987 Unrestricted	1987 Restricted
		Educational:		
		Instructional:		
$2,443,713	$2,716,413	Salaries and benefits	$2,610,945	$105,468
202,286	175,978	Other	169,448	6,530
		Library:		
376,889	363,070	Salaries and benefits	363,070	
319,107	321,887	Periodicals and other	321,887	
67,466	57,773	College work-study program		57,773
3,409,461	3,635,121		3,465,350	169,771
		General and administrative:		
1,208,762	1,403,555	Salaries and benefits	1,346,691	56,864
88,128	64,646	Advertising, publicity and student activities	64,420	226
464,534	637,688	Other	631,949	5,739
1,761,424	2,105,889		2,043,060	62,829
		Plant facilities:		
600,866	647,667	Operation and maintenance	647,667	
196,279	198,890	Invested in physical plant	198,890	
797,145	846,557		846,557	
59,764	60,294	Scholarships		60,294
$6,027,794	$6,647,861	Total current funds expenditures	$6,354,967	$292,894

The accompanying notes are an integral part of the financial statements.

1. Summary of Significant Accounting Policies:

ACCRUAL BASIS:

The financial statements of the College have been prepared on the accrual basis, except for depreciation accounting. The statement of current funds revenues, expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of operations or a statement of revenues and expenses.

To the extent current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures for normal additions and replacements, and (2) transfers of a discretionary nature for all other cases.

FUND ACCOUNTING:

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

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

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

1. Summary of Significant Accounting Policies, continued:

FUND ACCOUNTING, continued:

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

The endowment and similar funds group consists of endowments, term-endowments, quasi-endowments and annuity funds. Endowment funds are funds which donors have stipulated are to be maintained inviolate and in perpetuity and invested for the purpose of producing income which may either be expended or added to principal. Term-endowment funds are similar to endowment funds except that, upon the passage of a stated period of time or the happening of a particular event, all or part of the principal may later be expended. Term-endowment funds neither in the possession nor under the control of the College are classified as "Held in Trust" as disclosed in Note 4. Quasi-endowment funds are amounts internally restricted by the Board of Trustees for a specific purpose and may later be designated for other uses at the discretion of the Board. Annuity funds consist of funds acquired subject to an agreement whereby assets are made available on the condition that the College pay stipulated amounts to a designated individual until his death. The College utilizes an actuarial method of accounting for annuity gifts.

INVESTMENTS IN SECURITIES:

Investments in purchased securities are stated at cost; investments in securities acquired by gifts and bequests are stated at fair value at date of receipt. Realized gains and losses on sales of securities are determined using the average cost method.

INVENTORIES:

Inventories consist of books, clothes, and other bookstore merchandise held for resale and are stated at the lower of cost or market with cost determined by the first-in, first-out or specific identification method.

INVESTMENT IN PHYSICAL PLANT:

Investment in physical plant is stated at cost or appraised value, except those received as gifts and bequests which are stated at fair value at date of gift. Depreciation has not been recorded for physical plant assets.

1. Summary of Significant Accounting Policies, continued:

INCOME TAXES:

William Mitchell College of Law qualifies as a tax-exempt nonprofit organization under Section 501(c)3 of the Internal Revenue Code and similar statutes of Minnesota law. Accordingly, no provision for federal or state income taxes is required.

2. Investment in Securities:

Investment in securities consists of the following:

	July 31, 1987 Carrying Amount	July 31, 1987 Market	July 31, 1986 Carrying Amount	July 31, 1986 Market
Investment in St. Paul Foundation General Fund	$ 52,906	$ 76,822	$ 52,019	$ 71,195
Common stocks	197,559	430,491	186,370	338,938
Bonds	512,768	522,286	861,470	909,164
Money market accounts	71,708	71,708	83,304	83,304
	$834,941	$1,101,307	$1,183,163	$1,402,601
Reported in:				
Current unrestricted fund	2,235	2,627	13,338	20,275
Endowment and similar funds:				
Held in trust	622,069	876,699	615,607	798,900
Vested in the College	186,412	192,243	192,927	222,226
	810,716	1,071,569	821,872	1,041,401
Capital campaign funds	24,225	29,738	361,291	361,200
	$834,941	$1,101,307	$1,183,163	$1,402,601

3. Gift Pledges:

Gift pledges are not recognized as revenue until received. On July 31, 1987, the College has outstanding pledges for capital gifts of $1,240,257 and for the Regulatory Policy Chair of $220,617. Expected future receipts from these pledges at July 31, 1987 are as follows:

Years Ended July 31	Capital Campaign	Regulatory Policy Chair
1988	$ 456,220	$ 56,046
1989	382,569	56,046
1990	191,344	56,046
1991	117,949	30,879
1992	92,175	11,600
Thereafter		10,000
	$1,240,257	$220,617

The total amount of gifts received and to be received for the capital campaign at July 31, 1987 are $2,200,125.

4. Investment in Physical Plant:

For each year end, equipment and furnishings include $61,968 and library books include $970,084 of amounts recorded at July 31, 1976 appraised values.

Portions of a building carried at $966,000 and not completely used in classroom operations are being leased to certain nonprofit organizations under cancellable operating lease agreements.

5. Retirement Plan:

The College sponsors a contributory defined contribution retirement plan for all full-time employees. Benefits to be paid are based on amounts contributed plus all earnings of the fund. Included in expenditures for the years ended July 31, 1987 and 1986 are $224,694 and $218,748, respectively, expensed by the College on behalf of its employees. The College contributes an amount equal to the contribution of each employee; the College's maximum contribution is 5% of the employee's salary. Each employee may also designate an amount equivalent to an additional 5% of salary to be paid into the Plan from the individual's flexible benefit bank. The 1987 and 1986 amount includes $101,345 and $99,722, respectively, paid from the benefits bank. The College's policy is to fund retirement plan costs accrued.

6. Capital Lease:

The College leases certain equipment valued at $158,896 under a capital lease agreement. Future minimum lease payments and their aggregate present value as of July 31, 1987, are as follows:

Years Ended July 31	
1988	$ 26,264
1989	29,155
1990	29,155
1991	29,155
1992	29,155
Thereafter	70,723
	213,607
Less amount representing interest	58,950
Present value of minimum lease payments	$154,657

7. 1986 Comparative Totals:

The 1986 statement of current funds expenditures has been reclassified to conform to the 1987 presentation. The 1986 combined totals have been presented for comparable purposes only.

The attached financial statements for William Mitchell College of Law as of April 30, 1988 have been prepared consistent in format and content with those prepared for the College's audited statements as of July 31, 1987. They have been prepared for internal purposes, have not been independently audited, but have been independently reviewed. To the best of my knowledge they fairly represent the financial condition of the College as of the statement date.

Bruce E. Hutchins

Bruce E. Hutchins
Vice President Administration/Treasurer
William Mitchell College of Law

WILLIAM MITCHELL COLLEGE OF LAW

BALANCE SHEET, APRIL 30, 1988

(with comparative totals for 7/31/87)

07/31/87 Totals	04/30/88 Totals	ASSETS	Current Unrestricted	Funds Restricted	Loan Fund	Endowment Similar Funds	Plant Fund	Capital Campaign	Agency Fund
2,137,800	3,632,325	Cash and temporary investments	858,736	356,530	66,485	928,773	572,147	747,042	102,612
		Receivables:							
		Tuition, less allowance of $64,965 and							
213,188	525,024	$49,422, respectively	525,024						
207,806	206,894	Notes receivable	206,894						
90,446	9,478	Grants receivable		9,478					
		Student loans receivable, less allow-							
399,704	558,334	ance of $33,000			558,334				
79,740	145,429	Other receivables	138,059	875	6,495				
834,941	808,482	Investment in securities				808,482			
		Due from (to) other funds					62,400-	62,400	
63,996	76,028	Bookstore inventory	76,028						
90,993	135,991	Prepaid expenses	132,491					3,500	
		Investment in physical plant:							
150,000	150,000	Land					150,000		
3,480,053	3,500,352	Buildings and improvements					3,500,352		
1,447,610	1,482,852	Equipment and furnishings					1,403,084	79,768	
2,472,965	2,618,914	Library books					2,618,914		
119,987	511,350	Construction in progress						511,350	
11,789,229	14,361,453	Total assets	1,937,232	366,883	631,314	1,737,255	8,182,097	1,404,060	102,612

UNAUDITED STMT (FOR INTERNAL USE ONLY)

06/21/88

WILLIAM MITCHELL COLLEGE OF LAW

BALANCE SHEET, APRIL 30, 1988

(with comparataive totals for 7/31/87)

07/31/87 Totals	04/30/88 Totals	LIABILITIES	Current Unrestricted	Funds Restricted	Loan Fund	Endowment Similar Funds	Plant Fund	Capital Campaign	Agency Fund
410,479	857,205	Accounts payable and accrued expenses	560,166	155,902				38,525	102,612
		Deferred revenue:							
292,596	778,295	Unearned tuition	758,533		19,762				
15,709	43,566	Contributions	3,233	40,333					
154,657	145,066	Capital lease obligation					145,066		
43,273	43,273	Payable to beneficiary				43,273			
916,714	1,867,405	Total Liabilities	1,321,932	196,235	19,762	43,273	145,066	38,525	102,612
		FUND BALANCES							
82,400	615,300	Current unrestricted fund	615,300						
116,967	170,648	Current restricted fund		170,648					
		Scholarship and loan funds:							
376,136	555,480	U.S. Government grant refundable			555,480				
		College funds:							
36,786	56,072	Restricted			56,072				
		Endowment and similar funds:							
355,919	499,442	Endowment restricted				499,442			
467,303	467,303	Term-endowment restricted				467,303			
160,458	139,383	Quasi-endowment restricted				139,383			
520,485	520,485	Quasi-endowment unrestricted				520,485			
60,150	67,369	Annuity Fund				67,369			
		Plant fund:							
450,699	509,747	Unexpended					509,747		
7,325,331	7,527,284	Investment in plant					7,527,284		
919,881	1,365,535	Capital campaign						1,365,535	
10,872,515	12,494,048	Total fund balances	615,300	170,648	611,552	1,693,982	8,037,031	1,365,535	
11,789,229	14,361,453	Total liabilities and fund balances	1,937,232	366,883	631,314	1,737,255	8,182,097	1,404,060	102,612

UNAUDITED STMT (FOR INTERNAL USE ONLY)

WILLIAM MITCHELL COLLEGE OF LAW

STATEMENT OF CHANGES IN FUND BALANCES

FOR THE PERIOD ENDED APRIL 30, 1988

07/31/87 Totals	04/30/88 Totals		Current Unrestricted	Funds Restricted	Loan Fund	Endowment Similar Funds	Plant Fund	Capital Campaign
		Revenues and other additions:						
		Tuition and fees (include NDSL and						
5,826,068	5,373,295	W/S Admin)	5,373,295					
743,016	839,718	Gifts and donations	111,335	53,499		153,833		521,051
249,002	221,723	Government grants		58,052	163,671			0
180,699	197,997	Investment income	132,172	28,578	4,168	509		32,570
45,823	19,165	Endowment income	4,874	14,291				
1,768	5,488	Net realized gains and losses						5,488
163,031	65,350	Rental income	65,350					
315,341	348,725	Other income	294,774	39,527	14,424			
		Expended for plant facilities from						
198,890	180,517	current unrestricted fund	0	0	0	0	180,517	0
7,723,638	7,251,978	Total revenues and other additions	5,981,800	193,947	182,263	154,342	180,517	559,109
		Expenditures and other deductions:						
5,741,010	4,830,846	Educational and general	4,722,925	107,921				
846,557	606,509	Plant facilities/capital assets	606,509					
67,270	60,528	Scholarships		60,528				
37,007	19,107	Other expenses					19,107	
178,246	113,455	Operational costs	0	0	0	0	0	113,455
6,870,090	5,630,445	Total expenditures and other deductions	5,329,434	168,449	0	0	19,107	113,455
		Interfund transfers - additions						
		(deductions)						
		ALC						
		Plant fund						
		Capital campaign						
		Scholarship	28,183-	28,183				
		Bookstore income	90,000-				90,000	
		Sabbatical	24,675			24,675-		
		Grant allocation	16,367-		16,367			
		Net reduction of Capital lease	9,591-	0	0	0	9,591	0
		Total interfund transfers	88,097-	22,787	0	33,806-	119,310	0
853,548	1,621,533	Net increase(decrease) in fund balances	532,900	53,681	198,630	129,667	261,001	445,654
10,018,967	10,872,515	Fund balances, beginning of year	82,400	116,967	412,922	1,564,315	7,776,030	919,881
10,872,515	12,494,048	Fund balances at July 31, 1987	615,300	170,648	611,552	1,693,982	8,037,031	1,365,535

UNAUDITED STMT (FOR INTERNAL USE ONLY)

Coopers & Lybrand | certified public accountants

May 24, 1988

To the Board of Trustees
William Mitchell College of Law:

At your request, we have performed certain agreed-on procedures, as discussed below, to the accounting records of William Mitchell College of Law as of May 13, 1988 solely to assist you in obtaining proposed financing for the Warren E. Burger Law Library Project. It is understood that this report is solely for your information and is not to be referred to or distributed for any purpose to anyone who is not a member of management of William Mitchell College of Law or the Minnesota Higher Education Facilities Authority, their representatives or agents, or other sources of financing and Capital Campaign support. Our procedures and findings are as follows:

A. We examined supporting documentation for Capital Campaign cash receipts from August 1, 1987 to May 13, 1988 which exceeded $10,000 and a sample of cash receipts below that amount. Total supporting documentation examined: 72% of cash receipts in this period.

B. We examined supporting documentation for outstanding Capital Campaign pledges made from August 1, 1987 to May 13, 1988 which exceed $10,000. Total supporting documentation examined: 85% of pledges made in this period.

C. We prepared a schedule of Capital Campaign pledge information (excluding pledges contingent upon reaching certain dollar levels) as of May 13, 1988 (see Appendix I) that includes the following information:

1. The 20 largest outstanding pledges.

2. Outstanding pledges in total and expected cash receipts by fiscal year for the next five fiscal years.

3. The total amount of cash received and pledges to be received for the Capital Campaign.

This schedule is cumulative, including information as of July 31, 1987 tested by us as part of our examination of the financial statements of William Mitchell College of Law for the years ended July 31, 1987 and 1986; and information for the period from August 1, 1987 through May 13, 1988.

Because the above procedures do not constitute an examination made in accordance with generally accepted auditing standards, we do not express an opinion on any of the accounts or items referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures or made an examination of the financial statements for the period after July 31, 1987 in accordance with generally accepted auditing standards, other matters might have come to our attention. This report relates only to the accounts and items specified above and does not extend to any financial statement of William Mitchell College of Law, taken as a whole.

Very truly yours,

Coopers & Lybrand

1. The following list represents the twenty largest outstanding pledges as of May 13, 1988:

Donor	Outstanding Pledge
Saint Paul Foundation	$200,000
3M Foundation	100,000
Johnson Wax Company	100,000
Briggs & Morgan	94,150
F.R. Bigelow Foundation	90,000
Oppenheimer, Wolff & Donnelly	90,000
Popham, Haik, Schnobrich & Kaufman, Ltd.	80,000
Northwestern Bell Company	60,000
Faegre & Benson	60,000
Rider, Bennett, Egan & Arundel	60,000
Moss & Barnett	50,000
St. Paul Companies	50,000
Lindquist & Vennum	41,480
First Bank System Foundation	40,000
Dorsey & Whitney	40,000
Doherty, Rumble & Butler	40,000
American National Bank	25,000
Walter Annenberg	25,000
Warren Burger	25,000
Moore, Costello & Hart	25,000

2. The College has outstanding pledges for capital gifts of $1,572,101. Expected future receipts of these pledges at May 13, 1988 are as follows:

Year Ended May 13	
1989	$ 625,296
1990	465,115
1991	265,530
1992	134,137
1993	82,023
	$1,572,101

3. The total amount of cash received and to be received for the Capital Campaign at May 13, 1988 is $3,165,696 and is exclusive of all contingent pledges for which conditions had not been met as of that date.

(This page was left blank intentionally.)

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East 5th Street
Saint Paul, Minnesota 55101

SALE DATE: October 19, 1988

RE: $4,250,000 Mortgage Revenue Bonds, Series Two-R (William Mitchell College of Law)

For the Bonds of this Issue which shall mature and bear interest at the rate as follows, we offer a price of $________________ (Note: This amount may not be less than $4,165,000) and accrued interest to the date of delivery.

_____________% August 1, 1998

In making this offer we accept all of the terms and conditions of the Official Terms of Offering published in the Official Statement dated October 5, 1988. 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: __________________________

. . . .

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

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated _________.

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East 5th Street
Saint Paul, Minnesota 55101

SALE DATE: October 19, 1988

RE: $4,250,000 Mortgage Revenue Bonds, Series Two-R (William Mitchell College of Law)

For the Bonds of this Issue which shall mature and bear interest at the rate as follows, we offer a price of $__________________ (Note: This amount may not be less than $4,165,000) and accrued interest to the date of delivery.

______________% August 1, 1998

In making this offer we accept all of the terms and conditions of the Official Terms of Offering published in the Official Statement dated October 5, 1988. 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: ______________________________

. . . .

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

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated _________.