OFFICIAL STATEMENT DATED JUNE 9, 2009

NEW ISSUE **Rating: Moody's A2**

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

UNIVERSITY of ST. THOMAS MINNESOTA

$58,405,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Six-X
(University of St. Thomas)

(DTC Book Entry Only)

Dated Date: Date of Delivery **Interest Due: April 1 and October 1, commencing October 1, 2009**

The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-X (University of St. Thomas) (the "Bonds") are to mature annually on April 1 as described on the inside front cover of this Official Statement.

The Bonds are subject to optional redemption in whole or in part prior to maturity, as described herein. See "THE BONDS – Prior Redemption – Optional Redemption." The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and the Indenture, or in the event of a Determination of Taxability, as described herein. See "THE BONDS – Prior Redemption – Extraordinary Optional Redemption." Term Bonds are subject to mandatory redemption in installments as described herein. See "THE BONDS – Prior Redemption – Mandatory Redemption."

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

The Bonds are special obligations of the Minnesota Higher Education Facilities Authority (the "Authority") payable solely from Loan Repayments made by or on behalf of the University of St. Thomas (the "University") pursuant to a Loan Agreement between the Authority and the University, or out of other amounts pledged pursuant to the Indenture as described herein. The Loan Repayments will be a general obligation of the University.

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

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters named below subject to the opinion as to validity and tax exemption of the Bonds by McGrann Shea Carnival Straughn & Lamb, Chartered, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the University by Moore, Costello & Hart, P.L.L.P., Saint Paul and Minneapolis, Minnesota and for the Underwriters by Faegre & Benson LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriters through the facilities of DTC on or about June 17, 2009.

Dougherty & Company LLC

RBC Capital Markets **Wells Fargo Brokerage Services, LLC**

$58,405,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Six-X
(University of St. Thomas)

Maturity Schedule

Maturity Date	Amount	Rate	Yield	CUSIP* 60416H:
4/1/2011	$1,190,000	3.00%	1.80%	PB 4
4/1/2012	$1,225,000	3.00%	2.20%	PC 2
4/1/2013	$1,260,000	3.00%	2.50%	PD 0
4/1/2014	$1,300,000	3.00%	3.00%	PE 8
4/1/2015	$1,340,000	3.50%	3.25%	PF 5
4/1/2016	$1,385,000	4.00%	3.45%	PG 3
4/1/2017	$1,440,000	4.00%	3.65%	PH 1
4/1/2018	$1,500,000	5.00%	3.85%	PJ 7
4/1/2019	$1,575,000	4.50%	4.00%	PK 4
4/1/2020	$1,645,000	4.50%	4.20%	PL 2
4/1/2021	$1,720,000	4.50%	4.35%	PM 0

$3,680,000 5.00% Term Bonds due April 1, 2024 Yield 4.57% CUSIP 60416H PN 8
$8,530,000 5.00% Term Bonds due April 1, 2029 Yield 4.95% CUSIP 60416H PP 3
$30,615,000 5.25% Term Bonds due April 1, 2039 Yield 5.317% CUSIP 60416H PR 9

** The CUSIP numbers are included in this Official Statement for convenience of the holders and potential holders of the Bonds. No assurance can be given that the CUSIP numbers for the Bonds will remain the same after the date of issuance and delivery of the Bonds.*

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

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

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

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

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

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

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

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED “FORWARD-LOOKING STATEMENTS,” MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY

WORDS SUCH AS “PLAN,” “EXPECT,” “ESTIMATE,” “BUDGET” OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE UNIVERSITY NOR ANY OTHER PARTY EXPECTS OR INTENDS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

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OFFICIAL STATEMENT

$58,405,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES SIX-X
(UNIVERSITY OF ST. THOMAS)

(DTC BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the University of St. Thomas, a Minnesota nonprofit corporation (the "University"), owner and operator of an institution of higher education with its main campus located in the City of Saint Paul, Minnesota and campuses in other locations including Minneapolis, Minnesota, in connection with the issuance of the Authority's $58,405,000 Revenue Bonds, Series Six-X (University of St. Thomas) (the "Bonds," the "Series Six-X Bonds" or the "Issue").

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

The Bonds are also being issued pursuant to the Trust Indenture (the “Indenture”) to be dated as of June 1, 2009 between the Authority and Wells Fargo Bank, National Association, Minneapolis, Minnesota, as trustee (the “Trustee”). The Trustee will also be the Registrar and Paying Agent for the Bonds.

Pursuant to a Loan Agreement (the “Loan Agreement”) to be dated as of June 1, 2009 between the University and the Authority relating to the Bonds, the Authority is loaning the Bond proceeds to the University and the University will covenant as its general obligation to make Loan Repayments in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The Bond proceeds will be used to:

1. Demolish or modify certain existing buildings, perform site work, and construct, furnish and equip a three-story, approximately 180,000 square foot recreational facility on the University’s Saint Paul campus (the Anderson Athletic and Recreation Complex or the “Project”);
2. Pay interest on the Bonds during Project construction;
3. Fund the Reserve Account; and
4. Pay issuance costs.

The Bonds are secured by a pledge of the Loan Repayments, which is a general obligation of the University. Under the Loan Agreement, the University will agree to make timely payment of the Loan Repayments.

The Bonds are also secured by the Reserve Account created under the Indenture and held by the Trustee. The Reserve Account will be funded in the amount of the Reserve Requirement from proceeds of the Bonds. (See "ACCOUNTS – Reserve Account" herein.)

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

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

RISK FACTORS

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

Risk of Insufficient Collateral

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

Adequacy of Revenues

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

Competition

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

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

Reliance on Tuition

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

Financial Aid

Over 90% of the University's undergraduate students currently receive some form of financial aid through scholarships, grants, loans, work study, etc., from federal, state, University or private sources covering at least a portion of tuition and fees and living expenses. See Appendix I, "THE UNIVERSITY – Financial Aid" herein. No assurance can be given that federal and state financial aid will continue to be funded at current levels or that the University will continue to fund student aid at current levels. Curtailment of such aid could cause a decline in enrollment, which could in turn have an adverse effect on the University's revenues.

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

Damage or Destruction

Although the University will be required to obtain certain insurance as set forth in the Loan Agreement, there can be no assurance that the University will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss will not exceed the coverage of such insurance policies.

Nature of Pro Forma Debt Service Coverage

Certain historical net operating income and other financial information for the University and computed pro forma debt service coverage is provided in Appendix I under the caption "Estimated Annual Debt Service for Fiscal Years 2010 and 2011 and Pro Forma Coverage Statement." The pro forma coverage is merely a mathematical computation as reflected in the applicable table, and constitutes no assurance as to the future debt of the University or the sufficiency of University revenues to satisfy University operations and Bond and other debt service requirements.

Limited Obligation

No entity or person other than the University is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Indenture, or the Bonds or the other obligations of the University under such documents. Accordingly, for payment of principal of and interest on the Bonds, holders of the Bonds must look solely to the Loan Repayments to be made by the University under the Loan Agreement and the Reserve Account and other funds, if any, the Trustee holds under the Indenture.

No Limitation on Indebtedness or Liens

Neither the Loan Agreement nor any of the loan documents for the other indebtedness of the University described in Appendix I under the caption "Long-Term Debt" contains any limitation on incurrence by the University of additional long-term or short-term indebtedness. Therefore, the University could incur additional indebtedness in the future, and the additional payments of principal and interest required for such indebtedness could limit the funds available to pay the Loan Repayments and the payments of principal and interest required for the University's existing indebtedness.

Except to the extent limited by other agreements entered into by the University, the University may grant a mortgage or security interest in any of its property to secure existing or future indebtedness and the holders of such secured indebtedness would have a claim on that property that is senior to the unsecured claim of the Bondholders. The University has granted a mortgage on its School of Law building located on its Minneapolis, Minnesota campus in favor of Allied Irish Banks, plc, New York Branch (“AIB”) in connection with the $25,845,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Five-L (University of St. Thomas), dated April 25, 2002 (the “Series Five-L Bonds”). See “THE UNIVERSITY – Long-Term Debt.” The Series Five-L Bonds in part financed the University’s School of Law building. This mortgage secures indebtedness which may be owed to AIB and does not secure the repayment of the Series Five-L Bonds. The University has also granted other mortgages to secure certain debt. See “THE UNIVERSITY – Long-Term Debt.”

Bankruptcy

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

Construction Risks

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

Variable Rate Demand Obligations

A portion of the University’s long-term debt is in the form of Variable Rate Demand Obligations (“VRDOs”). See Appendix I, “THE UNIVERSITY – Long Term Debt” herein. The outstanding principal amount of the University’s VRDOs is $67,015,000, out of a total outstanding principal amount of $159,178,000 for all of the University's long term debt. The University's VRDOs are secured by various letters of credit and are subject to certain risks.

(1) Holders of the University's VRDOs have the right to tender their bonds to the University for purchase at any time. The remarketing agent for each series of VRDOs is to remarket the tendered bonds to other purchasers. If the remarketing agent cannot place any or all of the tendered bonds with other purchasers, the remarketing agent is not obligated to purchase any such unremarketed bonds, and the bonds become "Bank Bonds" (bonds purchased by the letter of credit provider (the "Bank") at what may be above market rates and subject to acceleration of the payment of the bonds under the terms of the letter of credit associated with the bonds).

(2) The VRDO market is uncertain. Liquidity in the capital markets generally and the VRDO market specifically is subject to deterioration. The probability that the University's outstanding VRDOs will be tendered and become "Bank Bonds" will likely rise.

(3) The quality of the Bank providing the letter of credit has played a significant role in whether VRDOs that are in the market will be tendered and successfully remarketed. The ratings assigned to a Bank on a VRDO issue may change over time and any downgrade of a Bank's rating by the rating agencies, any Bank insolvency or any Bank default under the terms of the letter of credit related to a VRDO may cause the bonds to become "Bank Bonds." The number of banking institutions providing letters of credit has declined significantly in recent months and this trend may continue into the future, which may make it difficult for the University to replace an existing letter of credit provider, or secure an alternate letter of credit if an existing letter of credit is not renewed at the end of its stated term or is subject to early termination. Failure to find an alternate letter of credit when required will cause VRDO obligations to be accelerated.

The Bonds are not VRDOs. However, the acceleration of any of the University's VRDOs may limit funds available to make Loan Repayments on the Bonds.

Derivative Products

The University has entered into interest rate swap agreements in the past. See footnote 6 to the University's financial statements, Appendix VII hereto. The University may enter into other interest rate swap or similar arrangements in the future. Under certain market conditions, including current market conditions, termination of an interest rate swap agreement prior to its expiration may require the University to pay a termination fee to the swap counterparty and such payment could be material to the University. See also Appendix I, "Investment Management."

Endowment Portfolio Risk

Market conditions that negatively affect the University's investments may adversely affect debt service coverage and endowment spending. The University's Board of Trustees has approved an investment policy statement (the "IPS") which gives specific guidance about portfolio investments. The IPS defines a diversified investment portfolio utilizing a broad selection of external money managers. The annual withdrawal from the endowment accounts for approximately 4% of the University's operating budget. The University's withdrawal formula is based upon a three year rolling average market value. See also Appendix I, "Investment Management."

Other Possible Risk Factors

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

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

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

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

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934, as amended (the "Rule"), the University will enter into an undertaking (the "Undertaking") with the Trustee for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the University to the Municipal Securities Rulemaking Board annually, and to provide notices of the occurrence of any of the events enumerated in the Rule to the Municipal Securities Rulemaking Board. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events is set forth in the Continuing Disclosure Agreement to be executed by the University (the "Continuing Disclosure Agreement") at the time the Bonds are delivered, a copy of which is available from the University or the Trustee. Appendix III, "ANNUAL REPORT INFORMATION," contains a summary of the financial information and operating data to be provided annually. The Continuing Disclosure Agreement may be amended under certain circumstances as permitted by the Rule.

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

The University has never failed to comply with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the University to comply with the Undertaking will not constitute an event of default on the Bonds (although holders may have other remedies in the event of noncompliance). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure, or the information supplied by the University pursuant to the Undertaking, may adversely affect the transferability and liquidity of the Bonds and their market price.

Any filing under the Continuing Disclosure Agreement may be made solely to the Municipal Securities Rulemaking Board (the "MSRB") as provided at http://www.emma.msrb.org.

THE BONDS

General

The Bonds will be dated as of their date of delivery. The Bonds will mature as set forth on the inside cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each April 1 and October 1, commencing October 1, 2009.

Book Entry System

The Depository Trust Company

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

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

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Prior Redemption

Mandatory Redemption

The Bonds maturing on April 1 in the years 2024, 2029, and 2039 (the "Term Bonds") shall be called for redemption on April 1 in the years and in the principal amounts set forth immediately below, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond and Interest Sinking Fund Account.

Term Bonds
Due April 1, 2024

Redemption Date	Amount
2023	$1,795,000
2024*	$1,885,000

Term Bonds
Due April 1, 2029

Redemption Date	Amount
2026	$1,980,000
2027	$2,080,000
2028	$2,180,000
2029*	$2,290,000

Term Bonds
Due April 1, 2039

Redemption Date	Amount
2030	$2,405,000
2031	$2,530,000
2032	$2,665,000
2033	$2,805,000
2034	$2,955,000
2035	$3,105,000
2036	$3,270,000
2037	$3,440,000
2038	$3,625,000
2039*	$3,815,000

* *Stated maturity*

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

The Term Bonds may, at the option of the University, be reduced by the principal amount of any Bonds of such maturity which at least 45 days prior to such redemption:

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

Optional Redemption

At the University's direction, the Authority may elect to prepay on April 1, 2017 and on any day thereafter Bonds maturing on or after April 1, 2018. Redemption may be in whole or in part and if in part in such order of maturity as the University directs and selected by random means within a maturity. All prepayments shall be at a price equal to par plus accrued interest, without premium.

Extraordinary Optional Redemption

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

Partial Redemption

If fewer than all Bonds of a maturity are called for redemption, the Authority will notify DTC of the particular amount of such maturity to be prepaid. DTC will determine by lot the amount of each participant's interest in such maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such maturity to be redeemed.

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

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than 30 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 interest rate from the Date of Taxability effective until the date on which the principal of the Bonds is paid. **If a Determination of Taxability should occur, any monetary damages or loss resulting from or incident thereto shall be limited to the increased interest rate on the Bonds.** See "TAX EXEMPTION" herein and Appendix IV, "DEFINITION OF CERTAIN TERMS."

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

USE OF PROCEEDS

The Plan of Finance

Bond proceeds, together with other University funds, will be used to:

1. Demolish or modify certain existing buildings, perform site work, and construct, furnish and equip a three-story, approximately 180,000 square foot recreational facility on the University's Saint Paul campus (the Anderson Athletic and Recreation Complex or the "Project");
2. Pay interest on the Bonds during Project construction;
3. Fund the Reserve Account: and
4. Pay issuance costs.

Construction on the Project is began on May 20, 2009 and the Project is expected to be completed on approximately October 1, 2010. The University has executed a guaranteed maximum price contract for the construction of the Project with Opus Corporation of Minnetonka, Minnesota. The contractor has agreed to design and build the Project for an amount not to exceed $38,500,000. Additional costs include the University's purchase of certain items and equipment which is expected to approximate $13,500,000, and costs resulting from changes in the Project.

SOURCES AND USES OF FUNDS

Sources	
Par amount of the Bonds	$58,405,000
Reoffering Premium	210,252
Total Sources:	$58,615,252
Uses	
Construction Account deposit for Project costs	$51,724,901
Construction Account deposit for capitalized interest	2,120,229
Reserve Account deposit	4,016,025
Costs of issuance, including Underwriters Discount	754,097
Total Uses:	$58,615,252

In the event Bond issuance costs, including Underwriters' discount, exceed 2% of the Bond proceeds, defined as par less original issue discount, such excess shall be paid by the University from sources other than Bond proceeds.

SOURCE OF PAYMENT FOR THE BONDS

General

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

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

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

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

The Bonds will not be secured by the General Bond Reserve of the Authority (see "GENERAL BOND RESERVE ACCOUNT").

ACCOUNTS

Summary

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

Construction Account

There shall be deposited initially into the Construction Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Bond and Interest Sinking Fund Account or the Reserve Account. In addition to such proceeds of the Bonds, pursuant to the Loan Agreement, the University has covenanted that it will provide and apply additional funds, if necessary, which, together with Bond proceeds, will be sufficient to provide for the payment of all Project Costs and all other costs relating to the Project. The Authority shall have no obligation to deposit any moneys in said Construction Account or apply moneys to Project Costs except proceeds of the Bonds or funds made available therefor by the University.

The moneys in the Construction Account shall be held in trust by the Trustee and applied to the payment and reimbursement of Project Costs and pending such application shall be subject to a lien and charge in favor of the Holders of the Bonds and shall be held for the further security of such Holders until paid out.

Payments may be made from the Construction Account for costs of improvement, acquisition, construction and equipping of the Project ("Project Costs"), provided, however, that proceeds of the Bonds may not be applied to the costs of issuance thereof (including underwriting discount) in an amount in excess of two percent of the proceeds (par value adjusted for original issue discount and/or original issue premium and/or discount) of the Bonds.

Project Costs shall be paid only upon written order of the Authorized Institution Representative provided that interest accruing on the Bonds during the Construction Period may be paid from the Construction Account without such an order.

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the University. Deposits into the Bond and Interest Sinking Fund Account shall be made at least five (5) Business Days prior to each Interest Payment Date in an amount sufficient, together with other amounts on deposit in such account, to pay interest and principal, if any, coming due on such Interest Payment Date.

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

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the Reserve Requirement for the Bonds. The Reserve Account is irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the University as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the University shall forthwith restore the deficiency, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the University for amounts so withdrawn. Investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued by the Trustee not less frequently than as of September 1, 2009 and semiannually thereafter. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of accrued but unrealized interest on moneys or investments therein) is more than the amount of the Reserve Requirement, or more than the amount (if less than the Reserve Requirement) allowed for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If on any valuation date the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the value of the amount on deposit exceeds the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within 30 days.

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

Redemption Account

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

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

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account shall be invested by the Trustee only in investments as authorized by Minnesota law from time to time. Section 5.04 of the Indenture sets forth specific parameters as to type, credit quality, and maturity of investments.

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. **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.**

FUTURE FINANCING

The University regularly improves, expands and changes its physical plant and incurs long-term financing as needed for these purposes. Subject to Board approval, the University is considering an additional capital project that involves a Student Center on the University's Saint Paul campus. The cost for the Student Center is expected to approximate $66 million, all or a portion of which may be financed through one or more debt issuances. Debt issuance financing(s) may occur within the next approximately two years. The University also monitors its outstanding debt for refunding opportunities. Refunding existing debt and replacing it with new debt may alter the University's overall debt service payments. See "RISK FACTORS – No Limitation on Indebtedness or Liens."

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. A representative of the Minnesota Office of Higher Education and the President of the Minnesota Private College Council, who is a non-voting member, are also members of the Authority.

Marianne T. Remedios has been the Executive Director of the Authority since 2000.

Elaine J. Yungerberg has been Assistant Executive Director of the Authority since 1993.

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $950 million. The Authority has had 170 issues (including refunded and retired issues) totaling over $1.5 billion, of which approximately $760 million is outstanding as of May 1, 2009. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State.

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

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

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

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

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

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds are being purchased by Dougherty & Company LLC, RBC Capital Markets Corporation, and Wells Fargo Brokerage Services, LLC (the “Underwriters”). The Underwriters have agreed to purchase the Bonds at a purchase price of $58,031,202.00 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $584,050.00 and adjusted for net original issue premium of $210,252.00).

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

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

Michael Dougherty, a member of the University's Board of Trustees, is the founder and Chairman of Dougherty Financial Group, a holding company which includes Dougherty and Company LLC.

Wells Fargo Brokerage Services, LLC (“WFBS”) is a brokerage affiliate of Wells Fargo & Company and a member of FINRA and SIPC. WFBS is solely responsible for its contractual obligations and commitments. Nondeposit investment products offered by WFBS are not FDIC insured; are not obligations of, or guaranteed by, any bank; and are subject to investment risk, including loss of principal. From time to time, Wells Fargo Bank, National Association and other banks and companies affiliated with WFBS may lend money to an issuer of securities or debt that are underwritten or dealt in by WFBS.

RATING

As noted on the cover page hereof, Moody's Investors Service has assigned a long-term rating of “A2” to the Bonds. This rating reflects only the view of such rating agency. Further information concerning such rating is available from Moody's.

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

LITIGATION

The Authority and the University are not aware of any pending or overtly threatened in writing litigation which would affect the validity of or the tax-exempt nature of the interest on the Bonds or materially affect the ability of the University to pay the principal of or interest on the Bonds as the same become due.

LEGALITY

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

Certain legal matters will be passed upon for the University by Moore, Costello & Hart, P.L.L.P., Saint Paul and Minneapolis, Minnesota, and for the Underwriters by Faegre & Benson LLP, Minneapolis, Minnesota.

TAX EXEMPTION

Federal Tax Considerations

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

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

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

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

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

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

Minnesota Tax Considerations

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

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

On May 19, 2008 the U.S. Supreme Court held in *Department of Revenue of Kentucky v. Davis* that Kentucky's taxation of interest on bonds issued by other states and their political subdivisions, while exempting from taxation interest on bonds issued by the Commonwealth of Kentucky or its political subdivision, does not impermissibly discriminate against interstate commerce under the Commerce Clause of the U.S. Constitution. In a footnote, however, the Court stated that it had not addressed whether differential treatment of "so-called 'private-activity,' 'industrial-revenue,' or 'conduit' bonds . . . used to finance projects by private entities" violate the Commerce Clause, adding that "we cannot tell with certainty what the consequences would be of holding that Kentucky violates the Commerce Clause by exempting such bonds; we must assume that it could disrupt important projects that the States have deemed to have public purposes. Accordingly, it is best to set this argument aside and leave for another day any claim that differential treatment of interest on private-activity bonds should be evaluated differently from the treatment of municipal bond interest generally."

The Bonds are "private activity bonds." Since the Supreme Court's opinion left open the possibility of a challenge to Minnesota's differential treatment of the interest on private activity bonds issued in other states, the outcome of any such challenge cannot be predicted. If Minnesota's treatment of such bonds were held to unlawfully discriminate against interstate commerce, the court making such a finding would have to decide upon a remedy for the tax years at issue in the case. Even if the remedy applied to those years preceding the decision were to exempt other states' bond interest rather than to tax Minnesota bond interest, application of the 1995 statute to subsequent years could cause interest on the Bonds to become taxable by Minnesota and the market value of the Bonds to decline.

Original Issue Premium

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

Original Issue Discount

The dollar amount of the initial offering price to the public of the Bonds with stated maturity in 2039 (the "Discount Bonds") is less than the principal amount of such maturities. The difference between the initial public offering price of each such Discount Bond (assuming a substantial amount of the Discount Bonds is sold at such price) and its principal amount represents original issue discount. Under existing laws, regulations, rulings and decisions, Bond Counsel is of the opinion with respect to the Discount Bonds that the amount of original issue discount constitutes tax-exempt interest to the extent that it is deemed to accrue to an owner for federal and State of Minnesota income tax purposes (other than Minnesota corporate franchise taxes measured by taxable income and the alternative minimum tax base). Original issue discount is deemed to accrue for such purposes on the basis of a constant yield to maturity taking into account semiannual compounding. The amount of original issue discount that accrues during any accrual period to a holder of a Discount Bond who acquires the Discount Bond in this offering generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes to the same extent as stated interest and will increase the holder's tax basis in such Discount Bond. Any gain realized by a holder from a sale, exchange, payment or redemption of a Discount Bond would be treated as gain from the sale or exchange of such Discount Bond.

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS; DE MINIMIS SAFE HARBOR EXCEPTION FOR TAX-EXEMPT INTEREST EXPENSE OF FINANCIAL INSTITUTIONS

The Bonds will not be “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 (the “Code”) 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.

However, certain restrictions under Section 265(b)(3) of the Code on the deduction by financial institutions from income, for federal income tax purposes, of interest expense allocable to carrying and acquiring tax-exempt obligations will not apply with respect to tax-exempt obligations, such as the Bonds, that are issued during 2009 or 2010, to the extent that the amount of such obligations held by the financial institution do not exceed two percent of the average adjusted bases for all assets of the financial institution.

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THE UNIVERSITY

The University of St. Thomas (the "University"), until 1990 known as the College of St. Thomas, a Minnesota not-for-profit corporation, was founded in 1885 by Archbishop John Ireland as St. Thomas Aquinas Seminary. The University became a four-year institution of higher education in 1908 and conferred its first baccalaureate degrees in 1910. The University currently offers a broad range of academic programs leading to undergraduate and graduate degrees. The University does not unlawfully discriminate on the basis of race, creed, color, national origin, gender, age, or physical disability in the employment of faculty or staff, the admission or treatment of students, or in the operation of its educational programs and activities.

The main campus of the University is located in the West Summit Avenue area of Saint Paul, Minnesota, between the downtown districts of Saint Paul and Minneapolis. The University began its downtown Minneapolis presence in 1987. The University's Minneapolis campus is now comprised of four academic buildings, including the University's School of Law building. The University also owns and operates the Daniel C. Gainey Conference Center near Owatonna, Minnesota and the Bernardi facility in Rome, Italy. Academic programs are also provided in a number of other locations.

The University is accredited by the North Central Association of Colleges and Schools and is registered with the Minnesota Office of Higher Education in accordance with Minnesota Statutes.

Governance

The University is governed by a Board of Trustees, currently composed of 42 members. The maximum number of trustees is 50. The Board elects its own members and each elected member, other than the alumni representative, serves a five-year term with no limit on the number of terms, although the norm is two terms (10 years). The alumni representative serves for a two-year term.

Following is a list of the members of the Board of Trustees of the University and their business or professional affiliation, as of October 1, 2008:

Administration

The principal officers of the University are as follows:

President

The Reverend Dennis J. Dease began the 14th presidency of the University of St. Thomas on July 1, 1991. President Dease holds a Ph.D. in systematic theology from the Catholic University of America (1978), an M.Div. degree in pastoral studies from the Saint Paul Seminary (1973), an M.A. in counseling psychology from the College of St. Thomas (1972) and a B.A. in Latin and philosophy from the Saint Paul Seminary (1965).

Executive Vice President / Chief Administrative Officer

Dr. Mark Dienhart assumed the position of Executive Vice President / Chief Administrative Officer in September, 2003 after serving as Senior Vice President of Institutional Advancement since April, 2001. He received his B.A. degree from the University of St. Thomas (1975), an M.A. degree in journalism (1978) and an M.A. degree in Mass Communications (1978) from the University of Minnesota and his Ph.D. in Higher Education Administration from the University of Minnesota (1988).

Vice President for Business Affairs, Chief Financial Officer

Mark Vangsgard was appointed Vice President for Business Affairs and Chief Financial Officer on March 31, 2006. Previously, Mr. Vangsgard was with Ecolab for 17 years, most recently in the position of Vice President and Treasurer. He received a bachelor’s degree in business finance and economics from the University of St. Thomas (1980) and an M.B.A. from the University of St. Thomas (1990).

Chief Investment Officer

Dr. Michael Sullivan assumed the position of Chief Investment Officer in July 2000 after serving as the University's Vice President for Business Affairs from October 1985. He received his B.A. degree from St. John's University (Collegeville, Minnesota) (1974) and has a Ph.D. in Educational Administration from the University of Minnesota (1982).

Facilities

The University's physical plant consists of the buildings and grounds of the main campus in Saint Paul, the buildings and grounds of the Minneapolis campus, the Daniel C. Gainey Conference Center near the City of Owatonna, Minnesota, and the Bernardi facility in Rome, Italy. As of June 30, 2008, the book value of all property and equipment, net of depreciation, was $328,039,756. Buildings and contents have an insured value of $624,772,048 for the policy year July 1, 2008 – June 30, 2009.

The University's physical facilities in Saint Paul consist of the buildings and grounds on a campus consisting of more than 70 acres. Ten residence halls, two University-owned houses, and three University-owned apartment buildings are currently configured for a capacity of 2,427 students.

The University’s downtown Minneapolis campus spans three city blocks and consists of four buildings. Additionally, the University leases a parking facility which it has an option to purchase at the end of the lease period, has an option to purchase additional land in downtown Minneapolis, and has other developable space on land it owns in downtown Minneapolis.

Libraries

The University has four principal libraries, two on its Saint Paul campus and two on its Minneapolis campus. The University is a member of the Cooperating Libraries in Consortium, Inc., a Saint Paul-Minneapolis private college inter-library consortium; and MINITEX, which provides access to the holdings of the Universities of Minnesota and adjacent states, as well as to the public libraries of the Twin Cities.

Saint Paul Seminary Affiliation

Effective July 1, 1986, an affiliation between the University and The Saint Paul Seminary was finalized and the School of Divinity of the University was established. The School of Divinity's ministerial studies program, consisting of ministerial training, including classroom theological coursework and field education, is directed by the University. The School of Divinity's ministerial formation program, consisting of programs for spiritual and personal growth and the evaluation of readiness of candidates for ministry, is directed by The Saint Paul Seminary.

Academic Information

The University follows the four-one-four academic calendar of two four-month semesters during the school year, separated by a one-month term in January. During each semester, the undergraduate student's normal course load is four courses; during the January term, concentration is on one subject.

The University is comprised of seven academic divisions and awards the following degrees in those divisions:

- College of Arts and Sciences (bachelor's and master's)
- College of Applied Professional Studies
    - School of Education (bachelor's, master's, education specialist and doctorate)
    - Graduate School of Professional Psychology (master's and doctorate)
- Opus College of Business (bachelor's and master's)
- School of Engineering (bachelor’s and master's)
- School of Law (juris doctor)
- School of Social Work (bachelor's and master's)
- St. Paul Seminary School of Divinity (master's)

The University offers 198 fields of study, 96 majors, 51 minors at the undergraduate level, 47 masters, 4 professional, 2 specialist, and 4 doctoral programs.

The University offers undergraduate licensure and career related programs in Air Force, Army and Navy ROTC; pre-dentistry; pre-engineering; pre-law; pre-physical therapy; pre-pharmacy; pre-veterinary and pre-medicine; social work; and elementary and secondary teacher education.

The University currently has 46 graduate programs, including 39 masters programs, two education specialist programs, one juris doctor and four doctoral programs.

The University has many non degree-granting programs developed for the education and training of the general community. The five principal centers for such programs include: the Management Center offering formal courses, seminars and conferences to business, government and public institutions; the Center for Health and Medical Affairs; the Minnesota

Center for Corporate Responsibility; the Center for Nonprofit Management; and the John M. Morrison Center for Entrepreneurship.

Faculty and Staff

The faculty-student ratio at the University is approximately 1 to 15. There is no religious or denominational prerequisite or any participatory religious requirement for faculty or staff membership except with respect to the School of Divinity. The University subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

As of fall 2008, the University employed 433 full-time and 367 part-time faculty. Total employees number approximately 1,907. The total payroll for the Fiscal Year ended June 30, 2008 was $102,000,000, not including contributed services of 18 religious employees.

The following table lists the average salary of the lay members of the full-time University faculty for the 2008/2009 academic year.

Title	Average Salary
Professor	$96,391
Associate Professor	75,019
Assistant Professor	68,355
Instructor	72,438

The following table lists the degrees and professional designations held by the full-time faculty members for the 2008/09 academic year.

	Number
Doctorate	376
Master of Arts, Juris Doctorate, Certified Public Accountant	45
Bachelor of Arts	12
Total	433

Freshman Applications, Acceptances and Enrollments

	2004/05	2005/06	2006/07	2007/08	2008/09
Applications	4,249	4,785	4,652	4,864	5,055
Acceptances	3,457	3,834	3,865	3,913	4,094
Percent Accepted	81%	80%	83%	80%	81%
Fall Enrolled	1,159	1,326	1,299	1,312	1,322
Percent Enrolled to Accepted	34%	35%	34%	34%	32%
Mean ACT Scores	24.0	24.9	24.7	25.2	25.1

The University's Admissions Management Department is tracking applications received to date. These numbers, through April 13, 2009, are comparable to the same period last year and are on track to meet enrollment targets for Fall 2009.

Transfer Student Enrollment – Fall Semester – Undergraduate Day Program

2004/05	2005/06	2006/07	2007/08	2008/09
265	301	289	335	312

Enrollments

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

	2004/05	2005/06	2006/07	2007/08	2008/09
Headcount					
Undergraduate	5,302	5,584	5,807	6,076	6,164
Graduate and Professional	5,172	5,057	4,905	4,908	4,799
Total	10,474	10,641	10,712	10,984	10,963
FTEs					
Undergraduate	5,037	5,354	5,401	5,698	5,978
Graduate and Professional	3,033	3,001	2,920	2,959	2,993
Total	8,070	8,355	8,321	8,657	8,971

The table below reflects students attending classes at the University's respective campuses. A student who attends classes at more that one campus is counted as a student at each campus.

Campus	2004/05	2005/06	2006/07	2007/08	2008/09
Saint Paul	6,819	6,945	7,028	7,332	7,460
Minneapolis	3,134	3,229	3,134	3,030	3,042
Other	1,613	1,660	1,500	1,456	1,478
Total	11,566	11,834	11,662	11,818	11,980

Student Body

There is no religious or denominational prerequisite or any participating religious requirement for students of the University other than in the School of Divinity. The fall term enrollment at the University for the 2008/09 academic year is 10,963; with a full-time equivalent ("FTE") enrollment of 8,801. Approximately 80% of the 2008/09 undergraduate freshman class were from the State of Minnesota. Women comprise approximately 51% of the total graduate and undergraduate student body.

Housing

Students may live either off campus or in one of the residence halls on the Saint Paul campus. Substantially all students living on the Saint Paul campus are required to board on campus. As of fall 2008 the University has twelve student residences on the Saint Paul campus with an approximate capacity of 2,427 and all were fully occupied. Approximately 94% of the fall 2008 entering first year students lived on campus and 30% of the undergraduate day student population for the academic year 2008/09 resided on the Saint Paul campus.

Tuition and Fees

The University meets the cost of educational programs primarily through tuition and fees. The following table lists the tuition charged full-time students in the University's major programs for the academic years listed:

	2005/06	2006/07	2007/08	2008/09	2009/10
Undergraduate (full-time) per academic year	$ 23,294	$ 24,808	$ 26,274	$ 27,328	$ 28,944
Graduate education, per credit	$ 508	$ 529	$ 573	$ 607	$ 643
Graduate School of Business, evening and part-time programs, per credit	$ 623	$ 660	$ 708	$ 749	$ 793
School of Law (full-time) per credit	$ 876	$ 929	$ 985	$ 1,049	$ 1,112

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 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.

The following table lists total revenue derived from tuition and fees, before deducting University funded financial aid, for the Fiscal Years ended June 30, 2004 through 2008.

Year	Tuition and Fees
2004	$ 139,821,575
2005	148,020,323
2006	168,427,276
2007	185,180,140
2008	203,163,084

2008/2009 Undergraduate Rate Comparison of Minnesota Private Colleges (Ranked by Comprehensive Charges)

	Tuition & Required Fees	Room & Board	Comprehensive Charges*
Carleton College	$38,046	$9,993	$48,039
Macalester College	$36,504	$8,472	$44,976
St. Olaf College	$34,300	$7,900	$42,200
Gustavus Adolphus College	$29,990	$7,460	$37,450
College of Saint Benedict	$28,668	$7,959	$36,627
Hamline University	$28,181	$7,784	$35,965
Saint John's University	$28,668	$7,248	$35,916
University of St. Thomas	**$27,822**	**$7,612**	**$35,434**
Minneapolis College of Art & Design	$28,400	$6,340	$34,740
College of St. Catherine	$27,414	$7,090	$34,504
Bethel University	$25,860	$7,620	$33,480
College of St. Scholastica	$26,490	$6,972	$33,462
Augsburg College	$26,103	$7,161	$33,264
Concordia University, Saint Paul	$24,900	$6,900	$31,800
Saint Mary's University of Minnesota	$24,150	$6,380	$30,530
Concordia College, Moorhead	$24,120	$6,160	$30,280
Bethany Lutheran College	$18,710	$5,800	$24,510
MPCC Average	$28,137	$7,344	$35,481

NOTE: Comprehensive charges are reduced for many students through financial assistance. Ninety-one percent of private college students apply for and receive financial assistance, with the amounts and types of aid determined in relation to family resources, calculated need, government formulas and financial aid funding and other factors. Typical assistance provided to students includes Federal and State grants (if applicant qualifies), institutional grants, loans and work-study determined in relation to the student's needs and other factors.

**These are standard charges for first-time, full time, full-year undergraduate students, including fees assessed on all undergraduates. Several colleges have differential tuition for upper-level students or other policies that result in some variation across class levels and students.*

Source: The Minnesota Private College Research Foundation, reviewable at www.mnprivatecolleges.org.

The table above was current on the above site as of March 27, 2009.

Financial Aid

Approximately 90% of the University's undergraduate students currently receive some form of financial aid through grants, loans and work study funds from federal, state, University or private sources. 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 (on or off campus) and personal expenses.

FINANCIAL AID BY TYPE

Year Ended June 30	Number of Students (a)	Univ. of St. Thomas	Restricted Funds (b)	Supple-mental Education Opportunity Grants (c)	Total UST, Restricted, and SEOG	PELL Grants (c)	State of Minnesota Grant Program	State of Minnesota SELF Loan Program	PERKINS Loan Program (c), (d)	STAFFORD Loan Program (c), (e) Subsidized	STAFFORD Loan Program (c), (e) Unsubsidized	Work Study (f)	Total
2004	7,053	$28,594,259	$4,111,467	$782,889	$33,488,615	$1,984,742	$3,904,737	$1,757,243	$1,004,627	$19,883,204	$17,730,310	$3,252,508	$83,005,986
2005	7,135	$33,031,050	$5,197,338	$795,600	$39,023,988	$1,977,289	$3,627,446	$1,545,603	$791,930	$19,774,461	$18,322,897	$3,174,255	$88,237,869
2006	7,618	$40,778,582	$4,961,744	$613,288	$46,353,614	$1,891,031	$3,642,182	$1,129,570	$819,725	$21,016,093	$19,486,612	$3,348,508	$97,687,335
2007	7,967	$47,236,918	$5,715,976	$608,030	$53,560,924	$1,954,586	$4,108,977	$1,372,029	$1,024,300	$22,565,277	$20,323,157	$3,534,492	$108,443,742
2008	8,437	$55,032,021	$5,556,409	$624,369	$61,212,799	$2,293,489	$4,273,824	$593,872	$949,532	$25,046,386	$24,013,941	$3,647,377	$123,031,220

(a) Total number of students receiving at least one type of financial aid (unduplicated count).
(b) Restricted funds include financial aid primarily funded by private gifts.
(c) Federal aid program.
(d) Previously the National Direct Student Loan program. Includes 10% University share.
(e) STAFFORD Loans previously called the Guaranteed Student Loan program
(f) Includes federal, State, and University work-study funds. Excludes summer session work-study days.

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 University to decrease, which, in turn, may have an adverse effect on the University's revenues.

Pensions

Retirement benefits are provided for substantially all full-time employees through Teachers Insurance and Annuity Association -- College Retirement Equity Fund (TIAA/CREF) and Fidelity Investments. Under this 403(b) retirement plan the University makes contributions of a defined percentage of covered payroll to TIAA/CREF and Fidelity Investments. Participants have the option to purchase individual annuities or to invest the contribution amount in various investment options. Contributions charged to unrestricted operations for these benefits were $7,983,462 and $7,311,921 for the years ended June 20, 2008 and 2007, respectively.

Unions

The General Drivers, Helpers, and Truck Terminal Employees, an affiliation of the International Brotherhood of Teamsters Local 120, represents approximately 90 employees who are the Building Services Workers, Grounds Service Workers, Grounds Turf Technician, and Mechanic Staff of the University. The terms for Local 120 employees are covered under a three-year agreement with Teamsters Local 120. The agreement runs from February 1, 2008 through January 31, 2011.

The International Union of Operating Engineers Local 70, AFL-CIO, which represents approximately ten engineers, signed an agreement covering the engineers which runs from January 1, 2007 to December 31, 2009.

The Saint Paul Chapter of the National Electrical Contractors Association and the International Brotherhood of Electrical Workers, Local Union No. 110, AFL-CIO agreement covers three electricians at the University. The University provides benefits to Local 110 employees through the arrangement established by the union agreement for the broader union membership.

Independent Accountants

The financial statements as of June 30, 2008, included in Appendix VII, have been audited by LarsonAllen LLP, independent accountants, as stated in their report appearing therein.

Statement of Financial Activity for Fiscal Years 2004 through 2008

The table on the following page summarizes the University's statements of unrestricted activities for the Fiscal Years ended June 30, 2004 through 2008. For more complete information of the University for the Fiscal Year ended June 30, 2008, see Appendix VII of this Official Statement.

UNIVERSITY OF ST. THOMAS
Statement of Unrestricted Activities
For the years ended June 30,

	2004	2005	2006	2007	2008
Operating Revenues					
Tuition & Fees	139,821,575	148,020,323	168,427,276	185,180,140	203,163,084
Less: student aid	(33,488,615)	(39,023,988)	(46,528,970)	(53,560,924)	(61,212,799)
Net tuition and fees	106,332,960	108,996,335	121,898,306	131,619,216	141,950,285
Sales and services of auxiliary enterprises	24,211,112	24,831,223	28,824,357	30,503,360	31,644,707
Private gifts and grants	6,721,783	5,230,326	7,131,727	7,635,299	14,185,456
Grants and contracts	5,491,994	5,684,120	4,523,839	5,245,829	3,973,862
Investment earnings used -- endowment	6,953,385	9,331,055	7,843,691	7,927,460	7,251,370
Investment earnings used -- non-endowment	12,144,812	10,032,496	4,238,046	2,985,321	2,799,763
Sales and services of educational departments	4,685,206	4,558,009	4,779,292	4,565,725	4,965,977
Other Revenue	5,916,980	5,442,667	5,614,986	5,245,484	6,687,912
Net assets released from restriction	22,851,040	14,886,238	16,385,159	11,483,379	7,576,534
Total Operating Revenues	195,309,272	188,992,469	201,239,403	207,211,073	221,035,866
Operating Expenditures					
Instruction and other services					
Instruction	87,173,220	88,092,618	91,629,922	97,989,323	100,192,380
Auxiliary enterprises	24,538,532	24,963,052	28,564,878	29,800,008	30,935,637
Student activities and services	15,239,536	15,685,753	16,274,270	16,999,997	18,251,046
Academic support	8,235,178	7,658,201	6,620,382	8,290,683	9,221,292
Libraries	7,629,767	7,866,222	8,193,800	8,053,708	8,407,764
Public service	1,718,264	1,575,241	1,348,875	1,067,072	1,350,255
Research	338,371	403,925	555,177	607,246	758,243
Total instruction and other services	144,872,868	146,245,012	153,187,304	162,808,037	169,116,617
Management and general					
General Administration & support	24,216,844	24,600,158	25,745,409	26,031,827	27,186,024
Development	3,740,681	3,891,851	4,093,196	4,845,574	5,680,523
Total Management and General	27,957,525	28,492,009	29,838,605	30,877,401	32,866,547
Total Operating Expenditures	172,830,393	174,737,021	183,025,909	193,685,438	201,983,164
Net Operating Income (loss)	**22,478,879**	**14,255,448**	**18,213,494**	**13,525,635**	**19,052,702**
Non-Operating Activities					
Investment earnings reinvested (withdrawn) -- endowment	14,686,821	6,155,327	11,727,983	22,344,878	(11,368,532)
Investment earnings reinvested (withdrawn) -- non-endowment	913,757	(275,958)	7,651,685	15,821,941	(6,889,241)
Net gain(loss) on other investments					
Nonrecurring loss on fixed assets					
(Loss) gain on disposal of property and equipment		442,206		(1,479,155)	(88,247)
Net unrealized gain (loss) on interest rate exchange agreement	982,566	(518,808)	1,565,666	(148,880)	(1,769,825)
Loss on debt refinancing			(769,317)		
Gift to Center for Ethical Business Cultures					(1,800,686)
Change in donor-imposed restriction	2,500,000	160,000			
Net Non-Operating Income (loss)	**19,083,144**	**5,962,767**	**20,176,017**	**36,538,784**	**(21,916,531)**
Net increase (decrease) in net assets before cumulative effect of a change in accounting principle	**41,562,023**	**20,218,215**	**38,389,511**	**50,064,419**	**(2,863,829)**
Cumulative effect of a change in accounting princple			(2,702,449)		
Restatement of prior year net assets			3,640,413		
Net (decrease) increase in net assets	**41,562,023**	**20,218,215**	**39,327,475**	**50,064,419**	**(2,863,829)**
Net assets, beginning of year	255,981,311	297,543,334	317,761,549	357,089,024	407,153,443
Net assets, end of year	**297,543,334**	**317,761,549**	**357,089,024**	**407,153,443**	**404,289,614**

Source: Audited financial statements of the University.

Contributions Receivable

The University actively solicits and receives gifts and bequests from a variety of donors and also receives various grants from private foundations and from agencies of the federal government.

Major development programs, including efforts to raise capital funds and a variety of annual giving programs among alumni, parents of students, businesses and friends of the University, have been maintained for a number of years.

The University's contributions receivable for the past two Fiscal Years are shown below. Unconditional promises are recognized at the estimated present value of the future cash flows net of allowances.

	2007	2008
In one year or less	$ 10,026,153	$ 10,683,327
Between one year and five years	32,657,323	37,064,877
More than five years	101,208,747	96,690,150
Total face value of pledges outstanding	143,892,223	144,438,354
Discount (to present value)	(48,952,464)	(44,767,381)
Allowance for uncollectible pledges	(5,820,000)	(5,710,000)
Contributions receivable	$ 89,119,759	$ 93,960,973

Capital Campaign

The University of St. Thomas celebrated the public launch of its Opening Doors capital campaign in October 2007. The campaign's goal is to raise $500 million for major enhancements to the University's infrastructure, including endowment funds for financial aid, faculty positions and program enhancements and physical facilities and other resources to improve the quality of the overall student experience. As of March 31, 2009, the Opening Doors campaign has raised more than $365 million in gifts and pledges toward its $500 million goal. The campaign is scheduled to be completed in the fall of 2012.

Net Assets Detail

The following table lists the University's net assets for the Fiscal Years ended June 30, 2006 through 2008. The table includes details on the University's (i) endowment funds which are subject to the restrictions of gift instruments requiring the principal to be maintained in perpetuity and only the income to be utilized either for donor specified purposes or for general University purposes; and (ii) funds functioning as endowment ("Quasi-Endowment") which represent expendable funds received which, by decision of the Board of Trustees of the University, have been retained and invested for the future benefit of the University, 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 table also includes details as to net assets related to operations and to buildings and equipment.

	FY2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Pure endowment	$ 83,167,006	$ 7,385,128	$ 181,414,840	$ 271,966,974
Quasi-endowment	33,833,762			33,833,762
Unrestricted gifts designated primarily for Sch. of Law & Sch. of Entrepreneurship	58,610,468	38,377,183		96,987,651
For current operations	19,236,322	4,554,556		23,790,878
Net assets, excluding buildings & equipment	194,847,558	50,316,867	181,414,840	426,579,265
Net assets related to buildings & equipment				
Net investment in plant	151,889,924			151,889,924
Gifts & pledges for building projects	6,264,077	14,329,455		20,593,532
Total net assets - buildings & equipment	158,154,001	14,329,455	-	172,483,456
Total net assets	$ 353,001,559	$ 64,646,322	$ 181,414,840	$ 599,062,721

	FY2007			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Pure endowment	$ 103,837,194	$ 9,963,263	$ 196,562,459	$ 310,362,916
Quasi-endowment	40,261,271			40,261,271
Unrestricted gifts designated primarily for Sch. of Law & Sch. of Entrepreneurship	67,381,414	42,021,761		109,403,175
For current operations	26,850,512	7,736,002		34,586,514
Net assets, excluding buildings & equipment	238,330,391	59,721,026	196,562,459	494,613,876
Net assets related to buildings & equipment				
Net investment in plant	164,684,403			164,684,403
Gifts & pledges for building projects	4,138,649	7,277,932		11,416,581
Total net assets - buildings & equipment	168,823,052	7,277,932	-	176,100,984
Total net assets	$ 407,153,443	$ 66,998,958	$ 196,562,459	$ 670,714,860

	FY2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Pure endowment	$ 91,757,984	$ 8,295,835	$ 207,096,771	$ 307,150,590
Quasi-endowment	39,761,978			39,761,978
Unrestricted gifts designated primarily for Sch. of Law & Sch. of Entrepreneurship	66,868,126	39,697,417		106,565,543
For current operations	25,770,780	7,370,943		33,141,723
Net assets, excluding buildings & equipment	224,158,868	55,364,195	207,096,771	486,619,834
Net assets related to buildings & equipment				
Net investment in plant	173,599,377			173,599,377
Gifts & pledges for building projects	6,531,369	13,579,413		20,110,782
Total net assets - buildings & equipment	180,130,746	13,579,413	-	193,710,159
Total net assets	$ 404,289,614	$ 68,943,608	$ 207,096,771	$ 680,329,993

Investment Management

The University's investment policy is established by the Investment Committee of the Board of Trustees. The Investment Committee is composed of twelve members of the Board of Trustees. The Investment Committee is advised by Cambridge Associates as the investment consultant. Four staff members, led by Dr. Michael Sullivan with thirty-two years of experience in institutional investment management, are responsible for the day-to-day management of the fund. All funds are managed by external asset managers. There are a total of twenty-eight different asset managers investing in thirty-three different strategies on behalf of the University.

The table below shows the March 31, 2009 allocation of investment assets and the percentage change of each component from fiscal year ended June 30, 2008. The University is continuing to increase the proportion of cash in its portfolio while awaiting market stability and opportunities. For the calendar year ending in December 31, 2008, the University experienced a decline of 30.3% in its investable assets which approximates the decline in the endowment value of the market benchmarks used to measure performance.

The University has periodically invested a portion of its assets with the Commonfund, which manages assets for numerous colleges and Universities. The University has not relied on the Commonfund as its primary source of liquidity. During 2008, the University removed its exposure to the Commonfund Short-Term fund and otherwise reduced its risk exposure prior to the time the fund was frozen in the fall of 2008. The University has also suspended securities lending, but may resume securities lending in the future.

Asset Class	6/30/08 Market Value	3/31/09 Market Value	Percent Change	Percent of Total 3/31/08
Public Equity	$170,490,573.06	$ 133,449,148.36	-21.73%	37.34%
Fixed Income	$ 69,727,384.76	$ 52,035,175.58	-25.37%	14.56%
Hedge Funds	$ 61,421,277.94	$ 46,124,038.62	-24.91%	12.91%
Real Assets	$ 45,767,284.03	$ 25,373,675.39	-44.56%	7.10%
Private Equity/Venture Capital	$ 11,685,438.39	$ 12,532,676.63	7.25%	3.51%
Cash & Other	$ 74,291,541.82	$ 87,848,939.61	18.25%	24.58%
Total Market Value	**$433,383,500.00**	**$357,363,654.19**	**-17.54%**	**100.00%**

To hedge interest rate exposure on a portion of its Variable Rate debt, the University has entered into fixed-pay interest rate swaps which are summarized as follows.

Bond Issue:	MHEFA Series Four-O and Series Five-C	MHEFA Series Six-H
Counterparty:	Royal Bank of Canada	Royal Bank of Canada
Current notional amount:	$18,385,000	$12,300,000
Termination Date:	10/1/2015	10/1/2032
Rate paid by Counterparty:	67% of 3-month LIBOR	67% of 3-month LIBOR
Rate paid by University:	3.085%	3.5525%
Fair value*:	($1,547,851.79)	($2,395,643.81)

*As of March 31, 2009

The Royal Bank of Canada is the parent company of RBC Capital Markets Corporation, an underwriter of the Bonds.

Line of Credit

U.S. Bank National Association provides two revolving lines of credit to the University for short-term borrowing. One line of credit is in the amount of $10,000,000 and expires December 31, 2009 unless renewed, and the other is in the amount of $15,000,000 and expires August 31, 2010 unless renewed. The University typically draws on line(s) of credit annually over an eight-week period from mid-July to mid-September, repaying any draws on the line(s) of credit at the end of that period.

Long-Term Debt

The University has the following long-term debt outstanding as of May 1, 2009:

(a) $1,050,000 Dormitory Bonds of 1967, dated April 1, 1967, at 3%; remaining principal is $295,000 due in annual installments through 2017; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct Brady Hall (student dormitory). The bonds are a general obligation of the University, secured by (i) a first mortgage lien on Brady Hall and (ii) net revenues from the operation of the building.

(b) $1,346,000 Academic Building Bonds of 1969, dated June 1, 1969, at 3%; remaining principal is $58,000 due in annual installments through 2009; purchased by the U.S. Department of Health, Education and Welfare; the proceeds were used to finance in part the construction of the O'Shaughnessy Educational Center. The bonds are a general obligation of the University, secured by a first mortgage lien on O'Shaughnessy Educational Center. The University received gifts from I.A. O'Shaughnessy that are functioning as a term endowment to provide principal and interest.

(c) $10,800,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Four-O, dated September 25, 1997, principal outstanding is $9,545,000. Holders may tender bonds on seven days' notice; interest is re-set weekly. The principal amount of the bonds is due on October 1, 2021. The proceeds refunded the Authority's Series Four-A2 Bonds and, together with proceeds from the Series Four-M Bonds, financed the construction, furnishing and equipping of Morrison Hall and adjacent parking facilities on the University's Saint Paul Campus. The bonds are a general obligation of the University, secured by a Letter of Credit from Allied Irish Bank. The University may elect to redeem Series Four-O Bonds prior to maturity.

(d) $10,000,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Five-C, dated October 28, 1999, principal outstanding is $8,835,000. Holders may tender bonds on seven days' notice; interest is re-set weekly. The final maturity is April 1, 2025. The proceeds financed the renovation, equipping, and furnishing of Albertus Magnus Hall located on the campus of the University in Saint Paul, Minnesota. The bonds are a general obligation of the University, secured by a Letter of Credit from Allied Irish Bank. The University may elect to redeem Series Five-C Bonds prior to maturity.

(e) $25,845,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Five-L, dated April 25, 2002, principal outstanding is $19,935,000. Holders may tender bonds on seven days' notice; interest is re-set weekly. The final maturity is April 1, 2027. The proceeds financed (1) the construction, equipping, and furnishing of the University's School of Law building on the University’s Minneapolis campus, and (2) the refunding of the outstanding principal balance of the Authority’s Series Three-C Bonds. The bonds are a general obligation of the University, secured by a Letter of Credit from Allied Irish Bank. The University may elect to redeem Series Five-L Bonds prior to maturity.

(f) $1,000,000 Contract for Deed dated May 28, 2003, 5.0% interest. Principal was reduced to $975,000 in fiscal 2003. Annual payments of interest only in the amount of $48,750 continue until final maturity and payment in full of the principal amount of the debt on December 20, 2013.

(g) $23,575,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Five-T, dated December 1, 2003 at various rates of interest; principal outstanding is $10,700,000. The proceeds financed the refunding of the outstanding principal of the University's Series Three-R1 Bonds and Series Three-R2 Bonds. The bonds are a general obligation of the University, secured by a debt service reserve fund.

(h) $30,000,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Five-Y, dated August 1, 2004 at various rates of interest; principal outstanding is $28,055,000 due October 1, 2008 through 2034. The proceeds financed the construction of a residence hall on the University's Saint Paul campus. The bonds are a general obligation of the University, secured by a debt service reserve fund.

(i) $20,000,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Five-Z, dated August 19, 2004, principal outstanding is $16,400,000. Holders may tender bonds on seven days' notice; interest is re-set weekly. The final maturity is October 1, 2029. The proceeds financed the construction, equipping, and furnishing of the University's Schulze Hall on the University's Minneapolis campus. The bonds are a general obligation of the University, secured by a Letter of Credit from U.S. Bank National Association. The University may elect to redeem Series Five-Z Bonds prior to maturity.

(j) $12,300,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Six-H, dated February 16, 2006, principal outstanding is $12,300,000. Holders may tender bonds on seven days' notice; interest is re-set weekly. The final maturity is October 1, 2032. The proceeds financed the demolition of a building on the University's Saint Paul campus and the construction, equipping, and furnishing of a new building to house the University's undergraduate business program. The bonds are a general obligation of the University, secured by a Letter of Credit from The Bank of New York. The University may elect to redeem Series Six-H Bonds prior to maturity.

(k) $38,860,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-I, dated February 1, 2006 at various rates of interest; principal outstanding is $33,775,000. The proceeds financed the advance refunding of the University's Series Four-A1 Bonds, Four-M Bonds, and Four-P Bonds. The bonds are a general obligation of the University, secured by a debt service reserve fund.

(l) $18,305,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-W, dated December 16, 2008 at various rates of interest; principal outstanding is $18,305,000. The proceeds financed the construction of a parking facility on the University's Saint Paul campus. The bonds are a general obligation of the University, secured by a debt service reserve fund.

As of May 1, 2009, the University's total long-term debt outstanding was $159,178,000. The University's long-term debt will increase by the principal amount of the Bonds upon issuance.

Estimated Annual Debt Service for Fiscal Years 2009 and 2010 and Pro Forma Coverage Statement

The following table shows for Fiscal Years 2010 and 2011 information related to the pro forma debt service coverage for outstanding University debt, combined with the debt service on the Bonds for those two Fiscal Years. Current University debt and debt service for the Bonds extend beyond these two years.

The columns included in the table include the following information:

Column 1 shows fiscal year ends.

Column 2 shows actual debt service for the Bonds during Fiscal Years 2010 and 2011. The average interest rate on the Bonds is 5.09%.

Column 3 shows the University's estimated annual debt service for Fiscal Years 2010 and 2011 with respect to all University long-term indebtedness outstanding as of May 1, 2009. Footnote (b) below explains assumptions regarding calculation of debt service on the University's outstanding variable rate debt.

Column 4 shows the University's estimated combined long-term debt, adding the actual debt service on the Bonds to the estimated debt service on the University's outstanding long-term debt for Fiscal Years 2010 and 2011.

Columns 5 and 6 show pro forma debt service coverage for the combined estimated annual debt service provided by the amount available for debt service for Fiscal Years 2007 and 2008, respectively. Amounts available for debt service are detailed in footnote (d) and (e) to the table.

Any additional University indebtedness will increase the University's debt service requirements in the future and may reduce the pro forma debt service coverage ratio shown in the table. If the University elects to refund existing debt with one or more new debt issuances, the University's overall debt service payments may be altered.

The table is intended merely to show the relationship of amounts available for the University's debt service for Fiscal Years 2007 and 2008 to a statement of the University's combined estimated annual debt service for Fiscal Years 2010 and 2011 based on a combination of estimated debt service requirements and estimated interest rates and amortization schedules with respect thereto. It is not intended and should not be considered a projection of future revenues, expenses, debt service or debt service coverage of the University. There is no assurance that the future amounts available for debt service, debt service and debt service coverage of the University or the respective relationships thereof will correspond to the pro forma amount available for debt service, pro forma debt service coverage, combined estimated long-term debt service or the respective relationships thereof shown by or reflected in the following table.

Estimated Annual Debt Service for Fiscal Years 2010 and 2011 and Pro Forma Coverage Statement

Fiscal Year Ending June 30, (1)	Debt Service on the Bonds (a) (2)	Estimated Outstanding Long-term Debt Service (b) (3)	Estimated Combined Long-term Debt Service (c) (4)	FY 2007 Pro Forma Coverage (times) (d) (5)	FY 2008 Pro Forma Coverage (times) (e) (6)
2010	$ -	$ 13,979,751	$ 13,979,751	2.07	2.83
2011	4,014,238	13,903,056	17,917,294	1.62	2.21

(a) Debt service on the Bonds is based on actual rates and principal payments. The average interest rate on the Bonds is 5.09%. Interest on the Bonds payable through April 1, 2010 is capitalized out of Bond proceeds.

(b) Portions of the University's outstanding debt consist of variable rate debt. Some of the interest the University pays on its variable rate debt is swapped to fixed rates and some of it floats with periodic rate resets. The rate on the swapped portion of such debt is assumed to bear interest at the swap rate. The rate on the unswapped portion of such debt is assumed to bear interest at a rate of 3.50%. Variable rate debt is also assumed to amortize pursuant to the University's anticipated optional redemption of such debt.

(c) The sum of Columns (2) and (3).

(d) The amount available for debt service for Fiscal Year 2007 (calculated as shown below and based on the University's Fiscal Year 2007 audited financial statements) divided by column (4).

(e) The amount available for debt service for Fiscal Year 2008 (calculated as shown below and based on the University's Fiscal Year 2008 audited financial statements) divided by column (4).

	FY 2007	FY 2008
Unrestricted Net Operating Income	$13,525,635	$19,052,702
Plus:		
Depreciation and amortization	15,567,038	16,092,996
Interest expense on debt	3,758,746	5,951,072
Less:		
Net assets released from restrictions for building and equipment	(6,891,944)	(1,497,353)
Amount available for debt service	$28,959,475	$39,599,417

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PROPOSED FORM OF LEGAL OPINION

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$58,405,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Six-X
(University of St. Thomas)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered (initially book-entry) Revenue Bonds, Series Six-X (University of St. Thomas), in the aggregate principal amount of $58,405,000 (the "Bonds"), dated as of their date of delivery, more fully described in and issued pursuant to the Indenture (defined below).

The Bonds are issued for the purpose of funding a loan from the Authority to the University of St. Thomas, a Minnesota nonprofit corporation and institution of higher education with its main campus in the City of Saint Paul, Minnesota and campuses in other locations including Minneapolis, Minnesota (the "University"), in order to construct and equip an athletic and recreation complex for students, faculty and staff, to be known as the Anderson Athletic and Recreation Complex, to be owned and operated by the University and located on its campus in Saint Paul, Minnesota. We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the University and the Trust Indenture (the "Indenture") between the Authority and Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee") each dated as of June 1, 2009, one or more opinions of Moore, Costello & Hart, P.L.L.P., as counsel to the University, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the University without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Moore, Costello & Hart, P.L.L.P., as to the Loan Agreement having been duly authorized and executed and being binding upon the University and as to the corporate organization, tax-exempt status and unrelated trade or business activities, good standing, and powers of the University. As to title to the Project Site (as defined in the Loan Agreement and Indenture), we have relied on information contained in owner and encumbrances reports, title insurance policies or commitments or title opinions, provided to us by the University or by counsel engaged by it, and have not undertaken any examination of the records of the University or original title records or abstracts of title.

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

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

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

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

3. The Bonds are valid and binding limited obligations of the Authority payable from the loan repayments payable by the University under the Loan Agreement which have been assigned to the Trustee, scheduled to be made in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, and are further secured by the pledge of the funds and investments held by the Trustee under the Indenture and by the pledge of funds and rights to payments held by the Trustee, as assignee, under the Loan Agreement. The Bonds are not a general obligation or indebtedness of the Authority within the meaning of any constitutional or statutory limitation, and do not constitute or give rise to a pecuniary liability of the Authority or charge against its general credit, but are payable solely from amounts pledged thereto in accordance with the provisions of the Indenture.

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is not includable in gross income for purposes of federal income taxation or in net taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"), or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. The opinion set forth in this paragraph is subject to the conditions that the Authority, the Trustee and the University comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in federal gross income or

Minnesota taxable net income retroactive to the date of issuance of the Bonds. The Authority, the Trustee and the University have covenanted to comply with such requirements.

We express no opinion regarding other state or federal tax consequences caused by the receipt or accrual of interest on the Bonds or arising with respect to ownership or disposition of the Bonds.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium, receivership proceedings 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, June _____, 2009.

McGrann Shea Carnival Straughn & Lamb,
Chartered

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ANNUAL REPORT INFORMATION

The Annual Report Date will be the first day of April following each fiscal year end, commencing with the fiscal year ended June 30, 2009. The Annual Report will contain:

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

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

   a. Information as of the end of the most recent complete academic or fiscal year, as appropriate, of the matters covered by the Sections entitled:

      - Faculty and Staff
      - Freshman Applications, Acceptances and Enrollments
      - Transfer Student Enrollment
      - Enrollments
      - Student Body
      - Housing
      - Tuition and Fees
      - Financial Aid
      - Pensions
      - Unions
      - Statement of Financial Activity
      - Contributions Receivable
      - Capital Campaign
      - Net Assets Detail
      - Investment Management
      - Line of Credit
      - Long-Term Debt
      - Endowment Funds

   b. An update of calculation of Estimated Debt Service and Pro Forma Coverage Statement.

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DEFINITION OF CERTAIN TERMS

"Account" or "Accounts" means one or more of the Accounts created under Article IV or V of the Indenture.

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

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

"Authority" means the Minnesota Higher Education Facilities Authority.

"Authorized Authority Representative" means the person at the time designated to act on behalf of the Authority by written certificate furnished to the University and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by its Chair, Secretary or Executive Director or any officer authorized to act on behalf of the foregoing officers. Such certificate may designate an alternate or alternates.

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

"Authorized Institution Representative" means the President, the Executive Vice President/Chief Administrative Officer, the Vice President for Business Affairs and Chief Financial Officer, the Chief Investment Officer of the University or any other person at the time designated to act on behalf of the University by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the University by the Chair, any Vice Chair or the Secretary of its Board of Trustees or by the President, any Vice President or the Chief Investment Officer of the University. Such certificate may designate an alternate or alternates and in that case, the certificate shall set forth the specimen signatures of such alternate(s).

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

"Board of Trustees" means the Board of Trustees of the University, and includes any Executive Committee or other committee authorized to act for such board.

"Bond and Interest Sinking Fund Account" means the Bond and Interest Sinking Fund Account established under Section 5.01 of the Indenture.

"Bond Closing" means the original issuance, sale and delivery of the Bonds.

"Bond Purchase Agreement" means the Bond Purchase Agreement, dated June 2, 2009, among the Authority, the Underwriters and the University.

"Bond Resolution" means the Series Resolution of the Authority adopted on May 20, 2009, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

"Bond Year" means, with respect to the Bonds, (a) the period from the Issue Date to the close of business on April 1, 2010, and (b) each succeeding 12-month period ending at the close of business on April 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

“Bonds” means the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-X (University of St. Thomas), described in Section 2.01 of the Indenture.

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

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

“Construction Account” means the Construction Account established under Section 4.02 of the Indenture.

“Construction Period” means the period between the date of commencement of acquisition, construction, furnishing and equipping of the Project and the completion date set forth in the Certificate of the Project Supervisor furnished pursuant to Section 3.05 of the Loan Agreement.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the Trustee and the University, dated as of June 1, 2009.

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

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

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

“Determination of Taxability” shall have the meaning provided in Section 6.09 of the Loan Agreement.

“DTC” means The Depository Trust Company in New York, New York, its successors or assigns.

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

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

“Fiscal Year” means the University’s fiscal year, and shall initially mean the 12-month period commencing on July 1 in each year.

"General Bond Reserve Account" means the General Bond Reserve Account created pursuant to the General Bond Resolution.

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

"Indenture" means the Trust Indenture between the Authority and Wells Fargo Bank, National Association, as Trustee, dated as of June 1, 2009, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

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

"Independent Counsel" means an Independent attorney duly admitted to practice law before the highest court of any state.

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

"Institution" means the University of St. Thomas, a Minnesota institution of higher education with its main campus in the City of Saint Paul, Minnesota and campuses in other locations including Minneapolis, Minnesota, owned and operated by the University.

"Interest Payment Date" means April 1 and October 1 of each year, commencing October 1, 2009, and any other date on which the principal of and interest on the Bonds shall be due and payable.

"Internal Revenue Code" means the Internal Revenue Code of 1986 and amendments thereto.

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

"Loan Agreement" means the Loan Agreement between the Authority and the University dated as of June 1, 2009, as from time to time amended or supplemented, relating to the Bonds.

"Loan Repayments" means the payments described in clauses (a), (b), and (c) of Section 4.02 of the Loan Agreement.

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

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

“Project” means the site preparation for, construction and equipping of a three level, approximately 180,000 square foot athletic and recreation complex for students, faculty and staff, to be known as the Anderson Athletic and Recreation Complex, to be owned and operated by the University and located on the Project Site on the Institution’s main campus in Saint Paul, Minnesota.

“Project Buildings” means the facilities described the definition of “Project” above which are to be improved or constructed with the proceeds of the Bonds, including investment earnings thereon.

“Project Costs” shall have the meaning provided in Section 4.04 of the Indenture.

“Project Equipment” means all fixtures, equipment and other personal property of a capital nature acquired with the proceeds of the Bonds, including investment earnings thereon, generally described in Exhibit B to the Loan Agreement and described in the Certificate of the Project Supervisor to be furnished pursuant to Section 3.05 of the Loan Agreement.

“Project Facilities” means the Project Site, the Project Buildings and the Project Equipment as the same may at any time exist.

“Project Site” means those portions of land described on Exhibit A to the Loan Agreement which are owned by the University, and on which any Project Buildings are or will be located or otherwise improved as part of the Project.

“Redemption Account” means the Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the required balance in the Reserve Account, and (iii) to redeem or prepay outstanding Bonds or to purchase outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption. Moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the University or the Authority fails to provide for payment of any rebate.

“Reserve Account” means the Reserve Account established under the Indenture, into which on the Issue Date will be placed Bond proceeds in the amount of 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 University or the Authority fails to provide for payment of any rebate.

“Reserve Requirement” means the least of (i) the maximum amount of principal of and interest on the Bonds payable in any remaining Bond Year, or (ii) 10% of the principal amount of the Bonds, or (iii) 125% of the average annual debt service of the Bonds.

“Series Six-X Bonds” means the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-X (University of St. Thomas).

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

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

“Trustee” means the trustee at the time serving as such under the Indenture.

“Underwriters” means Dougherty & Company LLC, RBC Capital Markets Corporation, and Wells Fargo Brokerage Services, LLC as original purchasers of the Bonds.

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SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The University represents that construction, acquisition and installation of the Project will be substantially completed by no later than September 1, 2010, subject only to “force majeure,” as provided in the Loan Agreement. The University may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, or both, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the University, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized “project” under the Act or will adversely affect the tax-exempt status of interest on the Bonds and an Opinion of Counsel to such effect is furnished. The University has agreed that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs exceed the proceeds of the Bonds, including investment earnings in the Construction Account.

Loan Repayments

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

(a) at least five (5) Business Days prior to each April 1 and October 1, commencing October 1, 2009, the University shall deposit into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and, at least five (5) Business Days prior to each April 1, commencing on April 1, 2011, a sum equal to the amount payable as principal (whether at maturity or sinking fund redemption) of the Bonds on such principal payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by the Indenture; and

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

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

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

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

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

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

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

Use of Project Facilities

So long as the Bonds are outstanding and the University owns the Project facilities, the University will own, use and operate the Project Facilities at all times as educational facilities, eligible to be and defined as a “project” under the Act, and not as facilities for sectarian instruction or as a place of religious worship nor primarily in connection with any part of a program of a school or department of divinity for any religious denomination. The University agrees that it will not use or permit to be used the Project Facilities in such manner or to such an extent as would cause interest on the Bonds to be includable in gross income of the recipient for federal income tax purposes or loss of the University’s status as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Maintenance of Project Facilities

The University agrees that so long as the Bonds are outstanding, the University will keep the Project Facilities in good repair and good operating condition at its own cost. The University will make such repairs, modifications and replacements as are necessary in the judgment of the University that the Project will remain a “project” under the Act and the interest on the Bonds will be exempt from federal income taxation and may make such repairs, modifications and replacements subject to the same conditions. The University represents that it has no present intention to sell or otherwise dispose of the Project Facilities except to the extent Project Facilities become obsolete or worn out. Except as otherwise provided by the Loan Agreement, the University shall maintain title to and possession of the Project Facilities, provided that the University may sell, transfer, lease or sublease or enter into agreements in the ordinary course of business for the use of all or any part of the Project Facilities so long as (i) the tax exempt status of the Bonds will not be affected thereby, (ii) no such transaction or agreement shall be inconsistent with the provisions of the Loan

Agreement, the Indenture, or the Act, (iii) the University shall remain fully obligated under the Loan Agreement, as if such transaction or agreement had not been made, and (iv) in the case of any such sale or transfer or in the case of any lease to or occupancy by persons who are not students, employees or faculty of the University, an opinion of Bond Counsel is provided to the Trustee to the effect that tax exemption of the interest on the Bonds is not adversely affected. The University may demolish any of the Project Facilities that in the University's judgment are worn out, obsolete, or require replacement.

Operating Expenses and Liens

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

Taxes and Other Governmental Charges

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

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

Insurance

The University is required to maintain, or cause to be maintained, insurance, with certain deductible amounts, as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents under a policy or policies covering such risks as are ordinarily insured against by similar institutions, including fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Facilities, with a deductible amount of not more than $250,000.

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

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

Upon the written request of the University, the Trustee (i) may permit modifications to such insurance requirements and deductible amounts, including permission for the University to be self-insured in whole or in part for any comprehensive general public liability insurance, 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 University and satisfactory to the Trustee.

The University is required to provide to the Trustee, on or before October 1 of each year, a Certificate of Insurance Compliance in the form attached to the Loan Agreement. Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the University at least thirty days before the cancellation or modification becomes effective.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $1,000,000, the University will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss resulting from such damage or destruction exceeds $1,000,000, the University shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to the Project Facilities shall be taken in any proceeding involving the exercise of the right of eminent domain, there shall be no abatement in the Loan Repayments, and to the extent that the Net Proceeds of the award is not greater than $1,000,000, the University will promptly replace, rebuild or restore the property so taken with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the Net Proceeds of the award exceeds $1,000,000, the University shall either replace, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

Removal of Project Equipment and Building Equipment

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

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

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

(c) the University may remove any Building Equipment without substitution therefor provided that such removal will not materially impair the character or revenue producing significance or value of the Project Facilities, and the University shall furnish the Trustee a Certificate of an Authorized Institution Representative to that effect.

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

Indemnification

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

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

Existence and Accreditation of University

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

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

The University has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt bonds issued on behalf of or for the benefit of the University and all organizations under common management or control with the University (other than qualified hospital bonds and certain other bonds issued for capital expenditures), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000. Under the Loan Agreement, in no event will the University affiliate or consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets or the assets of the Institution as an entirety if the effect of any such transaction would be to adversely affect the tax exempt status of the Bonds, such as by exceeding limitations on the outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the University or such other resulting entity, and all organizations under common management or control with the University or such resulting entity (other than qualified hospital bonds and certain other bonds issued for capital expenditures), within the meaning of Section 145 of the Internal Revenue Code.

Institution to be Nonsectarian

Except for the School of Divinity, which will continue to be separable from the general undergraduate and graduate programs of the Institution for which the Project Facilities financed by the Bonds are and will be used, the University agrees that the Institution will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect.

Federal Income Tax Status

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

Determination of Taxability

In the event a Determination of Taxability is made at any time that interest payable on the Bonds is includable 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%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, in whole or in part, on the next date for which due notice can be given or any date thereafter and the redemption price therefor shall be equal to par plus accrued interest (including additional interest from the Date of Taxability).

Other Covenants

The University further agrees to comply with all applicable laws and regulations against unlawful discrimination (except with respect to the School of Divinity), and not to discriminate on account of religion, race, color, creed or national origin in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the Authority or the Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds; and to observe all applicable State laws and regulations, including those of the Authority, the Department of Education and the Minnesota Office of Higher Education. The University agrees to indemnify the Authority from losses arising from certain representations made by the University regarding the absence of hazardous waste on the Project Facilities.

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

Events of Default

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

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

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

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

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

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

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

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

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

Remedies on Default

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

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

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

Any amounts collected by the Trustee pursuant to the actions set forth above shall be applied first to advances and expenses, and then to payment of the Bonds as provided in Section 7.04 of the Indenture, and any excess to the University.

Amendments

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

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THE INDENTURE

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

Granting Clauses

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

(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 rights of the Authority relating to fees and expenses, indemnity and advances;

(2) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be created and maintained under the Indenture, and (ii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

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

Accounts

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

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

(d) If any “event of default” on the part of the University, as that term is defined in the Loan Agreement, 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 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 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 enforce the Loan Agreement and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, 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 a lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the University to the same extent as if it were not Trustee.

There shall at all times be a trustee under the Indenture which shall be a national association or a corporation organized and doing business under the laws of the United States or the State of Minnesota, authorized under such laws to exercise corporate trust powers, having an office and place of business in the State of Minnesota, having a combined capital, surplus and undivided profits of at least Ten Million Dollars ($10,000,000), and subject to supervision or examination by Federal or State authority.

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor.

The Trustee may resign and be discharged from the trusts created by the Indenture by giving to the Authority thirty days' notice in writing, and to the Bondholders notice by publication, of such resignation specifying a date when such resignation shall take effect. Such resignation shall take effect on the day specified in such notice unless previously a successor trustee shall have been appointed by the Bondholders as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor trustee.

Any Trustee may be removed at any time by the holders of a majority in principal amount of the Bonds outstanding or by the Authority at the request of the University.

In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public supervisory officer shall take charge or control of the Trustee or of its property or affairs, a successor Trustee may be appointed by the Holders of a majority in principal amount of the said Bonds hereby secured and then outstanding, but until a new Trustee shall be appointed by the Bondholders, the Authority shall, subject to the provisions hereof, appoint a Trustee to fill such vacancy.

If no appointment of a successor Trustee shall be made pursuant to the Indenture within six months after a vacancy shall have occurred in the office of Trustee, the Holder of any Bond hereby secured or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor trustee.

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the University shall:

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

(b) provide for the payment of principal of, premium, 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 of America 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 University for the Authority and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or

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

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

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

Supplemental Indentures

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

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

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

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

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

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

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

Amendments to the Loan Agreement

The Authority and the Trustee 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 as may be required (a) by the provisions of the Loan Agreement or Indenture, (b) for the purpose of curing any ambiguity, inconsistency or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement, (d) in connection with implementing the issuance of Additional Bonds in accordance with Section 2.09 of the Indenture, or (e) 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 without the written approval or consent of the Holders of not less than 51% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

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

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THE CONTINUING DISCLOSURE AGREEMENT

The following is a summary of certain provisions of the Continuing Disclosure Agreement. This summary does not purport to be complete and reference is made to the full text of the Continuing Disclosure Agreement for a complete recital of its terms.

The University has undertaken the responsibility for continuing disclosure to bondholders as described below, and the Authority shall have no liability to the holders of the Bonds or any other person with respect to continuing disclosure.

The University has covenanted for the benefit of holders of the Bonds to provide certain financial information and operating data by not later than the first day of April following the end of the University's fiscal year commencing with fiscal year ending June 30, 2009, and to provide notices of the occurrence of certain enumerated events, if material.

The Continuing Disclosure Agreement will be executed and delivered by the University, the Disclosure Agent and the Authority, for the benefit of the holders of the Bonds in order to enable the Underwriters to reasonably determine an "undertaking" has been entered into sufficient to assure compliance with the ongoing disclosure requirements of SEC Rule 15c2-12(b)(5).

Definitions

"Annual Report" means, with respect to the Reporting Party, a document or set of documents which contains (or includes by reference as provided in the Continuing Disclosure Agreement) financial and operating data with respect to the Reporting Party described in Exhibit "A" of the Continuing Disclosure Agreement.

"Annual Report Date" means, with respect to each Annual Report, the date so designated in Exhibit "A" of the Continuing Disclosure Agreement.

"Disclosure Representative" means, with respect to the Reporting Party, the person identified in Section 10 of the Continuing Disclosure Agreement as the recipient of notices to be sent thereunder or such other person as the Reporting Party shall designate by written notice to the Trustee.

"Listed Events" shall mean any of the events listed below.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Participating Underwriters" shall mean Dougherty & Company LLC, RBC Capital Markets Corporation, and Wells Fargo Brokerage Services, LLC.

"Reporting Party" shall mean, subject to release as provided in "Termination" below, the University; together with any successors or assigns as provided in Section 4 of the Continuing Disclosure Agreement.

"Repository" shall mean each National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, including, effective July 1, 2009, the amendments approved by Release No. 34-59062.

"State Repository" shall mean any public or private repository or entity designated by the State of Minnesota as a state repository for the purpose of the Rule. As of the date of the Continuing Disclosure Agreement, there is no State Repository.

Provisions of Annual Report

On or before the Annual Report Date, the Reporting Party shall cause the Annual Report to be delivered to the Authority, the Trustee and the MSRB. To the extent included in an Annual Report, the financial statements shall be audited and prepared in accordance with generally accepted accounting principles. Financial information or operating data may be included in each Annual Report by specific reference to any documents available to the public on the MSRB's internet website or file with the Commission, instead of setting forth such information in the Annual Report. Concurrently with the delivery of the Annual Report to the Trustee, there shall be delivered written evidence from the Reporting Party stating whether or not the Annual Report has been provided to the MSRB.

If the Trustee has not received an Annual Report by April 1 of each year, commencing with April 1, 2010, together with the certification by the Reporting Party described above, the Trustee shall promptly notify the Disclosure Representative of the failure to receive the Annual Report and the certification.

Reporting of Listed Events

The Trustee shall promptly notify the Reporting Party of any of the following occurrences (each, a "Listed Event") of which it has actual knowledge; and no later than three Business Days after receiving actual notice of the occurrence of a Listed Event, the Reporting Party shall notify the Trustee in writing of the Listed Event:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties (this is not applicable to the Bonds);
(v) Substitution of credit or liquidity providers, or their failure to perform (this is not applicable to the Bonds);
(vi) Adverse tax opinions or events affecting the Tax-exempt status of the security;
(vii) Modifications to rights of security holders;
(viii) The giving of notice to redeem any Bonds other than for a sinking fund redemption;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities (this is not applicable to the Bonds) and;
(xi) Rating changes.

No later than five Business Days after either (i) the Reporting Party has received notice from the Trustee of a Listed Event or (ii) the Reporting Party is required to give notice of a Listed Event to the Trustee, the Reporting Party shall give notice of the occurrence of the Listed Event, if material to the MSRB.

The Trustee shall promptly give notice to the MSRB of a failure of the Reporting Party to provide the Annual Report on or before the Annual Report Date.

Termination of Reporting Obligation

The Reporting Party's obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment

Notwithstanding any other provision of the Continuing Disclosure Agreement, the Reporting Party and the Trustee may amend any provision of the Continuing Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Reporting Party so long as, in the judgment of the Trustee, its burdens or liabilities are not increased thereby), subject to the following conditions:

(a) the amendment is in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Reporting Party or type of business conducted;

(b) the Continuing Disclosure Agreement, after giving effect to the amendments, would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any subsequent amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the Trustee either determines, in its discretion, that the amendment does not materially impair the interest of the Holders of the Bonds or obtains the consent of Holders of at least 51% in aggregate principal amount of the Bonds then outstanding.

In addition, any Annual Report containing amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information.

Additional Information

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Reporting Party from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement.

Default

In the event of a failure of the Reporting Party to provide a timely Annual Report or to report the occurrence of a Listed Event, the Trustee or any Holder of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Reporting Party to provide the reports. In the event of a failure of the Reporting Party to comply with provisions (with regard to the Annual Report and Reporting of Listed Events) or a challenge to the adequacy of any report, the Trustee may (and, at the request the Holders of at least 51% of the aggregate principal amount of Bonds then outstanding, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Reporting Party to comply with its obligations under the Continuing Disclosure Agreement.

Beneficiaries

The Continuing Disclosure Agreement shall inure solely to the benefit of the parties thereto, the Participating Underwriters and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

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THE DEPOSITORY TRUST COMPANY

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

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

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

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

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

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer or Bond Registrar as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2008
WITH REPORT OF INDEPENDENT AUDITORS

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
University of St. Thomas
Saint Paul, Minnesota

We have audited the accompanying statement of financial position of the University of St. Thomas as of June 30, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the University's 2007 financial statements and, in our report, dated October 24, 2007, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the University of St. Thomas as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

LarsonAllen LLP

LarsonAllen LLP

Minneapolis, Minnesota
October 22, 2008

University of St. Thomas
Statement of Financial Position
As of June 30, 2008
(with comparative totals as of June 30, 2007)

Assets	**2008**	**2007**
Cash and cash equivalents	$8,961,964	$1,594,628
Collateral held under securities lending agreement	35,399,738	48,008,924
Accounts receivable, net	9,159,128	9,649,817
Inventories, prepaid expenses, and other assets	6,968,048	7,035,150
Contributions receivable, net	93,960,973	89,119,759
Loans to students, net	4,938,131	4,565,740
Investments	433,383,500	436,700,119
Land, buildings, and equipment, net	328,039,756	327,765,546
Total assets	**$920,811,238**	**$924,439,683**
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities	$18,208,438	$16,150,957
Collateral payable under securities lending agreement	35,399,738	48,008,924
Unearned tuition income	5,685,006	6,176,970
Deposits and other liabilities	17,479,018	10,162,827
Assets held in custody for others	6,366,707	6,970,124
Annuity obligations	4,326,468	5,144,841
Bonds payable	148,789,000	156,904,000
Advances from federal government for student loans	4,226,870	4,206,180
Total liabilities	**240,481,245**	**253,724,823**
Net assets		
Unrestricted:		
Operations	25,770,780	26,850,512
Long-term investment	198,388,088	211,479,879
Invested in plant	180,130,746	168,823,052
Total unrestricted	**404,289,614**	**407,153,443**
Temporarily restricted	68,943,608	66,998,958
Permanently restricted	207,096,771	196,562,459
Total net assets	**680,329,993**	**670,714,860**
Total liabilities and net assets	**$920,811,238**	**$924,439,683**

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

University of St. Thomas
Statement of Activities
For the year ended June 30, 2008
(with comparative totals for 2007)

	2008				2007
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating revenues					
Tuition and fees	$203,163,084			$203,163,084	$185,180,140
Less: student aid	(61,212,799)			(61,212,799)	(53,560,924)
Net tuition and fees	141,950,285			141,950,285	131,619,216
Sales and services of auxiliary enterprises	31,644,707			31,644,707	30,503,360
Private gifts and grants	14,185,456	$10,328,261		24,513,717	20,067,091
Grants and contracts	3,973,862			3,973,862	5,245,829
Investment earnings used - endowment	7,251,370			7,251,370	7,927,460
Investment earnings used - non-endowment	2,799,763			2,799,763	2,985,321
Sales and services of educational departments	4,965,977			4,965,977	4,565,725
Other revenue	6,687,912			6,687,912	5,245,484
Net assets released from restrictions	7,576,534	(7,576,534)			
Total operating revenues	221,035,866	2,751,727		223,787,593	208,159,486
Operating expenditures					
Instruction and other services					
Instruction	100,192,380			100,192,380	97,989,323
Auxiliary enterprises	30,935,637			30,935,637	29,800,008
Student activities and services	18,251,046			18,251,046	16,999,997
Academic support	9,221,292			9,221,292	8,290,683
Libraries	8,407,764			8,407,764	8,053,708
Public service	1,350,255			1,350,255	1,067,072
Research	758,243			758,243	607,246
Total instruction and other services	169,116,617			169,116,617	162,808,037
Management and general					
General administration and support services	27,186,024			27,186,024	26,031,827
Development	5,680,523			5,680,523	4,845,574
Total management and general	32,866,547			32,866,547	30,877,401
Total operating expenditures	201,983,164			201,983,164	193,685,438
Net operating income	**19,052,702**	**2,751,727**		**21,804,429**	**14,474,048**
Non-operating activities					
Permanently restricted gifts			17,558,758	17,558,758	6,102,229
Investment earnings (withdrawn) reinvested - endowment	(11,368,532)	(807,077)	(5,432,459)	(17,608,068)	32,794,492
Investment earnings (withdrawn) reinvested - non-endowment	(6,889,241)			(6,889,241)	15,821,941
Loss on disposal of property and equipment	(88,247)			(88,247)	(1,479,155)
Net unrealized loss on interest rate exchange agreement	(1,769,825)			(1,769,825)	(148,880)
Gift to Center for Ethical Business Cultures	(1,800,686)			(1,800,686)	
Income tax			(1,591,987)	(1,591,987)	
Net non-operating (loss) income	**(21,916,531)**	**(807,077)**	**10,534,312**	**(12,189,296)**	**53,090,627**
Net (decrease) increase in net assets	**(2,863,829)**	**1,944,650**	**10,534,312**	**9,615,133**	**67,564,675**
Net assets, beginning of year	407,153,443	66,998,958	196,562,459	670,714,860	603,150,185
Net assets, end of year	**$404,289,614**	**$68,943,608**	**$207,096,771**	**$680,329,993**	**$670,714,860**

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

University of St. Thomas
Statement of Cash Flows
For the year ended June 30, 2008
(with comparative totals for 2007)

	2008	2007
Cash flows from operating activities		
Increase in net assets	$9,615,133	$67,564,675
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	16,092,996	15,567,038
Net realized investment gains	(16,016,254)	(28,281,387)
Net unrealized investment losses (gains)	42,730,068	(15,479,898)
Gifts of property and equipment	(5,953,594)	(2,094,323)
Contributions restricted for long-term investment	(13,965,085)	(3,708,299)
Interest and dividend income restricted for long-term investment	(1,948,045)	(1,781,160)
Noncash contributions of marketable securities	(4,523,873)	(6,614,717)
Decrease in allowance for uncollectible pledges	(110,000)	
Loss on disposal of land, buildings, and equipment	88,247	1,479,155
Change in operating assets and liabilities		
Decrease (increase) in operating assets		
Accounts receivable, net	490,689	(325,797)
Contributions receivable	(4,731,214)	(4,972,266)
Other operating assets	(305,289)	(313,821)
Increase (decrease) in operating liabilities		
Accounts payable and accrued expenses	1,400,370	(506,410)
Other operating liabilities	5,423,127	2,632,010
Net cash provided by operating activities	**28,287,276**	**23,164,800**
Cash flows from investing activities		
Purchases of investments	(409,370,635)	(149,525,904)
Proceeds from sales and maturities of investments	390,497,313	147,628,601
Expenditures for land, buildings, and equipment	(9,857,448)	(19,828,738)
Proceeds from sale of land, buildings, and equipment	12,700	
Net cash used in investing activities	**(28,718,070)**	**(21,726,041)**
Cash flows from financing activities		
Proceeds from contributions restricted for endowment, and for land, buildings, and equipment	13,965,085	3,708,299
Payments on bonds payable	(8,115,000)	(6,223,000)
Interest and dividend income restricted for long-term investment	1,948,045	1,781,160
Net cash provided (used) by financing activities	**7,798,130**	**(733,541)**
Net increase in cash and cash equivalents	7,367,336	705,218
Cash and cash equivalents at beginning of year	1,594,628	889,410
Cash and cash equivalents at end of year	**$8,961,964**	**$1,594,628**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$5,866,357	$6,810,752
Building and equipment acquisitions included under accounts payable and accrued expenses	$1,198,966	$541,855
Equipment acquired through capital lease agreements	$3,840,976	$11,156,956

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

1. Summary of Significant Accounting Policies

Organization
Founded in 1885, the University of St. Thomas (the University) is a Catholic, diocesan university based in the Twin Cities of St. Paul and Minneapolis. The largest private university in Minnesota, St. Thomas offers bachelor's degrees in over 85 major fields of study and more than 45 graduate degree programs including master's, education specialist, juris doctor and doctorates.

Basis of Presentation
The accompanying statements of the University have been prepared on an accrual basis of accounting.

Net assets and related revenues and expenses are classified into the following three categories based upon the existence or absence of donor-imposed restrictions:

Unrestricted net assets are free of donor-imposed restrictions.

Unrestricted net assets generally result from revenues derived from providing services, receiving unrestricted contributions, and gains and losses that are not recorded in permanently or temporarily restricted net assets. Expenses are reported as decreases in unrestricted net assets.

Temporarily restricted net assets are donor restricted but the restriction will expire.

Temporarily restricted net assets generally include gifts, pledges, and investment income, which can be expended, but for which donor-imposed restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be expended, or time restrictions imposed by donors or implied by the nature of the gift (such as capital projects, pledges to be paid in the future, or life income funds).

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as "Net assets released from restrictions". However, if a restriction is fulfilled in the same fiscal year in which a contribution is received or restricted investment income is earned, the University reports the support (and related expense) as unrestricted.

Permanently restricted net assets have restrictions that do not expire.

Permanently restricted net assets generally represent the original value of gifts, trusts, and pledges which are permanently restricted by the donor. Generally the corpus (original gift) is invested in perpetuity and only the investment income is made available for program operations in accordance with the donor stipulations. In some instances, a portion of the investment income is added to the corpus and is reinvested in perpetuity as stipulated by the donor.

Cash and Cash Equivalents (Cash)
All highly liquid cash investments with an original maturity of three months or less when purchased by the University are considered to be cash equivalents.

Cash that is held for long-term investment is included in the Statement of Financial Position as investments. For example, cash held by endowment investment managers until suitable investment opportunities are identified, and cash held for the purchase of buildings and equipment, are reported as investments. Cash held for long-term investment totaled $74,291,541 and $31,134,455 at June 30, 2008 and 2007, respectively.

Cash held in bank accounts may at times exceed federally insured limits.

Accounts Receivable
Accounts receivable are stated at net realizable value. The allowance for doubtful accounts for the years ended June 30, 2008 and 2007 was $1,092,436.

1. Summary of Significant Accounting Policies - continued

Inventories

Inventories are recorded at the lower of cost or market with cost determined on a first-in, first-out (FIFO) basis. Inventories consist mainly of books and materials at the University bookstores.

Contributions Receivable

Pledges to give that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional promises are not included as support until such time as the conditions are substantially met.

Investments

Investments are stated at market value and include accrued income. The value of publicly traded securities is based upon quoted market prices and net asset values. Other securities, for which no such quotations or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers. The University believes that these valuations are a reasonable estimate of fair value as of June 30, 2008 and 2007, but are subject to uncertainty and therefore, may differ from the value that would have been used had a ready market for the investments existed.

Changes in fair value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are generally determined using the average cost method. Gifts of investments in securities are recorded at fair value at the date of the gift.

Land, Buildings, and Equipment

Land, building, and equipment acquisitions are stated at cost if purchased, or fair value if gifted, less accumulated depreciation. Depreciation is computed on a straight-line basis over the estimated useful life of the related asset.

Asset Retirement Obligations

Asset retirement obligations (ARO) are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized by increasing the carrying amount of the related assets by the same amount as the liability. Asset retirement costs are subsequently depreciated over the useful lives of the related assets. Subsequent to initial recognition, the University records period-to-period changes in the ARO liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows. The University reduces ARO liabilities when the related obligations are settled.

As of June 30, 2008 and 2007, conditional asset retirement obligations, which are included within deposits and other liabilities in the Statement of Financial Position, totaled $3,419,167 and $3,256,351, respectively. During the fiscal years ended June 30, 2008 and 2007, the conditional asset retirement obligation increased by $162,816 and $155,064, respectively, as a result of the accretion of interest.

Changes in management's assumptions regarding settlement dates and settlement methods could have a material effect on the liabilities recorded at June 30, 2008.

Unearned Tuition Income

Unearned tuition income represents tuition received in advance for the summer term and other University programs to be held substantially after year-end. For summer session terms that begin before July 1 and end in the next fiscal year, tuition is recognized as revenue in the current fiscal year based upon that part of the term completed before July 1.

Assets Held In Custody For Others

Assets held in custody for others represents primarily investments that are held and administered by the University, but are owned by other non-profit organizations. These related investments are included within investments in the Statement of Financial Position.

1. Summary of Significant Accounting Policies - continued

Annuity Obligations

Some contributions received, such as interests in charitable gift annuity contracts and charitable trusts, have donor imposed obligations to make payments to the donor or other beneficiaries. Annuity obligations arising from such gifts are established at the time of the contribution using life expectancy actuarial tables and are revalued annually. Actuarial gains and losses resulting from the annual revaluation of annuity obligations are reflected as temporarily or permanently restricted, consistent with the method used to initially record the contributions.

Contributions

Contributions received, including unconditional donor promises, are recognized as revenue when the University receives the donor's commitment. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances for uncollectible pledges.

Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Conditional promises are recorded when donor stipulations are substantially met.

The University reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated asset must be used.

Grants and contracts

Revenue from government and private grants and contracts are recognized as they are earned in accordance with the agreements. Any funding received before it is earned is recorded as a liability.

Endowment Spending Policy

The University follows an endowment spending policy which authorizes spending of a percentage of the three year average market value of most endowment funds. This percentage is established annually for each endowment by the president of the University. The average aggregate spending rate approximated 5% in 2008 and 2007.

The intent of the spending policy is to provide a resource to fund expenditures in accordance with the donor's wishes and at the same time, increase endowment fund value as a protection against inflation. If endowment investment income received is not sufficient to support the spending policy distribution, funds may be withdrawn from investment return earned in prior years. If income is in excess of the spending policy distribution, the balance is reinvested in the endowment.

Non-Operating Activities

Non-operating activities reflect transactions of a long-term investment nature including:

- permanently restricted private gifts and grants which are invested in perpetuity,
- endowment investment earnings reinvested, and withdrawals above the spending policy,
- board designated non-endowment investment earnings reinvested, and withdrawals above the spending policy,
- other non-endowment investment gains or losses,
- reclassification of prior gifts among net asset categories due to changes in donor-imposed restrictions,
- nonrecurring fixed asset gains and losses,
- other transactions that are significant, nonrecurring, and are not accounted for as part of ongoing budgeted operations.

Advertising expense

Advertising expenditures are expensed as incurred. Advertising expense for the years ended June 30, 2008 and 2007 was $892,890 and $905,366, respectively.

Functional Expenses

Expenses are directly coded to programs or support services whenever possible. Expenses which are not directly identifiable by program or support service are allocated based on the best estimates of management.

1. Summary of Significant Accounting Policies - continued

Fair Value Disclosures
The market values of receivables, accounts payable and accrued liabilities, unearned income, and bonds payable approximate their carrying values.

The fair value of bonds payable was determined using the present value of the future cash flows of debt service payments (see note 6). The discount rate used was based on the current rate on similar debt issues.

The determination of the fair value of loan fund receivables, which are federally sponsored student loans with U.S. Government mandated interest rates and repayment terms and subject to significant restrictions, could not be made without incurring excessive costs.

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

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values will occur in the near term and that such changes could materially affect the financial statements.

Income taxes
The University qualifies as a tax-exempt nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and similar statutes of Minnesota law. However, any unrelated business income may be subject to taxation. The most significant areas that subject the University to unrelated business income tax (UBIT) include conferences and events, rental activities, gifts of alternative investments and other unrelated income.

Deferred Income Taxes
Deferred taxes on unrelated business income tax (UBIT) are provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment. Realization of deferred tax assets is dependent upon sufficient future taxable income during the periods when deductible temporary differences and carryforwards are expected to be available to reduce taxable income.

Prior Year Information
The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

2. Accounts Receivable

Accounts receivable consists of the following at June 30:

	2008	2007
Student accounts	$7,493,864	$7,980,534
Less: allowance for doubtful accounts	(1,092,436)	(1,092,436)
	6,401,428	6,888,098
Government grants receivable	761,434	835,955
Other	1,996,266	1,925,764
Total	$9,159,128	$9,649,817

3. Contributions Receivable

Unconditional promises to give are recognized at the estimated present value of the future cash flows net of allowances, in the following time frame:

	2008	2007
In one year or less	$10,683,327	$10,026,153
Between one year and five years	37,064,877	32,657,323
More than five years	96,690,150	101,208,747
Total face value of pledges outstanding	144,438,354	143,892,223
Discount (to present value)	(44,767,381)	(48,952,464)
Allowance for uncollectible pledges	(5,710,000)	(5,820,000)
Contributions receivable	$93,960,973	$89,119,759

4. Investments

The following table summarizes the value of investments at June 30, 2008 and 2007:

	2008 Market Value	% of Total	2007 Market Value	% of Total
Cash and cash equivalents	$74,291,541	17.1%	$31,134,455	7.1%
Equities-domestic	159,135,000	36.7%	185,516,238	42.5%
Equities-international	11,356,000	2.6%	71,185,344	16.3%
Fixed income securities-domestic	69,727,000	16.1%	70,583,889	16.2%
Fixed income securities-international			14,721,500	3.4%
Real estate	26,687,736	6.2%	25,668,885	5.9%
Alternative and other investments	92,186,223	21.3%	37,889,808	8.6%
Total market value	$433,383,500	100.0%	$436,700,119	100.0%
Total cost	$426,945,868		$386,240,473	

4. Investments - continued

The components of investments and investment earnings are summarized below:

		2008		2007
Investments at beginning of year		$436,700,119		$384,426,814
Endowment earnings				
Investment income	7,347,032		9,483,835	
Net realized and unrealized (losses) gains	(17,703,730)		31,238,117	
Total endowment investment (loss) earnings	(10,356,698)		40,721,952	
Less: withdrawn for operations	7,251,370		7,927,460	
Net endowment earnings (withdrawn) reinvested		(17,608,068)		32,794,492
Non-endowment earnings				
Board designated				
Investment income	3,116,343		4,532,772	
Net realized and unrealized (losses) gains	(7,260,985)		10,131,057	
Total investment (loss) earnings	(4,144,642)		14,663,829	
Less: withdrawn for operations	995,500		1,234,000	
Net earnings (withdrawn) reinvested	(5,140,142)		13,429,829	
Other non-endowment earnings				
Investment income	1,804,263		1,751,322	
Net realized and unrealized (losses) gains	(1,749,099)		2,392,111	
Total investment earnings	55,164		4,143,433	
Less: withdrawn for operations	1,804,263		1,751,321	
Net earnings (withdrawn) reinvested	(1,749,099)		2,392,112	
Net non-endowment earnings reinvested (withdrawn)		(6,889,241)		15,821,941
Gifts		22,405,000		7,529,125
Withdrawals from construction escrow accounts		(3,487)		(3,334,525)
Investment management fees		(1,714,149)		(1,592,180)
(Deductions) additions to investments held for others		(603,416)		1,544,388
Other additions (withdrawals), net		1,096,742		(489,936)
Net change in investments		(3,316,619)		52,273,305
Investments at end of year		$433,383,500		$436,700,119

Investment earnings, as reflected in the Statement of Activities, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating				
Investment earnings used - endowment	$7,251,370			$7,251,370
Investment earnings used - non-endowment	2,799,763			2,799,763
Operating investment earnings	10,051,133			10,051,133
Non-operating				
Investment earnings withdrawn - endowment	(11,368,532)	(807,077)	(5,432,459)	(17,608,068)
Investment earn. withdrawn non-endowment	(6,889,241)			(6,889,241)
Non-operating investment earnings withdrawn	(18,257,773)	(807,077)	(5,432,459)	(24,497,309)
Total investment loss	($8,206,640)	($807,077)	($5,432,459)	($14,446,176)

4. Investments - continued

The University participates in a securities lending program, whereby securities owned by the University and included in the University's investments are loaned to other institutions. The University requires that collateral from the borrower in an amount equal to approximately 102% of the market value of the loaned securities be placed with a third party trustee in the name of the University. As of June 30, 2008 and 2007, securities on loan totaled $34,485,994 and $46,404,214, respectively, that were secured by collateral with a market value of $35,399,738 and $48,008,924, respectively. The collateral received in connection with the security lending program and the obligation to return such collateral are reported as an asset and liability for financial statement purposes.

Investment managers are utilized to invest in individual securities on behalf of the University. In many cases, the University holds a partial interest in these pooled funds along with other investors. While the value of each of these pooled funds do not have a readily marketable value, the individual underlying assets are marketable securities, except for real estate and alternative investments separately disclosed above. Real estate and alternative investments are not readily marketable, and are carried at estimated fair values as provided by those investment managers. The University reviews and evaluates the values, and believes the valuation methods and assumptions used in determining the fair value of the real estate and alternative investments are reasonable.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in values will occur in the near term and that such changes could materially affect the financial statements.

5. Land, Buildings, and Equipment

Land, buildings, and equipment and related accumulated depreciation at June 30 consist of the following:

	Estimated Useful Life (Years)	2008	2007
Land		$37,939,024	$37,939,024
Land improvements	15 - 20	6,726,836	6,577,046
Buildings	20 - 60	329,685,426	325,500,041
Equipment, library books, art objects	0 - 15	107,665,583	102,400,013
Cost of land, buildings, and equipment		482,016,869	472,416,124
Less: Accumulated depreciation		(158,669,692)	(147,710,310)
Land, buildings, and equipment, net of depreciation		323,347,177	324,705,814
Add: Construction-in-progress		4,692,579	3,059,732
Land, buildings, and equipment as reported		$328,039,756	$327,765,546

6. Bonds Payable

Bonds payable consists of the following at June 30:

	2008	2007
MHEFA Revenue Bonds, Series Six-I Payable through 2023, interest at 4% to 5%, uncollateralized, proceeds used to advance refund Series 4P, 4M and 4A1, original proceeds used for Opus Hall, Morrison Hall and the Science and Engineering Center	$35,635,000	$37,420,000
MHEFA Revenue Bonds, Series Five-Y Payable through 2034, interest at 3% to 5.25%, uncollateralized, proceeds used for Selby Hall	28,605,000	29,140,000
MHEFA Variable Rate Demand Revenue Bonds, Series Five-L Payable through 2027, variable interest rate (not to exceed 15%), collateralized by an irrevocable letter of credit, proceeds used for School of Law building and Terrence Murphy Hall, the letter of credit is collateralized by the School of Law facility	20,860,000	21,750,000

6. Bonds Payable - continued

	2008	2007
MHEFA Variable Rate Demand Revenue Bonds, Series Five-Z	17,200,000	18,000,000
Payable through 2029, variable interest rate (not to exceed 12%), collateralized by an irrevocable letter of credit, proceeds used for Schulze Hall		
MHEFA Revenue Bonds, Series Five-T	13,440,000	15,995,000
Payable through 2014, interest at 2.75% to 4%, uncollateralized, proceeds used to refund Series Three-R1 and Three-R2, original bond proceeds used for Murray Herrick, dormitory, Terrence Murphy Hall, and other additions.		
MHEFA Variable Rate Demand Revenue Bonds, Series Six-H	12,300,000	12,300,000
Payable through 2032, variable interest rate (not to exceed 10%), collateralized by an irrevocable letter of credit, proceeds used for McNeely Hall		
MHEFA Variable Rate Demand Revenue Bonds, Series Four-O	10,040,000	10,800,000
Payable through 2021, variable interest rate (not to exceed 15%), collateralized by an irrevocable letter of credit, proceeds used for Science and Engineering Center and Morrison Hall		
MHEFA Variable Rate Demand Revenue Bonds, Series Five-C	9,295,000	10,000,000
Payable through 2025, variable interest rate (not to exceed 15%), collateralized by an irrevocable letter of credit, proceeds used for renovation of the John Roach Center for the Liberal Arts		
Note payable	975,000	975,000
Payable through 2012, interest at 5.0%, uncollateralized		
Dormitory Bonds, 1967	325,000	355,000
Payable through 2017, interest at 3.0%, collateralized by Brady Hall building and related net revenues		
Academic Building Bonds, 1969	114,000	169,000
Payable through 2009, interest at 3.0%, collateralized by O'Shaughnessy Educational Center building		
Total face value of long-term debt	$148,789,000	$156,904,000
Approximate market value of long-term debt	$149,600,000	$157,000,000

Interest expense was $5,951,072 and $6,758,746 for the years ended June 30, 2008, and 2007, respectively. Debt was also issued in 2007 to finance building construction.

As of June 30, 2008, the variable interest rate associated with the above variable debt issues was approximately 1.6%.

The annual maturities for bonds payable at June 30, 2008, are as follows:

2009	$7,916,000
2010	7,003,000
2011	7,140,000
2012	7,380,000
2013	8,670,000
Thereafter	110,680,000
	$148,789,000

6. Bonds Payable - continued

The University has a line of credit of $10,000,000 with interest generally at LIBOR plus .75% which expires on December 31, 2009. At June 30, 2008 and 2007, the University had no borrowings under the agreement.

In April 2003, the University entered into a forward interest rate swap agreement having a notional amount of $20,800,000. This swap is utilized to reduce the volatility risk for a portion of the University's variable interest rate exposure on debt issues Series Four-O and Series Five-C. Under the swap agreement, the counter party will pay the University a variable interest rate equal to 67% of the three-month London Interbank Offered Rate (LIBOR) and the University will pay the counter party a fixed rate of 3.085% for a term of 12 years.

In February 2006, the University entered into a forward interest rate swap agreement having a notional amount of $12,300,000. This swap is utilized to reduce the volatility risk for a portion of the University's variable interest rate exposure on debt issue Series Six-H. Under the swap agreement, the counter party will pay the University a variable interest rate equal to 67% of the three-month London Interbank Offered Rate (LIBOR) and the University will pay the counter party a fixed rate of 3.553% for a term of 26 years.

The University follows Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities", and subsequent amendments. The interest rate agreements are recorded at market value, and are recorded as an liability of $753,394 as of June 30, 2008, and as an asset $1,016,431 as of June 30, 2007.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 are available for the following purposes:

	2008	2007
Unrestricted outstanding donor pledges for education and general operations	$39,697,417	$42,021,761
Buildings and equipment	13,579,413	7,277,932
Instruction and other programs	7,833,928	8,920,934
Student financial aid	2,343,221	2,505,816
	63,453,979	60,726,443
Annuity trust agreements	5,489,629	6,272,515
Total temporarily restricted net assets	$68,943,608	$66,998,958

Net assets were released from donor restrictions by incurring expenses which satisfied the restricted purpose or by the occurrence of other events specified by donors in the following manner:

	2008	2007
Purpose restrictions accomplished:		
Unrestricted donor pledges received for education and general operations	$5,000,000	$3,099,817
Buildings and equipment	1,497,353	6,891,944
Instructional activities and student financial aid	512,445	883,956
Other	566,736	607,662
Total restrictions released	$7,576,534	$11,483,379

8. Permanently Restricted Net Assets

Permanently restricted net assets at June 30 are restricted to:

	2008	2007
Investment in perpetuity, the income from which is expendable to support:		
Student financial aid	$44,423,997	$41,739,232
Instruction and other related activities	160,266,942	152,311,805
Annuity trust agreements that will ultimately be used to establish permanent endowment funds	2,405,832	2,511,422
Total permanently restricted net assets	$207,096,771	$196,562,459

9. Student Aid

Student aid, as reported in the Statement of Activities as a reduction of tuition and fees, was funded from the following revenue sources:

	2008	2007
Institutional revenue sources	$55,032,021	$47,236,918
Gifts, grants, and endowment earnings	6,180,778	6,324,006
Total student aid	$61,212,799	$53,560,924

10. Retirement Benefits

Retirement benefits are provided for substantially all full-time employees through Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA/CREF) and Fidelity Investments. Under this 403(b) retirement plan, the University makes contributions of a defined percentage of covered payroll to TIAA/CREF and Fidelity Investments. Participants have the option to purchase individual annuities or to invest the contribution amount in various investment options. Contributions charged to unrestricted operations for these benefits were $7,983,462 and $7,311,921 for the years ended June 30, 2008 and 2007, respectively.

11. Income taxes

Income tax expense included in the Statement of Activities consists of the following:

	2008	2007
Current:		
Federal	-	-
State	-	-
Deferred	$1,591,987	-
Total	$1,591,987	

Temporary differences between financial statement carrying amounts and the tax basis of assets and liabilities and operating loss carryforwards that create deferred tax assets and liabilities are as follows:

	2008	2007
Non-current asset:		
Net operating loss carryforwards	$2,288,035	$2,504,618
Deferred tax asset, before valuation allowance	2,288,035	2,504,618
Less: valuation allowance	-	(2,504,618)
Deferred tax asset	$2,288,035	
Non-current liability:		
Unrealized gains	$3,880,022	-
Deferred tax liability	$3,880,022	

11. Income taxes - continued

Deferred tax liabilities and deferred tax assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The 2007 valuation allowance was established due to the uncertainty of the amount of future unrelated business income tax (UBIT), which is necessary to realize the benefits of the deferred tax assets. As of June 30, 2008, the University had federal and state net operating loss (NOL) carryforwards of approximately $5,153,000 which will begin to expire in 2008.

Realization of the NOL carryforwards and other deferred tax temporary differences are contingent on future taxable income. The deferred tax asset was reviewed for expected utilization using a "more likely than not" approach by assessing the available positive and negative evidence surrounding its recoverability. During 2008, the University received a donated asset that has built-in appreciation subject to federal and state income tax of $8,220,000. Based upon this expected tax liability along with the estimated taxable income to be generated by this asset, management has determined that the full amount of the deferred tax asset is more likely than not to be utilized. Accordingly, the valuation allowance of $2,504,618 was released into income during 2008.

On July 1, 2007, the University adopted the provisions of the Financial Accounting Standards Board Interpretatiion No. 48, "Accounting for Uncertainty in Income taxes," ("FIN 48") an interpretation of FASB Statement No. 109, "Accounting for Income Taxes." As a result of the implementation of FIN 48, the University recognized no material adjustment in the liability for unrecognized income tax benefits and FIN 48 had no effect on net assets. The University recognizes accrued interest and penalties related to uncertain tax positions as expense. At June 30, 2008, the University had no accruals for the payment of income tax related interest or penalties. The University's federal and state tax returns are potentially open to examinations for the years 2004-2007.

12. Related Party Transactions

Pledges totaling $79,198,000 and $70,562,673 for the years ended June 30, 2008 and 2007 from Board of Trustee members are included in the Statement of Financial Position as Contributions Receivable.

The University and Center for Ethical Business Cultures (CEBC) have been affiliated since 1988. The relationship affirms the common educational mission of each organization concerning the development of ethical leadership within the business community. Under the affiliation agreement, the University contributes professional, administrative, and support services to CEBC, as well as office and classroom space. During the fiscal year ended June 30, 2008, a gift was made to an endowment which supports the Self-Assessment and Improvement Process (SAIP) Institute at the University. The SAIP Institute fosters ethically responsible business conduct. Through the generosity of the gift to the Institute, gifts totaling $1,929,825 will be made by the University to CEBC over the next four years. The present value of these gifts of $1,800,686 is reported in the Statement of Activities under non-operating activities.

13. Leases

The University has entered into both operating and capital leases for facilities, equipment, and vehicles. The lease terms generally range from one month to 26 years with options to renew at varying times:

Rent expense under operating leases:	2008	2007
Duplicating and other equipment	$1,199,019	$1,368,316
Parking space	867,853	835,314
Mass transit	612,227	592,203
Facilities	657,604	800,463
Other	122,969	111,744
Total	$3,459,672	$3,708,040

Assets recorded under capital leases:	2008
Equipment	$10,373,600
Less Accumulated depreciation	(5,714,176)
	$4,659,424

Minimum lease payment commitments as of June 30,2008 are as follows:

	Capital Leases	Operating Leases
2009	$2,651,344	$2,130,110
2010	1,536,158	1,793,824
2011	723,677	1,102,823
2012	136,065	1,010,524
2013		862,953
Thereafter through 2034		25,942,398
Total future commitments	5,047,244	32,842,632
Less amount representing interest	(387,820)	
Present value of future minimum lease payments	$4,659,424	$32,842,632

The capital lease obligation is included within deposits and other liabilities in the Statement of Financial Position.

14. Commitments and Contingencies

In the normal course of operations, the University is subject to various claims and lawsuits. Additionally, amounts received and expended under various federal and state programs are subject to audit by government agencies. In management's opinion, the ultimate resolution of these contingencies would not have a significant adverse effect upon the overall financial position, operations, or cash flows of the University.

During 2008, the University entered into agreements with various parties in connection with the construction of a parking ramp with an estimated total cost of $15.2 million.

The University is self insured with respect to certain medical and workers compensation costs. The University's stop loss insurance limits the University's liability to $390,000 per incident and $1,900,000 in aggregate per year.

At June 30, 2008 and 2007, the University had remaining capital call commitments of $22,692,000 and $24,636,000, respectively, with private equity managers. Typically, committed capital is drawn down by the private equity managers and invested over a several year period.

In connection with the issuance of certain bonds, the University entered into a redevelopment contract with the Minneapolis Community Development Agency (MCDA). Under terms of the contract, the University has committed to provide eight full-time (4 year) scholarships each year (for a maximum of 32 scholarships at any one time) to eligible students through 2017. The MCDA has provided the University a $9.2 million Revenue Note, payment of which is contingent upon the receipt of certain tax revenues by the City of Minneapolis. The Revenue Note has not been recorded as an asset due to the contingent nature of the payments on the note by the MCDA. The Revenue Note shall terminate on February 1, 2016 without regard to any such amounts which may be unpaid at that time.

ARTIST'S RENDERING OF THE ANDERSON ATHLETIC AND RECREATION COMPLEX

University of St. Thomas
Minnesota

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