OFFICIAL STATEMENT DATED FEBRUARY 25, 2016

REFUNDING ISSUE | **Moody's Rating: 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

$15,305,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Eight-M
(University of St. Thomas)

(Both Series DTC Book Entry Only)

Dated Date: Date of Delivery

Interest Due: April 1 and October 1, Commencing October 1, 2016

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

The Bonds will 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 for the Bonds, 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 Dougherty & Company LLC and U.S. Bancorp Investments, Inc. (the "Underwriters") 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 Nilan Johnson Lewis PA, Minneapolis, Minnesota and for the Underwriters by Faegre Baker Daniels LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriters through the facilities of DTC on or about March 9, 2016.

Dougherty & Company LLC | **US Bancorp**

$15,305,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Eight-M
(University of St. Thomas)
Maturity Schedule

Maturity Date	Amount	Rate	Yield	CUSIP 60416H
4/1/2017	2,335,000	4.00%	0.56%	V5 0
4/1/2018	2,475,000	4.00%	0.75%	V6 8
4/1/2019	2,570,000	4.00%	0.86%	V7 6
4/1/2020	2,675,000	4.00%	0.98%	V8 4
4/1/2021	2,785,000	4.00%	1.15%	V9 2
4/1/2022	2,465,000	4.00%	1.34%	W2 6

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, their 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.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers provided in this Official Statement are included 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. None of the Authority, the Underwriters, nor the University takes any responsibility for the accuracy of such CUSIP numbers.

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OFFICIAL STATEMENT

$15,305,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES EIGHT-M
(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 $15,305,000 Revenue Bonds, Series Eight-M (University of St. Thomas) (the "Eight-M Bonds" or the "Bonds").

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 a Trust Indenture to be dated as of March 1, 2016 between the Authority and Wells Fargo Bank, National Association, Minneapolis, Minnesota, as trustee (the "Trustee"). The Trustee will serve as the Registrar and Paying Agent for the Bonds.

Pursuant to a Loan Agreement to be dated as of March 1, 2016 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, together with University funds and other funds available for the purpose, will be used to:

1. Refund, on a current refunding basis, the outstanding principal of the Authority's Revenue Bonds, Series Six-I (University of St. Thomas) (the "Six-I Bonds") plus interest to the redemption date for such bonds; and
2. Pay issuance costs.

See "USE OF PROCEEDS" herein.

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

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.

Simultaneously with the closing and delivery of the Bonds, the Authority and the University will refund on an advance refunding basis the Authority's outstanding Revenue Bonds, Series Six-W (University of St. Thomas) (the "Six-W Bonds") in the principal amount of $15,175,000 and the Authority's outstanding Revenue Bonds, Series Six-X (University of St. Thomas) (the "Six-X Bonds") in the principal amount of $50,705,000 through the issuance of the Authority's Revenue Bonds, Series Eight-L in the amount of $55,355,000 (the "Series Eight-L Bonds"). The Series Eight-L Bonds priced on February 2, 2016 and will close on the same date as the Bonds close. Closing and delivery of the Bonds is not dependent on closing and delivery of the Series Eight-L Bonds.

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, if any, in accounts and funds which will be held by the Trustee under the Indenture for the payment of principal of, premium, if any, and interest on the Bonds. The Bonds are not secured by a mortgage on or security interest in any real property or personal property. There is no Reserve Account for payment of the Bonds. If an Event of Default occurs, there can be no assurance that such sources will be sufficient to pay the principal of, premium, if any, or interest on the Bonds when due.

Obligation of the University

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 performance of other University obligations under such documents. Accordingly, for payment of principal, interest, and premium, if any, 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 other funds, if any, the Trustee holds under the Indenture for payment of principal of, premium, if any, and interest on the Bonds. No Reserve Account has been established for the Bonds.

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.

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.

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.

Financial Aid

Approximately 95% 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.

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.

Additional Indebtedness and Liens

The Loan Agreement does not contain any limitation on incurrence by the University of additional long-term or short-term indebtedness. Loan documents for the Authority's Series Seven-O Bonds and Series Seven-P Bonds entered into by the University (the "Seven-O and Seven-P Documents") described in Appendix I under "Long Term Debt" do contain covenants that impact the University's ability to incur additional indebtedness. Except to the extent additional indebtedness is restricted by the Seven-O and Seven-P Documents, 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 for limitations on certain liens on the Project Facilities, the Loan Agreement does not contain limitations on the University's ability to place liens on its property. Pursuant to the Seven-O and Seven-P Documents, the University may not transfer or place liens on a property known as McNeely Hall, which is located on the University's Saint Paul campus. In addition, the Seven-O and Seven-P Documents restrict the amount of liens on certain of the University's unrestricted funds as of June 30 of each year. Except to the extent limited by the Seven-O and Seven-P Documents or 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.

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 Maximum Annual Debt Service 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.

Obligations with Possible Tenders

Following the issuance of the Bonds, the University's outstanding debt will include variable rate debt in the form of Variable Rate Bank Private Placement Bonds ("VRBPPBs") in a principal amount of $22,545,000, which represents approximately 10% of the University's total long term debt. See Appendix I, "THE UNIVERSITY – Long Term Debt" herein and the descriptions of the Authority's Series Seven-O and Seven-P Bonds.

The VRBPPB interest rates are indexed to LIBOR and are reset quarterly, with interest being paid quarterly and principal being paid annually. The Series Seven-O Bonds have a final maturity on April 1, 2025 and the Series Seven-P Bonds have a final maturity on October 1, 2032.

The VRBPPB Purchaser does not have the option to put the VRBPPBs back to the University, except as described in the following paragraph.

The initial Indexed Put Date for the VRBPPBs is May 30, 2018, which is six years from the dated dates of the VRBPPBs. The University may request that the VRBPPB Purchaser continue to hold the VRBPPBs following the Initial Indexed Put Date, after which the VRBPPB Purchaser may propose a new interest rate (including the means of calculating the rate) and a new Indexed Put Date. If the University does not make such a request, if the VRBPPB Purchaser declines the request, or if the University and the VRBPPB Purchaser cannot agree on ongoing terms, the VRBPPBs are subject to mandatory tender and purchase by the University on the Indexed Put Date. Such mandatory purchase may limit funds available to make Loan Repayments on the Bonds.

In addition to the foregoing, the University's outstanding debt will include its Series Seven-Z Revenue Note, which has a fixed interest rate of 2.77% to its scheduled mandatory tender date of April 1, 2024. See Appendix I, "THE UNIVERSITY – Long Term Debt" herein and the description of the Seven-Z Revenue Note. In the event the University does not obtain a new, later tender date pursuant to the underlying documents, such mandatory tender 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 Note 8 – Derivative Instruments of the University's Financial Statements for the fiscal year ended June 30, 2015, included as 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 contribution from endowment spending was approximately 5% of the University's operating expenses for the fiscal years ended June 30, 2015 and 2014. The University's withdrawal formula is based upon 4% of the five-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.

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

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

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

CONTINUING DISCLOSURE

In order to assist the 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 Certificate to be executed by the University (the "Continuing Disclosure Certificate") at the time the Bonds are delivered, a copy of which is available from the University or the Trustee. Appendix III, "ANNUAL REPORT INFORMATION," contains a summary of the financial information and operating data to be provided annually. The Continuing Disclosure Certificate may be amended under certain circumstances as permitted by the Rule.

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

The University has never failed to comply in all material respects 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 Certificate 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 the date of delivery. The Bonds will mature annually each April 1, commencing April 1, 2017, 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 April 1 and October 1 of each year, commencing October 1, 2016.

Book Entry System

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

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

Prior Redemption

Optional Redemption

The Bonds will not be subject to early redemption at the University's option except in the extraordinary circumstances referred to below.

Extraordinary Optional Redemption

The Bonds will 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 Appendix V, "SUMMARY OF DOCUMENTS – The Loan Agreement").

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 series and maturity to be redeemed and each participant will then select by lot the beneficial ownership interests in such series and 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 20 days, and if more than 60 days, then again not less than 20 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on any of 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, such 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 such 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

The Bond proceeds, together with University funds and other funds available for the purpose, will be used to:

1. Refund, on a current refunding basis, the outstanding principal of the Six-I Bonds plus interest to the redemption date for such bonds; and
2. Pay issuance costs.

The Refunding

The Six-I Bonds are outstanding in the amount of $20,955,000 and have a final maturity date of April 1, 2021. The Six-I Bonds are eligible for redemption in full or in part on April 1, 2016 or any day thereafter at a price of par plus interest accrued to the Redemption Date. The University will contribute from its own funds an amount equal to the regularly scheduled April 1, 2016 interest and principal payment on the Six-I Bonds, and has elected to redeem the balance of the Six-I Bonds, totaling $18,495,000 on April 11, 2016 (the "Redemption Date"), itemized in the following table.

Maturity Date April 1:	Principal	CUSIP: 60416H
2017	$ 2,575,000	GK 4
2021†	$15,920,000	GJ 7

†Term Bonds

On the Closing Date, Bond proceeds in an amount sufficient, along with amounts held by the Six-I Trustee, to redeem the Six-I Bonds on the Redemption Date shall be deposited into the Refunding Account with the Trustee for the Bonds The Trustee for the Bonds shall immediately thereafter transfer such amounts to the Trustee for the Six-I Bonds for deposit into the Six-I Redemption Account. On the Closing Date the University will also deposit with the Trustee for the Six-I bonds an amount equal to the regularly scheduled interest and principal next due on the Six-I Bonds. These amounts will be used to pay the outstanding principal of the Six-I Bonds and interest on such bonds to and including the Redemption Date.

SOURCES AND USES OF FUNDS

Sources	
Par amount of the Bonds	$15,305,000
Net Original Issue Premium	1,582,704
Series Six-I Reserve Fund	1,775,915
University Funds	2,971,000
Total Sources:	$21,634,619
Uses	
Deposit to refund the Series Six-I Bonds	$21,490,972
Costs of issuance, including Underwriter Discount	143,647
Total Uses:	$21,634,619

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. There is no reserve fund established for the Bonds.

The Bonds are secured by the pledge of the Loan Repayments, which are a general obligation of the University, and other funds, if any, 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.

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. The Indenture and the Loan Agreement are the same Indenture and Loan Agreement which secure the Authority's Series Eight-L Bonds, which bonds will close on the same date as the Bonds. Parallel but separate accounts will be established under the Indenture for the Series Eight-L Bonds and the Bonds. These accounts include a Refunding Account, a Bond and Interest Sinking Fund Account, a Costs of Issuance Account, and a Redemption 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 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.

Refunding Account

There shall be deposited into the Refunding Account certain proceeds of the Bonds, except as otherwise required to be deposited into the Bond and Interest Sinking Fund Account. The monies deposited to this account shall immediately be transferred to the Trustee for the Six-I Bonds for deposit into the Redemption Account for those bonds.

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, if any, 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.

Costs of Issuance Account

Initially there shall be deposited into the Costs of Issuance Account an amount of Bond proceeds specified in the Indenture, not to exceed two percent (2%) of the Bond proceeds (less Underwriter's discount) and funds contributed by the University to pay costs of issuance in excess such 2% limitation. The University may present invoices to the Trustee representing costs incurred in connection with the issuance of the Bonds which the Trustee shall pay from the Costs of Issuance Account. Any moneys remaining in the Costs of Issuance Account after six months following the Bonds' delivery date shall be transferred to the Bond and Interest Sinking Fund Account.

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, and second, 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 Bond and Interest Sinking Fund Account, the Costs of Issuance 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.

FUTURE FINANCING

The University regularly improves, expands and changes its physical plant and incurs long-term financing as needed for these purposes. The University does not anticipate issuing debt for new construction projects in the next 12 months. The University also monitors its outstanding debt for refunding opportunities. Refunding existing debt and replacing it with new debt may alter the University's overall debt service payments. See "RISK FACTORS – Additional Indebtedness and 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 $1.3 billion. The Authority has had 209 issues (including refunded and retired issues) totaling over $2.3 billion, of which approximately $871 million is outstanding as of January 4, 2015. 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 municipal advisor and trustee, are paid by the participating institution.

MUNICIPAL ADVISOR

The Authority has retained Springsted Incorporated, Public Sector Advisors, of Saint Paul, Minnesota, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the Bonds. In preparing the Official Statement, the Municipal Advisor has relied upon University officials and other sources who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the Authority to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm 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 and U.S. Bancorp Investments, Inc. (the "Underwriters"). The Underwriters have agreed to purchase the Bonds at a purchase price of \$16,834,136.20 (representing the aggregate principal amount of the Bonds less an underwriter's discount of \$53,567.50 and adjusted for net original issue premium of \$1,582,703.70).

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 & Company LLC.

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

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 Nilan Johnson Lewis PA, Minneapolis, Minnesota, and for the Underwriters by Faegre Baker Daniels 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 in the preceding paragraph 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 such Bonds shall bear additional interest at a rate of two percent (2%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. (See "SUMMARY OF DOCUMENTS – The Loan Agreement – Determination of Taxability" in Appendix V). A change of law as in effect on the date of issuance of the Bonds or a determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

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

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

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

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

Minnesota Tax Considerations

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

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

Changes in Federal and State Tax Law

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

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest or other income on the Bonds or the market value of the Bonds. Such adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction of the benefit) of the exclusion of interest on the Bonds from gross income for federal or State income tax purposes.

Original Issue Premium

All of the maturities of the Bonds will be 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.

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 (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. Bondholders should consult their tax advisors with respect to collateral consequences arising from the receipt of interest on the Bonds.

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APPENDIX I

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 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 35 members. The maximum number of trustees under the University's Bylaws is 42. 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 January 15, 2016:

Administration

The principal officers of the University are as follows:

President

Dr. Julie Sullivan became the first lay person and the first woman to serve as president of the University on July 1, 2013. She came to the University from the University of San Diego, where she was executive vice president and provost since 2005. She previously was a professor in the Rady School of Management and the School of International Relations and Pacific Studies at the University of California, San Diego (2003-2005); the University of North Carolina-Chapel Hill's Kenan-Flagler Business School (1987-2003); and the University of Oklahoma (1983-1987).

Dr. Sullivan is an internationally known scholar and educator in accounting and taxation. Her research and teaching has focused on issues related to accounting and financial reporting to shareholders and global tax planning. From 1998 to 2006, she was a Research Associate of the National Bureau of Economic Research, the leading nonprofit economic research organization in the United States.

She shares her education, financial, and business strategy expertise with public and private companies, as well as non-profit organizations. She currently is a board member of PICO Holdings, SI Group Inc., SI Group – India, Loyola University Chicago, Greater Twin Cities United Way, and Minnesota Campus Compact. She also is a member of the Minnesota Business Partnership, National Association of Corporate Directors, Minnesota Women's Economic Roundtable, and Minnesota Advisory Council of the U.S. Global Leadership Coalition.

Dr. Sullivan has undergraduate, master's and Ph.D. degrees in business and accounting from the University of Florida.

Executive Vice President and Provost

Dr. Richard Plumb joined the University as executive vice president and provost in July, 2014. Dr. Plumb, a first-generation college graduate, is a Syracuse, N.Y., native and earned his bachelor's, master's and doctoral degrees in electrical engineering from Syracuse University. He joined the faculty at the

University of Kansas in 1989 where he developed an active research and teaching program in electromagnetic scattering and radar systems.

In 1998, Dr. Plumb became professor and chair of the Department of Electrical and Computer Engineering at the State University of New York at Binghamton and served in this role until 2005 when he was appointed dean of the Seaver College of Science and Engineering at Loyola Marymount University in Los Angeles.

Vice President for Business Affairs and Chief Financial Officer

Mr. 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 Treasury and Investment Officer

Ms. Carol Peterfeso assumed the position of Chief Treasury and Investment Officer in January of 2010 after serving as Assistant Treasurer since 1991. Prior to working at the University, Ms. Peterfeso was at Norwest Bank Minnesota in commercial lending. Ms. Peterfeso received her B.A. degree in business finance from the University of St. Thomas (1987) and an M.B.A. from the University of St. Thomas in 1991. She is also a Chartered Alternative Investment Analyst℠ charter holder.

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, and the Bernardi facility in Rome, Italy. As of June 30, 2015, the book value of all property and equipment, net of depreciation, was $431,148,480. Buildings and contents have an insured value of $807,271,850 for the policy year July 1, 2015 – June 30, 2016.

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, six University-owned houses, and four University-owned apartment buildings are currently configured for a capacity of 2,450 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 schools and colleges offering over ninety bachelor's degrees, forty-seven master's degrees, twenty-one certificates, two education specialist, one juris doctor, three doctorates, and four joint degree programs.

- College of Arts & Science
- College of Education, Leadership and Counseling
    - School of Education
    - School of Professional Psychology
- Opus College of Business
- School of Engineering
- School of Law
- School of Social Work
- Saint Paul Seminary School of Divinity

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 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 2015, the University employed 461 full-time and 424 part-time faculty. Total FTE employees number approximately 1,560. The total payroll for the Fiscal Year ended June 30, 2015 was $126,957,121, not including contributed services of 11 religious employees.

The following table lists the average salary of the lay members of the full-time University faculty for the 2015/16 academic year.

Title	Average Salary
Professor	$117,476
Associate Professor	88,814
Assistant Professor	75,008
Instructor	62,067

The following table lists the degrees and professional designations held by the full-time faculty members for the 2015/16 academic year.

	Number
Doctorate, Juris Doctorate	409
Master of Arts, Certified Public Accountant	77
Bachelor of Arts	6
Total	492

Freshman Applications, Acceptances and Enrollments

	2011/12	2012/13	2013/14	2014/15	2015/16
Applications	5,250	5,362	5,540	5,343	5,436
Acceptances	4,435	4,647	4,774	4,628	4,564
Percent Accepted	84%	87%	86%	87%	85%
Fall Enrolled	1,324	1,447	1,368	1,409	1,421
Percent Enrolled to Accepted	30%	31%	29%	30%	31%
Mean ACT Scores	26	26	26	26	26

Transfer Student Enrollment – Fall Semester – Undergraduate Day Program

2011/12	2012/13	2013/14	2014/15	2015/16
245	275	271	251	226

Enrollments

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

	2011/12	2012/13	2013/14	2014/15	2015/16
Headcount					
Undergraduate	6,176	6,339	6,350	6,234	6,240
Graduate and Professional	4,358	3,980	3,871	3,995	4,005
Total	10,534	10,316	10,221	10,229	10,245
FTEs					
Undergraduate	6,035	6,201	6,219	6,092	6,091
Graduate and Professional	2,854	2,620	2,580	2,656	2,628
Total	8,889	8,821	8,799	8,758	8,719

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 2015/16 academic year is 10,245; with a full-time equivalent ("FTE") enrollment of 8,719. Approximately 77% of the 2014/15 freshman class are from the State of Minnesota.

The University's undergraduate day program admitted women for the first time in the fall of 1977. Graduate programs have been co-educational since their inception. Women constitute approximately 49% 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 residing in a University residence hall are required to board on campus. As of fall 2015, the University has 20 student residences on the Saint Paul campus, which house approximately 2,620 students. Approximately 41% of the undergraduate day student population for the academic year 2015/2016 reside 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:

	2011/12	2012/13	2013/14	2014/15	2015/16
Undergraduate (full-time) per academic year	$ 32,073	$ 33,787	$ 35,308	$ 35,872	$ 37,264
Graduate education (Masters), per credit	$ 695	$ 730	$ 763	$ 794	$ 825
Pastoral Studies, per credit	$ 628	$ 653	$ 682	$ 703	$ 728
Graduate School of Business, evening and part-time programs, per credit	$ 885	$ 929	$ 961	$ 1,005	$ 1,044
School of Law (full-time) per credit	$ 1,214	$ 1,256	$ 1,256	$ 1,256	$ 1,281

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, 2011 through 2015.

Year	Tuition and Fees
2011	$241,972,697
2012	$249,529,072
2013	$263,493,216
2014	$272,837,483
2015	$278,958,640

2015/2016 Undergraduate Rate Comparison of Selected Minnesota Private Colleges (Ranked by Comprehensive Charges)

College / University	Tuition and Fees	Room and Board	Comprehensive Charges*
Carleton College	$49,263	$12,783	$62,046
Macalester College	$48,887	$10,874	$59,761
St. Olaf College	$42,940	$ 9,790	$52,730
College of Saint Benedict	$40,846	$10,229	$51,075
Gustavus Adolphus College	$41,812	$ 9,176	$50,988
Saint John's University	$40,226	$ 9,604	$49,830
Hamline University	$38,376	$ 9,736	$48,112
University of St. Thomas	**$38,105**	**$ 9,420**	**$47,525**
St. Catherine University**	$37,842	$ 8,750	$46,592
Augsburg College**	$35,465	$ 9,380	$44,845
Bethel University**	$34,140	$ 9,770	$43,910
Concordia College (Moorhead)	$35,464	$ 7,600	$43,064
The College of St. Scholastica**	$33,994	$ 8,932	$42,926
Minneapolis College of Art and Design	$35,326	$ 7,240	$42,566
Saint Mary's University of Minnesota**	$31,335	$ 8,315	$39,650
Bethany Lutheran College	$25,300	$ 7,770	$33,070
Concordia University, St. Paul**	$20,750	$ 8,300	$28,870
Average	**$37,063**	**$ 9,275**	**$46,327**

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

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

Source: The Minnesota Private College Research Foundation, reviewable at www.mnprivatecolleges.org; information as of December 22, 2015.

Financial Aid

Approximately 95% of the University's undergraduate students currently receive some form of financial aid including 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.

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 Transamerica Retirement Solutions ("Transamerica"). Under this 403(b) retirement plan the University makes contributions of a defined percentage of covered payroll to Transamerica. Contributions charged to unrestricted operations for these benefits were $8,800,553 and $8,983,472 for the years ended June 30, 2015 and 2014, respectively.

Unions

The General Drivers, Helpers, and Truck Terminal Employees, an affiliation of the International Brotherhood of Teamsters Local 120, represents approximately 91 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 four-year agreement with Teamsters Local 120. The agreement runs from March 1, 2014 through February 28, 2018.

The International Union of Operating Engineers Local 70, AFL-CIO signed an agreement covering the engineers which runs from January 1, 2016 to December 31, 2019.

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. The agreement runs from December 3, 2013 through December 2, 2016.

Independent Accountants

The financial statements as of June 30, 2015, included as Appendix VII herein, have been audited by CliftonLarsonAllen LLP, independent accountants, as stated in their report appearing therein.

Statement of Financial Activity for Fiscal Years 2011 through 2015

The table on the following page summarizes the University's statements of unrestricted activities for the Fiscal Years ended June 30, 2011 through 2015. For more complete information of the University for the Fiscal Year ended June 30, 2015, see Appendix VII of this Official Statement.

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UNIVERSITY OF ST. THOMAS
Statement of Unrestricted Activities

For the years ended June 30,

	2011	2012	2013	2014	2015
Operating Revenues					
Tuition & Fees	$ 241,972,697	$ 249,529,072	$ 263,493,216	$ 272,837,483	$ 278,958,640
Less: student aid	(85,219,954)	(88,189,377)	(94,212,992)	(97,034,209)	(101,775,447)
Net tuition and fees	$ 156,752,743	$ 161,339,695	$ 169,280,224	$ 175,803,274	$ 177,183,193
Sales and services of auxiliary enterprises	34,845,052	35,650,655	37,710,155	36,758,981	38,419,034
Private gifts and grants	8,179,908	6,704,771	9,586,059	7,899,636	10,180,476
Grants and contracts	4,285,870	3,556,241	3,299,412	2,869,395	3,200,088
Endowment distributed to operations	2,113,777	2,382,949	2,197,441	1,590,759	1,829,300
Other ordinary investment income	1,889,188	1,269,083	1,212,684	1,254,157	1,154,631
Sales and services of educational departments	4,246,804	3,787,087	4,669,735	4,738,394	5,187,835
Other Revenue	7,387,843	7,048,941	6,518,116	5,862,512	6,226,069
Net assets released from restriction	19,833,506	17,139,388	22,949,598	17,797,351	23,746,299
Total Operating Revenues	$ 239,534,691	$ 238,878,810	$ 257,423,424	$ 254,574,459	$ 267,126,925
Operating Expenditures					
Instruction and other services					
Instruction	111,419,222	110,215,148	115,381,702	124,196,219	121,498,035
Auxiliary enterprises	33,820,574	35,608,994	41,050,712	42,338,495	39,753,630
Student activities and services	26,147,707	30,229,559	29,760,788	31,080,617	32,821,645
Academic support	9,782,517	9,856,349	10,133,605	10,141,733	9,718,578
Libraries	8,478,317	8,433,331	8,573,732	8,929,734	8,921,415
Public service	1,235,836	1,395,712	1,361,874	1,402,358	1,374,810
Research	1,083,244	851,101	1,063,043	713,897	834,930
Total instruction and other services	$ 191,967,417	$ 196,590,194	$ 207,325,456	$ 218,803,053	$ 214,923,043
Management and general					
General Administration & support	28,217,763	27,835,124	29,445,659	30,794,646	27,388,767
Development	6,548,617	6,899,997	7,703,325	7,429,786	6,674,471
Total Management and General	34,766,380	34,735,121	37,148,984	38,224,432	34,063,238
Total Operating Expenditures	$ 226,733,797	$ 231,325,315	$ 244,474,440	$ 257,027,485	$ 248,986,281
Net Operating Income (loss)	**$ 12,800,894**	**$ 7,553,495**	**$ 12,948,984**	**$ (2,453,026)**	**$ 18,140,644**
Non-Operating Activities					
Endowment investment gain/(loss):					
Investment ordinary income	922,637	693,706	827,239	948,630	824,918
Net capital gain/(loss) on investments	17,427,881	(3,026,012)	8,936,259	13,405,372	(233,777)
Less: Distributed to operations	(2,113,777)	(2,382,949)	(2,197,441)	(1,590,759)	(1,829,300)
Net non-operating endowment gain/(loss)	$ 16,236,741	$ (4,715,255)	$ 7,566,057	$ 12,763,243	$ (1,238,159)
Other investment capital gains/(losses)	10,046,421	(1,946,008)	6,175,214	11,448,528	(153,761)
(Loss) gain on disposal of property and equipment	(14,930)	(21,437)	(128,231)	2,682	(3,577,254)
Net unrealized gain (loss) on interest rate exchange agreement	406,289	(1,352,598)	1,309,660	343,661	322,337
Loss on debt refinancing				(706,971)	
Net Non-Operating Income (loss)	**$ 26,674,521**	**$ (8,035,298)**	**$ 14,922,700**	**$ 23,851,143**	**$ (4,646,837)**
Net (decrease) increase in net assets	**$ 39,475,415**	**$ (481,803)**	**$ 27,871,684**	**$ 21,398,117**	**$ 13,493,807**
Net assets, beginning of year	312,351,617	351,827,032	351,345,229	379,216,913	400,615,030
Net assets, end of year	**$351,827,032**	**$351,345,229**	**$379,216,913**	**$400,615,030**	**$414,108,837**

Source: Audited financial statements of the University.

Contributions Receivable

The University of St. Thomas 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 five fiscal years are shown below. Unconditional promises are recognized at the estimated present value of the future cash flows net of allowances.

	2011	2012	2013	2014	2015
In one year or less	$26,255,859	$20,077,165	$59,163,385	$22,364,914	$12,489,577
Between one year and five years	48,716,034	51,881,399	53,867,214	113,594,432	102,760,591
More than five years	83,280,402	105,943,085	84,162,958	57,163,526	64,800,000
Total face value of pledges outstanding	$158,252,295	$177,901,649	$197,193,557	$193,122,872	$180,050,168
Discount (to present value)	(37,424,688)	(43,042,298)	(41,629,158)	(36,451,550)	(33,182,870)
Allowance for uncollectible pledges	(5,920,000)	(6,601,323)	(6,581,199)	(6,401,792)	(5,765,132)
Contributions receivable	$114,907,607	$128,258,028	$148,983,200	$150,269,530	$141,102,166

Capital Campaign

The University celebrated the public launch of its Opening Doors capital campaign in October 2007. The campaign's goal was to raise $500 million for major enhancements to the University's infrastructure, including endowment funds for financial aid, faculty positions, program enhancements and physical facilities and other resources to improve the quality of the overall student experience. In the fall of 2012, the capital campaign concluded and University surpassed its goal and raised approximately $515 million in gifts and pledges. The University is currently not engaged in a capital campaign.

Net Assets Detail

The following table lists the University's net assets for the Fiscal Years ended June 30, 2013 through 2015. 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.

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FY2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment				
Donor-restricted for:				
Student financial aid	$ (383,060)	$ 31,041,304	$ 102,053,934	$ 132,712,178
Instruction and other related activities	(14,066)	53,131,683	171,760,169	224,877,786
Total donor-restricted endowment	(397,126)	84,172,987	273,814,103	357,589,964
Board-designated for educational and general operations	83,404,882			83,404,882
Total endowment	83,007,756	84,172,987	273,814,103	440,994,846
Operations				
Current unrestricted operations	9,885,882			9,885,882
Gifts and grants for instructional programs, financial aid, and research	24,125,870	10,620,820		34,746,690
Long-term support of educational and general operations	62,939,777	30,385,230		93,325,007
Total operations	96,951,529	41,006,050	-	137,957,579
Buildings and Equipment				
Net value of building and equipment	192,032,238			192,032,238
Funds for building projects, excluding pledges	8,016,458	18,243,233		26,259,691
Total buildings and equipment	200,048,696	18,243,233	-	218,291,929
Other				
Annuity trust agreements	(791,068)	8,240,882		7,449,814
Total	$ 379,216,913	$ 151,663,152	$ 273,814,103	$ 804,694,168

FY2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment				
Donor-restricted for:				
Student financial aid	$ (51,321)	$ 42,704,926	$ 109,696,554	$ 152,350,159
Instruction and other related activities	73,994	66,807,085	181,068,181	247,949,260
Total donor-restricted endowment	22,673	109,512,011	290,764,735	400,299,419
Board-designated for educational and general operations	95,200,513			95,200,513
Total endowment	95,223,186	109,512,011	290,764,735	495,499,932
Operations				
Current unrestricted operations	9,976,697			9,976,697
Gifts and grants for instructional programs, financial aid, and research	24,370,302	10,826,047		35,196,349
Long-term support of educational and general operations	66,579,247	28,476,860		95,056,107
Total operations	100,926,246	39,302,907	-	140,229,153
Buildings and Equipment				
Net value of building and equipment	194,038,251			194,038,251
Funds for building projects, excluding pledges	11,283,817	17,072,328		28,356,145
Total buildings and equipment	205,322,068	17,072,328	-	222,394,396
Other				
Annuity trust agreements	(856,470)	10,410,185		9,553,715
Total	$ 400,615,030	$ 176,297,431	$ 290,764,735	$ 867,677,196

FY2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment				
Donor-restricted for:				
Student financial aid	$ (51,257)	$ 39,911,956	$ 101,424,459	$ 141,285,158
Instruction and other related activities	89,892	62,261,155	171,481,195	233,832,242
Total donor-restricted endowment	38,635	102,173,111	272,905,654	375,117,400
Board-designated for educational and general operations	93,379,569			93,379,569
Total endowment	93,418,204	102,173,111	272,905,654	468,496,969
Operations				
Current unrestricted operations	10,049,175			10,049,175
Gifts and grants for instructional programs, financial aid, and research	25,379,411	32,174,343		57,553,754
Long-term support of educational and general operations	77,964,098	26,407,990		104,372,088
Total operations	113,392,684	58,582,333	-	171,975,017
Buildings and Equipment				
Net value of building and equipment	202,134,915			202,134,915
Funds for building projects, excluding pledges	6,013,656	12,272,165		18,285,821
Total buildings and equipment	208,148,571	12,272,165	-	220,420,736
Other				
Annuity trust agreements	(850,622)	10,388,146		9,537,524
Total	$ 414,108,837	$ 183,415,755	$ 272,905,654	$ 870,430,246

Investment Management

The University's investment policy is established by the Investment Committee of the Board of Trustees. The Investment Committee is composed of seven members of the Board of Trustees. The Investment Committee is advised by Cambridge Associates as the investment consultant. Three staff members, led by Carol Peterfeso, with over 25 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 sixty-three different asset managers investing in eighty-three different strategies on behalf of the University.

The table below shows the fiscal year end June 30, 2015 and 2014 allocation of investment assets and the percentage change of each component from fiscal year ended June 30, 2014.

Asset Class	6/30/15 Market Value	% of Total	6/30/14 Market Value	% of Total	% Change
Cash Equivalents	$ 13,496,934	2.4%	$ 6,089,992	1.1%	121.6%
Public Equities	231,674,135	41.9%	242,740,560	43.7%	-4.6%
Fixed Income	99,791,565	18.0%	96,913,780	17.4%	3.0%
Real Assets	38,164,757	6.9%	41,515,117	7.5%	-8.1%
Marketable Alternatives	120,515,251	21.8%	125,842,091	22.6%	-4.2%
Private Equity	49,269,478	9.0%	42,637,656	7.7%	15.6%
Total Market Value	$552,912,120		$555,739,196		-0.5%
Total Cost	$472,735,850		$459,947,241		

Line of Credit

U.S. Bank National Association provides a revolving line of credit to the University for short-term borrowing. The line of credit is in the amount of $10,000,000 and expires June 22, 2016 unless renewed. The University currently has no borrowings under the line of credit.

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Long-Term Debt

The University had the following long-term debt outstanding as of January 15, 2016:

(a) $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 $20,955,000. The final maturity is April 1, 2023. The proceeds financed the advance refunding of the University's Series Four-A1 Bonds, Four-M Bonds, and Four-P Bonds. The Series Six-I Bonds are a general obligation of the University, secured by a debt service reserve fund. The Series Six-I Bonds will be refunded with proceeds of the Bonds.

(b) $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 $15,175,000. The final maturity is October 1, 2030. The proceeds financed the construction of a parking facility on the University's Saint Paul campus. The Series Six-W bonds are a general obligation of the University, secured by a debt service reserve fund. The Series Six-W Bonds will be refunded with proceeds of the Series Eight-L Bonds that priced on February 2, 2016.

(c) $58,405,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-X, dated June 17, 2009 at various rates of interest; principal outstanding is $52,090,000. The final maturity is April 1, 2039. The proceeds financed the construction of a recreational facility (the Anderson Athletic and Recreation Complex) on the University's Saint Paul campus. The Series Six-X bonds are a general obligation of the University, secured by a debt service reserve fund. The Series Six-X Bonds will be refunded with proceeds of the Series Eight-L Bonds that priced on February 2, 2016.

(d) $79,440,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-A, dated December 16, 2009 at various rates of interest; principal outstanding is $70,710,000. The final maturity is October 1, 2039. The proceeds financed the construction of the Anderson Student Center on the University's Saint Paul campus. The Series Seven-A Bonds are a general obligation of the University, secured by a debt service reserve fund.

(e) $15,325,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-O, dated May 30, 2012. Interest is variable and reset quarterly; principal outstanding is $10,745,000. The final maturity is April 1, 2025; the Series Seven-O Bonds are subject to a mandatory tender on May 30, 2018. The proceeds financed the refunding of the University's Series Four-O Bonds and Series Five-C Bonds. The Series Seven-O Bonds are a general obligation of the University.

(f) $12,300,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-P, dated May 30, 2012. Interest is variable and reset quarterly; principal outstanding is $11,800,000. The final maturity is October 1, 2032; the Series Seven-P Bonds are subject to a mandatory tender on May 30, 2018. The proceeds financed the refunding of the University's Series Six-H Bonds. The Seven-P Bonds are a general obligation of the University.

(g) $25,685,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Seven-U, dated March 28, 2013 at various rates of interest; principal outstanding is $23,275,000. The final maturity is April 1, 2027. The proceeds financed (1) the refunding of the University's then outstanding Series Five-L Bonds, which financed the construction of the University's School of Law Building and the refunding of the University's then outstanding Series Three-C Bonds, and (2) the refunding of the University's then outstanding Series Five-Z Variable Rate Demand Revenue Bonds, which financed the construction of Schulze Hall on the University's Minneapolis campus. The Series Seven-U Bonds are a general obligation of the University.

(h) $24,210,000 Minnesota Higher Education Facilities Authority Revenue Note, Series Seven-Z, dated March 14, 2014. Interest is fixed at 2.77% to the mandatory tender date of April 1, 2024;

principal outstanding is $19,807,593. On the mandatory tender date, the Note is subject to tender and purchase unless the University pursues and is successful in obtaining a new, later tender date pursuant to the underlying documents. The proceeds financed the refunding of the University's Series Five-Y Bonds, which financed building construction on the University's campus. The Series Seven-Z Note is a general obligation of the University.

In addition to the foregoing, the University has the following refunding bond issue that will close on the same date as the Bonds:

(i) $55,355,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Eight-L, to be dated March 9, 2016 at various rates of interest; the original principal amount will be fully outstanding. The proceeds will finance the refunding on an advance refunding basis of the University's outstanding Series Six-W and Series Six-X Bonds. The Series Eight-L Bonds are a general obligation of the University.

As of January 15, 2016, the University's total long-term debt outstanding was $224,557,593. The University's long-term debt will decrease by the principal amount of the Series Six-I Bonds, the Series Six-W Bonds, and the Series Six-X Bonds retired and refunded and will increase by the principal amount of the Series Eight-L Bonds and the Bonds upon issuance.

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Pro Forma University Debt Service

The following table displays debt service on the Bonds and the University's outstanding debt, including the Series Eight-L Bonds and excluding the Series Six-I Bonds, the Series Six-W Bonds, and the Series Six-X Bonds. Additional indebtedness incurred by the University will increase total debt service. There is no assurance that the University's total debt service will not increase in the future.

Fiscal Year	The Series Eight-L Bonds		The Bonds		Outstanding Debt[(a)]		Total
Ending 6/1	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2017	$1,420,000	$2,615,161	$2,335,000	$649,612	$5,980,000	$5,186,963	$18,186,736
2018	1,630,000	2,407,750	2,475,000	518,800	6,241,000	4,991,411	18,263,961
2019	1,690,000	2,342,550	2,570,000	419,800	6,504,000	4,784,514	18,310,864
2020	1,755,000	2,274,950	2,675,000	317,000	6,805,000	4,565,641	18,392,591
2021	1,825,000	2,204,750	2,785,000	210,000	7,119,000	4,332,735	18,476,485
2022	1,895,000	2,131,750	2,465,000	98,600	5,090,000	4,143,988	15,824,338
2023	2,260,000	2,055,950			6,555,000	3,953,973	14,824,923
2024	2,370,000	1,942,950			6,812,000	3,708,242	14,833,192
2025	2,490,000	1,824,450			6,994,000	3,532,207	14,840,657
2026	2,615,000	1,699,950			6,632,000	3,239,576	14,186,526
2027	2,740,000	1,569,200			6,901,000	2,979,022	14,189,222
2028	2,870,000	1,432,200			4,828,000	2,708,158	11,838,358
2029	3,020,000	1,288,700			5,033,000	2,517,659	11,859,359
2030	3,165,000	1,137,700			5,249,000	2,319,564	11,871,264
2031	3,285,000	1,011,100			5,462,000	2,112,640	11,870,740
2032	2,155,000	879,700			5,692,000	1,896,493	10,623,193
2033	2,265,000	771,950			5,930,000	1,670,283	10,637,233
2034	2,375,000	658,700			4,065,593	1,455,990	8,555,283
2035	2,495,000	539,950			3,990,000	1,257,500	8,282,450
2036	2,620,000	415,200			4,190,000	1,053,000	8,278,200
2037	2,700,000	336,600			4,400,000	838,250	8,274,850
2038	2,805,000	228,600			4,620,000	612,750	8,266,350
2039	2,910,000	116,400			4,850,000	376,000	8,252,400
2040					5,095,000	127,375	5,222,375
	$55,355,000	$31,886,211	$15,305,000	$2,213,812	$135,037,593	$64,363,934	$304,161,550

(a) *Includes estimated debt service on the University's outstanding debt, excluding the Series Six-W Bonds and the Series Six-X Bonds to be refunded with Series Eight-L Bond proceeds and excluding the Series Six-I Bonds to be refunded with Bond proceeds. Approximately 10% of University's debt is unhedged variable rate. The Series Seven-O Bond interest rate is calculated at 1.137%, indexed as a spread to 3-month LIBOR. The Series Seven-P Bond interest is calculated based on a 3.533% fixed pay swap rate used to hedge the bonds to maturity. The Series Seven-Z Bond rate is fixed at 2.77% until March 2024. Interest on the Series Seven-O Bonds, the Series Seven-P Bonds, and the Series Seven-Z bonds is assumed to remain at these rates for all periods presented.*

Estimated Maximum Annual Debt Service and Pro Forma Coverage Statement

The following table displays information related to the pro forma debt service coverage for outstanding University debt, excluding the Series Six-I Bonds, the Series Six-W Bonds, and the Series Six-X Bonds, combined with the debt service on the Series Eight-L Bonds and debt service on the Bonds. Coverage is calculated by comparing amounts available for debt service for fiscal years 2014 and 2015 with estimated maximum annual debt service (MADS) for the University's outstanding debt after issuing the Bonds.

Estimated MADS for currently outstanding University debt is derived from debt service as described in the previous Pro Forma University Debt Service table.

The two columns on the right of the following table show debt service coverage comparing amounts available for debt service for Fiscal Years 2014 and 2015, respectively, to estimated MADS. The calculations of amounts available for debt service are detailed in footnote (b) to the table.

Any additional University indebtedness will increase the University's debt service requirements in the future and may reduce the pro forma debt service coverage ratio shown in the table. 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 2014 and 2015 to estimated MADS following the issuance of the Bonds and the described redemptions with Bond proceeds. 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 Maximum Annual Debt Service and Pro Forma Coverage Statement

Estimated Maximum Annual Debt Service (MADS)		FY 2014 Pro Forma Coverage[(a)]	FY 2015 Pro Forma Coverage[(a)]
On outstanding debt (including the Eight-L Bonds and the Bonds)[(b)]	$18,476,485	1.44	2.26

(a) *The amount available for debt service for each Fiscal Year is calculated as shown below and based on the University's Fiscal Year audited financial statements. This amount is divided by estimated MADS.*

(b) *From the Pro Forma University Debt Service table.*

	FY 2014	FY 2015
Unrestricted Net Operating Income	($ 2,453,026)	$ 18,140,644
Plus:		
Depreciation	18,258,711	17,801,316
Interest expense on debt	11,891,264	11,113,800
Less:		
Net assets released from restrictions for building and equipment	(1,204,967)	(5,288,822)
Amount available for debt service	$26,491,982	$41,766,938

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PROPOSED FORM OF LEGAL OPINION
MCGRANN SHEA CARNIVAL STRAUGHN & LAMB, CHARTERED

ATTORNEYS AT LAW

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AMY L. COURT

CHRISTY E. LAWRIE
KEVIN A. SCHAEKEL

Retired
ANDREW J. SHEA

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$15,305,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Eight-M
(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 Revenue Bonds, Series Eight-M (University of St. Thomas), in the aggregate principal amount of $15,305,000 (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 campuses in the cities of Saint Paul and Minneapolis, Minnesota (the "University"), in order to refinance educational facilities owned and operated by the University and located on its campuses in the cities of Saint Paul and Minneapolis, 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 March 1, 2016, one or more opinions of Nilan Johnson Lewis P.A., 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 Nilan Johnson Lewis P.A., 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
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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 includable in "adjusted current earnings" for purposes of the computation of "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. The Authority has not designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265 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, _______________, 2016.

McGrann Shea Carnival
Straughn & Lamb, Chartered

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ANNUAL REPORT INFORMATION

The Annual Report Date will be the date that is 270 days after each fiscal year end, commencing with the fiscal year ended June 30, 2016. 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. If not included in the audited financial statements, information as of the end of the most recent complete academic or fiscal year, as appropriate, of the matters covered by the Sections entitled:

      - Faculty and Staff
      - Freshman Applications, Acceptances and Enrollments
      - Transfer Student Enrollment – Fall Semester – Undergraduate Day Program
      - 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

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

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DEFINITIONS OF CERTAIN TERMS

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

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

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

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

Authority: The Minnesota Higher Education Facilities Authority, an agency of the State of Minnesota, in Saint Paul, Minnesota.

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

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

Authorized Institution Representative: The President, the Vice President/Chief Administrative Officer, the Vice President for Business Affairs/Chief Financial Officer or the Chief Treasury and Investment Officer, 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 the President, any Vice President or the Chief Treasury and Investment Officer of the University. Such certificate may designate an alternate or alternates.

Authorized Investments: Investments authorized for moneys in the Accounts created under Article V of the Indenture and described in the Indenture.

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

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

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

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

Bond Purchase Agreement: The Bond Purchase Agreement, dated Feburary 19, 2016, among the Authority, the Underwriters and the University, relating to the Series Eight-M Bonds.

Bond Resolution: The Series Resolution.

Bond Year: With respect to the Bonds, (a) the period from the Issue Date to the close of business on April 1, 2016, 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: The Series Eight-M Bonds.

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

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

Building Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the University and located on the Project Site acquired from funds other than the proceeds of the Bonds, the Prior Bonds, the Series Four-A1 Bonds, the Series Four-M Bonds or the Series Four-P Bonds.

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

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

Certified Resolution: A copy of a resolution of the Authority, certified by its Secretary or other officer authorized to act for the Secretary to have been duly adopted by said Authority and to be in full force and effect on the date of such certification

Continuing Disclosure Certificate: The Continuing Disclosure Certificate made by the Corporation, to be dated as of March 1, 2016, relating to the Series Eight-M Bonds.

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

Costs of Issuance Account: The Costs of Issuance Account established under the Indenture.

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

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

Depository: DTC or any other person who shall be a Holder of all 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: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a court of competent jurisdiction to the effect that the interest on the Bonds is includable in gross income of the recipient under Section 103 of the Internal Revenue Code, related sections and regulations thereunder, as in effect on the date of issuance of the Bonds, as more fully provided in the

Loan Agreement. A determination that interest on the Bonds is includable in the computation of any alternative minimum tax is not a Determination of Taxability.

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

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

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

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

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

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

Indenture: The Trust Indenture between the Authority and Wells Fargo Bank, National Association, as Trustee, to be dated as of March 1, 2016, 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 the Institution as an officer, employee or member of the Authority, the University or the Institution or the Board of Trustees of the University.

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

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

Indirect Participant: Any person who is not a Participant, who clears securities through or maintains a custodial relationship with a Participant, either directly or indirectly, and who has access to the Book-Entry System.

Institution: University of St. Thomas, a Minnesota institution of higher education with its campuses located in the cities of Saint Paul and Minneapolis, Minnesota, and owned and operated by the Corporation. The Institution is also referred to as the "University" elsewhere in this Official Statement.

Interest Payment Date: April 1 and October 1of each year, commencing October 1, 2016, and any other date on which the principal of or interest on the Bonds shall be due and payable.

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

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

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

Loan Agreement: The Loan Agreement between the Authority and the University, to be dated as of March 1, 2016, as from time to time amended or supplemented.

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

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

Notice of Deficiency: The statutory notice of deficiency issued by the Internal Revenue Service to a taxpayer identifying a tax deficiency and providing a specified period of time to appeal such deficiency.

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

Participant: Any securities broker or dealer, bank, trust company, clearing corporation or other organization entitled to directly record, clear and settle the transfers of beneficial ownership interest of the Bonds directly through the Depository and the Book-Entry System.

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

Prior Bond Documents: The Series Six-I Bond Documents.

Prior Bonds: The Series Six-I Bonds.

Prior Bonds Indenture: The Series Six-I Indenture.

Prior Bonds Loan Agreement: The Series Six-I Loan Agreement.

Prior Bonds Project: The Series Six-I Projects.

Prior Bonds Trustee: The Series Six-I Trustee.

Project: The Project consists of the current refunding of the Authority's outstanding Series Six-I Bonds.

Project Buildings: The facilities described in the Indenture and acquired, improved or constructed, or refinanced, with proceeds of the Bonds, including investment earnings, and any other building constructed or improved, or refinanced, with the proceeds of the Prior Bonds, the Series Four-A1 Bonds, the Series Four-M Bonds or the Series Four-P Bonds, including investment earnings.

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired, or refinanced, with proceeds of the Prior Bonds, the Series Four-A1 Bonds, the Series Four-M Bonds, the Series Four-P Bonds or the Bonds, including investment earnings and, with respect to such personal property acquired, or refinanced, with proceeds of the Prior Bonds, the Series Four-A1 Bonds, the Series Four-M Bonds or the Series Four-P Bonds, generally described in the Prior Bond Documents and Exhibit B to the Loan Agreement and described in the Certificate of the Project Supervisor furnished pursuant to the loan agreements entered into in connection with the Series Four-A1 Bonds, the Series Four-M Bonds or the Series Four-P Bonds.

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

Project Site: The land or interests in 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 Prior Bonds Project or the Project.

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

Redemption Account: The Redemption Account established under the Indenture.

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

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

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

Series Eight-M Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Eight-M (University of St. Thomas), described in the Indenture.

Series Four-A1 Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-A1 (University of St. Thomas), dated March 1, 1996, which were issued in the original principal amount of $11,645,000 to finance the Series Four-A1 Project.

Series Four-A1 Project: The construction of O'Shaughnessy and Owens Science Hall (together known as Frey Science and Engineering Center) located on the Institution's Saint Paul, Minnesota campus.

Series Four-M Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-M (University of St. Thomas), dated June 15, 1997, which were issued in the original principal amount of $21,680,000 to finance the Series Four-M Project.

Series Four-M Project: The construction of (i) a residence hall ("Morrison Hall"), (ii) a parking ramp beneath Morrison Hall, (iii) a commons building connecting Brady Hall and Dowling Hall for administrative and office space and recreational facilities and related improvements to Brady Hall and

Dowling Hall, and (iv) a skyway between the commons building and Morrison Hall and related improvements, all located on the Institution's Saint Paul, Minnesota campus.

Series Four-P Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-P (University of St. Thomas),) dated December 1, 1997, which were issued in the original principal amount of $15,435,000 to finance the Series Four-P Project.

Series Four-P Project: The construction of Opus Hall, a multistory education building, and related improvements located on the Institution's Minneapolis, Minnesota campus.

Series Resolution: The Series Resolution of the Authority adopted on February 17, 2016, authorizing the Series Eight-M Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Series Six-I Bond Documents: The Series Six-I Loan Agreement and the Series Six-I Indenture.

Series Six-I Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-I (University of St. Thomas), dated February 16, 2006, issued in the original principal amount of 438,860,000 to finance the Series Six-I Project.

Series Six-I Indenture: The Trust Indenture between the Authority and the Series Six-I Trustee, dated as of February 1, 2006.

Series Six-I Loan Agreement: The Loan Agreement between the Authority and the Corporation dated as of February 1, 2006.

Series Six-I Projects: The Series Four-A1 Project, the Series Four-M Project and the Series Four-P Project.

Series Six-I Trustee: Wells Fargo Bank, National Association, in its capacity as trustee under the Series Six-I Indenture.

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

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

Trustee: The trustee at the time serving as such under the Indenture, and initially the Trustee will be Wells Fargo Bank, National Association, Minneapolis, Minnesota.

Underwriters: Dougherty & Company LLC and US Bancorp Investments, Inc., as original purchasers of the Series Eight-M Bonds.

SUMMARY OF DOCUMENTS

The Indenture and the Loan Agreement will secure the Bonds. The Indenture and the Loan Agreement will also secure the Series Eight-L Bonds. See "ACCOUNTS-Summary" in this Official Statement. Parallel but separate accounts will be established under the Indenture, and the Indenture and the Loan Agreement will contain parallel but separate provisions, for the Bonds and the Series Eight-L Bonds.

THE LOAN AGREEMENT

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

Redemption of Prior Bonds

The University represents that it will cause the principal of and interest due on the Series Six-I Bonds to be paid through April 1, 2016, and will prepay and redeem the Bonds maturing on and after April 1, 2016, on or about April 11, 2016.

Loan Repayments

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

(a) At least five Business Days prior to each April 1 and October 1, commencing October 1, 2016, the Corporation shall deposit into the Bond and Interest Sinking Fund Account, a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and, at least five Business Days prior to each April 1, commencing on April 1, 2017, a sum equal to the amount payable as principal of the Bonds on such principal payment date; provided however, that there shall be credited against such obligations (A) the net amount of funds and investments then on deposit to the credit of the Series Eight-M subaccount of the Bond and Interest Sinking Fund Account, and (B) any credits permitted by Section 5.01, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

(b) On or prior to a date established for the optional redemption or mandatory redemption and prepayment of any Bonds pursuant to the Loan Agreement, 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 the Redemption Account, as appropriate, the amount of any deficiency in the event 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) [Reserved]

(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 the Loan Agreement and the Indenture, relating to arbitrage rebate.

Each payment under the Loan Agreement shall be made directly to the Trustee at its designated corporate trust office for the account of the Authority for deposit as provided in the Indenture.

There is reserved to the University the right to redeem the Bonds prior to their maturity in certain events as described under "THE BONDS."

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

Use of Project Facilities

The University will own, use and operate the Project Facilities at all times as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with any part of a program of a school or department of divinity for any religious denomination. The University agrees not to use or permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

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

Operating Expenses and Liens

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

Taxes and Other Governmental Charges

The University will pay, as the same respectively become due, all 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 items shall be paid promptly.

Insurance

The University is required to maintain, or cause to be maintained, at its cost and expense, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Facilities, with a deductible amount of not more than $250,000.

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

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

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

Each required policy shall contain a provision that the insurer will not cancel or modify the policy without giving written notice to the University and the Trustee at least 30 days before the cancellation or modification of the policy set forth above becomes effective. The University shall annually provide the Trustee with a Certificate of Insurance Compliance on or before October 1 of each year.

Damage or Destruction

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

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

Condemnation

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

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

Removal of Project Equipment and Building Equipment

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

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

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

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

Indemnification

The University agrees to hold the Authority and the Trustee, their respective members, directors, officers and employees, harmless against, any claim, cause of action, suit or liability for any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities and the use thereof, including that caused by any negligence of the Authority (but not of the Trustee) or anyone acting on its behalf, provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority or the Trustee in excess of the net proceeds received by the Authority or the Trustee from any insurance carried with respect to the loss sustained.

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

University to Maintain its Existence and Accreditation

The University agrees that, so long as the Bonds are outstanding, it will maintain its existence as a nonprofit corporation and 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 and will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee institution, as the case may be, is other than the University, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the University in the Loan Agreement, and be either a state university or college or a nonprofit corporation operating or authorized to operate an Institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against unlawful discrimination and requiring that the institution be nonsectarian; and (b) the University shall furnish to the Trustee an opinion of 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.

Federal Income Tax Status

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

Institution to be Nonsectarian

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

Determination of Taxability

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

Other Covenants

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

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

Events of Default

Following are Events of Default under the Loan Agreement:

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

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

(c) [Reserved]

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

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

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

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

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

Remedies on Default

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

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

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

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

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

Amendments

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

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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 "DEFINITIONS OF CERTAIN TERMS," Appendix IV, contained herein.

Granting Clauses

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

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

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture; provided, however, the funds deposited in the Refunding Account shall be held for the exclusive benefit of the holders of the Series Six-I Bonds, 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

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

Accounts

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

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Redemption Account and the Costs of Issuance Account shall be invested by the Trustee as directed by the Authorized Institution Representative only in investments as authorized by law from time to time, subject to the additional restrictions generally described as follows: (i) direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; (ii) general obligations of states or local governments with taxing powers rated "A" or better by a national bond rating service, or revenue obligations of any state or local government rated "AA" or better by a national bond rating service; (iii) certain commercial paper maturing in 270 days or less; (iv) time deposits fully insured by the Federal Deposit Insurance Corporation or bankers acceptance of United States banks; (v) certain types of repurchase agreements; (vi) units of certain short-term investment funds and shares of certain money market funds and certain other investment companies; and (vii) certain guaranteed investment contracts issued by a bank or insurance company rated at least in one of the two highest rating categories of a nationally recognized rating agency.

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

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

Remedies

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

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

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of the 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, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

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

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the University and their respective successors or assigns shall:

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

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

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

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided, and shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee and the rebate of all amounts due or to become due to the United States under Section 148(f) of the Internal Revenue Code and the Arbitrage Regulations, then and in that case, 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 the Owners of the Bonds in respect thereof, shall thereupon cease, determine and become void; unless otherwise expressly stated herein, rights granted by provisions relating to optional redemption of Bonds shall thereupon terminate; and the Trustee in such case, upon the cancellation of all 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 this 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 such government obligations 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 unto the Trustee, additional property for the benefit and security of the Holders 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 to or upon 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 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.

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

Amendments to the Loan Agreement

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

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

Registration

The Bonds shall be fully registered as to principal and interest at the designated corporate trust office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. If the Bonds are no longer in book entry form, Bonds may be exchanged for a new Bond or Bonds, 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 the address as shown on the registration books of the Trustee, subject to applicable procedures while in book entry form.

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Obligations. The Obligations 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 Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("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 Obligations 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 Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations 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 Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations 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. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of the Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Obligations 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 any such other DTC nominee) will consent or vote with respect to the Obligations 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 Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Obligations 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, Agent, the Bond Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments 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.

A Beneficial Owner shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to Agent, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to Agent. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to Trustee's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Obligations 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 Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

FINANCIAL STATEMENTS FISCAL YEAR ENDED JUNE 30, 2015
WITH REPORT OF INDEPENDENT AUDITORS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of University of St. Thomas (the University), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

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

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

Board of Trustees
University of St. Thomas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University of St. Thomas as of June 30, 2015, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the University's 2014 financial statements, and we expressed an unqualified opinion on those audited financial statements in our report dated November 19, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

CliftonLarsonAllen LLP

Minneapolis, Minnesota
November 18, 2015

University of St. Thomas
Statement of Financial Position
As of June 30, 2015
(with comparative totals as of June 30, 2014)

	2015	2014
Assets		
Cash and cash equivalents	$ 1,065,085	$ 427,273
Accounts receivable, net	12,644,012	10,132,808
Inventories, prepaid expenses, and other assets	6,977,777	6,810,898
Contributions receivable, net	141,102,166	150,269,530
Student and other notes receivable, net	6,995,404	6,315,096
Funds held with bond trustees	14,960,767	15,716,245
Investments	552,912,120	555,739,196
Land, buildings, and equipment, net	431,148,480	439,652,797
Total assets	**$ 1,167,805,811**	**$ 1,185,063,843**
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities	$ 20,972,819	$ 29,205,176
Unearned tuition income	7,448,311	7,482,410
Deposits and other liabilities	25,493,069	25,051,113
Assets held in custody for others	3,176,343	3,308,719
Annuity obligations	6,438,909	6,653,531
Bonds payable	229,499,593	241,375,000
Advances from federal government for student loans	4,346,521	4,310,698
Total liabilities	**297,375,565**	**317,386,647**
Net assets		
Unrestricted	414,108,837	400,615,030
Temporarily restricted	183,415,755	176,297,431
Permanently restricted	272,905,654	290,764,735
Total net assets	**870,430,246**	**867,677,196**
Total liabilities and net assets	**$ 1,167,805,811**	**$ 1,185,063,843**

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

University of St. Thomas
Statement of Activities
For the year ended June 30, 2015
(with comparative totals for 2014)

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating revenues					
Tuition and fees	$ 278,958,640	$ -	$ -	$ 278,958,640	$ 272,837,483
Less: student aid	(101,775,447)			(101,775,447)	(97,034,209)
Net tuition and fees	177,183,193			177,183,193	175,803,274
Sales and services of auxiliary enterprises	38,419,034			38,419,034	36,758,981
Private gifts and grants	10,180,476	5,422,363		15,602,839	13,475,631
Grants and contracts	3,200,088			3,200,088	2,869,395
Endowment distributed to operations	1,829,300	11,633,014		13,462,314	12,935,657
Other ordinary investment income	1,154,631	186,816		1,341,447	1,351,850
Sales and services of educational departments	5,187,835			5,187,835	4,738,394
Other revenue	6,226,069			6,226,069	5,862,512
Net assets released from restrictions	23,746,299	(23,746,299)			
Total operating revenues	267,126,925	(6,504,106)		260,622,819	253,795,694
Operating expenditures					
Instruction and other services					
Instruction	121,498,035			121,498,035	124,196,219
Auxiliary enterprises	39,753,630			39,753,630	42,338,495
Student activities and services	32,821,645			32,821,645	31,080,617
Academic support	9,718,578			9,718,578	10,141,733
Libraries	8,921,415			8,921,415	8,929,734
Public service	1,374,810			1,374,810	1,402,358
Research	834,930			834,930	713,897
Total instruction and other services	214,923,043			214,923,043	218,803,053
Management and general					
General administration and support services	27,388,767			27,388,767	30,794,646
Development	6,674,471			6,674,471	7,429,786
Total management and general	34,063,238			34,063,238	38,224,432
Total operating expenditures	248,986,281			248,986,281	257,027,485
Net operating income (expense)	**18,140,644**	**(6,504,106)**		**11,636,538**	**(3,231,791)**
Non-operating activities					
Permanently restricted gifts			6,397,618	6,397,618	11,101,838
Endowment investment earnings:					
Investment ordinary income	824,918	2,482,865	570,694	3,878,477	4,768,217
Net capital (loss) gain on investments	(233,777)	1,811,249	(2,496,729)	(919,257)	52,452,966
Less: Distributed to operations	(1,829,300)	(11,633,014)		(13,462,314)	(12,935,657)
Net non-operating endowment (loss) gain	(1,238,159)	(7,338,900)	(1,926,035)	(10,503,094)	44,285,526
Other investment capital (loss) gain	(153,761)	(620)		(154,381)	11,518,846
(Loss) gain-disposal of property and equipment	(3,577,254)			(3,577,254)	2,682
Net unrealized gain on interest rate exchange agreement	322,337			322,337	343,661
Loss on debt refinancing					(706,971)
Donor pledge adjustments		20,961,950	(22,461,950)	(1,500,000)	
Change in deferred tax asset			131,286	131,286	(330,763)
Net non-operating (loss) income	**(4,646,837)**	**13,622,430**	**(17,859,081)**	**(8,883,488)**	**66,214,819**
Net increase (decrease) in net assets	**13,493,807**	**7,118,324**	**(17,859,081)**	**2,753,050**	**62,983,028**
Net assets, beginning of year	400,615,030	176,297,431	290,764,735	867,677,196	804,694,168
Net assets, end of year	**$ 414,108,837**	**$ 183,415,755**	**$ 272,905,654**	**$ 870,430,246**	**$ 867,677,196**

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, 2015
(with comparative totals for 2014)

	2015	2014
Cash flows from operating activities		
Increase in net assets	$ 2,753,050	$ 62,983,028
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	17,801,316	18,258,711
Net realized investment gains	(13,944,847)	(18,607,729)
Net unrealized investment losses (gains)	15,018,485	(45,364,083)
Gifts of property and equipment	(278,073)	(232,656)
Contributions restricted for long-term investment	(7,877,314)	(6,945,100)
Interest and dividend income restricted for long-term investment	(3,878,477)	(4,768,217)
Noncash contributions of marketable securities	(7,146,527)	(722,724)
Decrease in allowance for uncollectible pledges	(636,660)	(179,407)
Loss (gain) on disposal of land, buildings, and equipment	3,577,254	(2,682)
Change in operating assets and liabilities		
Decrease (increase) in operating assets		
Accounts receivable, net	(2,511,204)	(873,653)
Contributions receivable	9,804,024	(1,106,923)
Other operating assets	(847,187)	37,581
(Decrease) increase in operating liabilities		
Accounts payable and accrued expenses	(7,540,747)	8,412,719
Other operating liabilities	96,682	(2,395,490)
Net cash provided by operating activities	**4,389,775**	**8,493,375**
Cash flows from investing activities		
Purchases of investments	(106,905,168)	(179,407,888)
Proceeds from sales and maturities of investments	115,805,133	176,709,008
Changes in assets held with bond trustees, excluding net gains and losses	755,478	6,019,576
Expenditures for land, buildings, and equipment	(17,391,594)	(12,469,305)
Proceeds from sale of land, buildings, and equipment	4,103,804	2,774
Net cash used in investing activities	**(3,632,347)**	**(9,145,835)**
Cash flows from financing activities		
Proceeds from contributions restricted for endowment, and for land, buildings, and equipment	7,877,314	6,945,100
Payments on bonds payable	(11,875,407)	(13,150,000)
Interest and dividend income restricted for long-term investment	3,878,477	4,768,217
Net cash used by financing activities	**(119,616)**	**(1,436,683)**
Net increase (decrease) in cash and cash equivalents	637,812	(2,089,143)
Cash and cash equivalents at beginning of year	427,273	2,516,416
Cash and cash equivalents at end of year	**$ 1,065,085**	**$ 427,273**

Supplemental disclosure of cash flow information:

	2015	2014
Cash paid for interest	$ 11,207,665	$ 11,990,046
Building and equipment acquisitions included under accounts payable and accrued expenses	$ 1,057,569	$ 1,749,179
Equipment acquired through capital lease agreements	$ 3,485,685	$ 3,141,484
Issuance of bonds payable to defease other bonds	$ -	$ 24,210,000

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 university based in the Twin Cities of St. Paul and Minneapolis. The largest private university in Minnesota, the University 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". Contributions of cash or other assets to be used to acquire land, buildings or equipment are released after the expenditure is made. If a restriction is fulfilled in the same fiscal year in which a contribution is received 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 liquid cash investments with an original maturity of three months or less when purchased by the University are considered to be cash equivalents.

Cash equivalents that are held for long-term investment are included in the Statement of Financial Position as investments. For example, cash held by endowment investment managers for transactional or strategic purposes and cash held for the purchase of buildings and equipment, are reported as investments. Cash equivalents held for long-term investment totaled $13,496,934 and $6,089,992 at June 30, 2015 and 2014, 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, 2015 and 2014 was $2,834,940.

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.

1. Summary of Significant Accounting Policies - continued

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 pledge value is calculated by using an income approach of applying a discount rate technique in the year in which the pledge is received. The original discount rate determined at the date of the pledge is applied over the duration of each pledge. The discount rates applied range from 0.1% to 6.5%. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Investments

Investments are stated at fair value and include accrued income (see note 6). 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.

Marketable securities are reported at fair value based upon quoted market prices or, when quoted values are not available, are valued based on comparative financial instruments. Limited marketability instruments, which primarily include private equity, hedge funds and real estate investments, are valued at the quoted market price for securities in which market quotations are readily available or an estimate of fair value as determined in good faith by the general partner. Because these investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

Fair Value Measurements

The University follows the FASB guidance on fair value measurements. Fair value is defined in the guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as pricing source, used in the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1

Inputs are unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2

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

Level 3

Inputs are unobservable for the asset or liability. Unobservable inputs reflect the reporting entity's own determination about the assumptions that market participants would use in pricing the assets or liabilities based on the best available information.

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

Concerning other assets and liabilities not assigned a Level 1-2-3, the market values of receivables, accounts payable and and accrued liabilities, and unearned income approximate their carrying values given their short term nature.

The fair value of bonds payable was determined using the present value of the future cash flows of debt service payments using Level 2 inputs (see Note 11). 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.

1. Summary of Significant Accounting Policies - continued

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, 2015 and 2014, conditional asset retirement obligations, which are included within deposits and other liabilities in the Statement of Financial Position, totaled $3,769,596 and $3,729,975, respectively. During the fiscal year ended June 30, 2015, the conditional asset retirement obligation increased by $39,621 as a result of asbestos removal costs of $139,879, and accretion of interest of $179,500.

Changes in management's assumptions regarding settlement dates and settlement methods could have a material effect on the liabilities recorded at June 30, 2015.

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.

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. Other gifts are recorded at the fair value at the date of the gift.

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.

1. Summary of Significant Accounting Policies - continued

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,
- 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,
- gain (loss) on debt refinancing,
- 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, 2015 and 2014 was $2,862,977 and $2,243,650, 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.

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 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, 2014, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

2. Accounts Receivable

Accounts receivable consists of the following at June 30:

	2015	2014
Student accounts	$ 8,229,035	$ 7,987,085
Less: allowance for doubtful accounts	(2,834,940)	(2,834,940)
	5,394,095	5,152,145
Government grants receivable	848,782	392,473
Other	6,401,135	4,588,190
Total	$ 12,644,012	$ 10,132,808

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:

	2015	2014
In one year or less	$ 12,489,577	$ 22,364,914
Between one year and five years	102,760,591	113,594,432
More than five years	64,800,000	57,163,526
Total face value of pledges outstanding	180,050,168	193,122,872
Discount (to present value)	(33,182,870)	(36,451,550)
Allowance for uncollectible pledges	(5,765,132)	(6,401,792)
Contributions receivable	$ 141,102,166	$ 150,269,530

The net pledges are recorded under the following net asset categories:

	Temporarily Restricted	Permanently Restricted	Total 2015	Total 2014
Endowment	$ 13,963	$ 74,931,302	$ 74,945,265	$ 97,412,333
Operations	54,737,959		54,737,959	36,763,014
Building projects	11,418,942		11,418,942	16,094,183
Total	$ 66,170,864	$ 74,931,302	$ 141,102,166	$ 150,269,530

In 2015 and 2014, donor pledges of $20,961,950 and $500,000, respectively, were reclassified from permanently restricted to temporarily restricted due to changes in donor restrictions. Both donor pledge adjustments are reflected within the non-operating activities section of the Statement of Activities. In 2015, an adjustment was made to remove an uncollectible donor pledge of $1,500,000.

4. Student and Other Notes Receivable, Net

Student Notes Receivable
The University participates in the Perkins federal revolving loan program. The availability of funds for loans under the program is dependent on reimbursements to the pool from repayments on outstanding loans. Funds advanced by the federal government of $4,346,521 and $4,310,698 at June 30, 2015 and 2014, respectively, are ultimately refundable to the government and are classified as liabilities in the Statement of Financial Position. Outstanding loans cancelled under the program result in a reduction of the funds available for loan and a decrease in the liability to the government. At June 30, 2015 and 2014, student loans represented 0.4% and 0.4% of total assets, respectively.

At June 30, student loans consisted of the following:

	2015	2014
Perkins loan program	$ 4,948,570	$ 5,047,518

At June 30, 2015 and 2014, respectively, the following amounts were past due under the Perkins student loan program:

	1 - 60 days past due	60 - 90 days past due	90+ days past due	Total past due
2015	$ 21,239	$ 32,482	$ 352,480	$ 406,201
2014	$ 7,498	$ 21,500	$ 311,032	$ 340,030

4. Student and Other Notes Receivable, Net - continued

Other Notes Receivables	2015	2014
SubS corporation distribution	$ 757,162	$ 934,795
Note receivable - start-up companies, other	1,289,672	332,783
	$ 2,046,834	$ 1,267,578

No allowance for doubtful accounts has been recorded against these note receivables.

Total Student and other notes receivable as reported in the Statement of Financial Position are as follows:

	2015	2014
Student notes receivable	$ 4,948,570	$ 5,047,518
Other notes receivable	2,046,834	1,267,578
Total student and other notes receivable	$ 6,995,404	$ 6,315,096

5. Funds Held With Bond Trustees

Funds held with bond trustees consists of the following at June 30:

	2015	2014
Assets in escrow for debt service and debt service reserves (market value)	$ 14,960,767	$ 15,716,245
Total cost	$ 15,057,246	$ 15,734,403

Funds held with bond trustees include investments consisting of primarily U.S. Government obligations.

6. Investments

The following table summarizes the value of investments at June 30:

	2015 Market Value	% of Total	2014 Market Value	% of Total
Cash equivalents	$ 13,496,934	2.4%	$ 6,089,992	1.1%
Public equities	231,674,135	41.9%	242,740,560	43.7%
Fixed income	99,791,565	18.0%	96,913,780	17.4%
Real assets	38,164,757	6.9%	41,515,117	7.5%
Marketable alternatives	120,515,251	21.8%	125,842,091	22.6%
Private equity	49,269,478	9.0%	42,637,656	7.7%
Total market value	$ 552,912,120	100.0%	$ 555,739,196	100.0%
Total cost	$ 472,735,850		$ 459,947,241	

The University investments include operating as well as endowment and other long-term assets. Operating cash is invested in mutual funds, the majority of which is invested in U.S. Treasury obligations. The University's long-term assets are invested in a diversified asset allocation approach, within defined limits, which maintains exposure to global equity, fixed income, real assets, hedge funds, and private equity through a partnership with external investment managers operating through a variety of investment vehicles including separate accounts, commingled funds, mutual funds, and limited partnerships.

6. Investments - continued

Investment managers are utilized to invest in individual securities on behalf of the University. In many cases, the University holds a partial interest in 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 disclosed separately above. Real estate, private investments, and some hedge funds 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.

The majority of University investments are held in custody at Northern Trust.

The University's investments are categorized as of June 30 as follows:

	2015	2014
Pooled investment funds		
Investments permanently restricted by donors	$ 295,373,811	$ 298,193,551
Investments functioning as endowments	93,379,569	95,184,311
Total investments subject to endowment spending policy	388,753,380	393,377,862
Funds held for other organizations	2,288,476	2,380,371
Operational funds invested in pool	17,287,257	19,018,644
Other pooled investments	67,740,811	64,770,839
Total pooled funds	476,069,924	479,547,716
Other investments		
Money Market Fund	44,602,473	44,135,241
Charitable gift annuity funds	18,155,432	18,306,259
Gifted stock of private company	4,400,000	4,400,000
Other investments	9,684,291	9,349,980
Total other investments	76,842,196	76,191,480
Total investments	$ 552,912,120	$ 555,739,196

The components of investments and investment earnings are summarized below:

	2015				2014
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Investment earnings					
Interest & dividends	$ 1,979,549	$ 2,669,681	$ 570,694	$ 5,219,924	$ 6,120,067
Capital (losses) gains	(387,538)	1,810,629	(2,496,729)	(1,073,638)	63,971,812
Total investment results	$ 1,592,011	$ 4,480,310	$ (1,926,035)	$ 4,146,286	$ 70,091,879
Investment earnings are reported in the Statement of Activities as follows:					
Endowment earnings:					
Operating revenues					
Endowment distributed to operations	$ 1,829,300	$ 11,633,014	$ -	$ 13,462,314	$ 12,935,657
Non-operating activities					
Investment ordinary income	824,918	2,482,865	570,694	3,878,477	4,768,217
Net capital (loss) gain on investments	(233,777)	1,811,249	(2,496,729)	(919,257)	52,452,966
Less: Distributed to operations	(1,829,300)	(11,633,014)		(13,462,314)	(12,935,657)
Net non-operating endowment (loss) gain	(1,238,159)	(7,338,900)	(1,926,035)	(10,503,094)	44,285,526
Total endowment gain (loss)	591,141	4,294,114	(1,926,035)	2,959,220	57,221,183
Other Investment Earnings					
Ordinary investment income (in operations)	1,154,631	186,816		1,341,447	1,351,850
Invest. capital (loss) gain (nonoperating)	(153,761)	(620)		(154,381)	11,518,846
Total other investment earnings	1,000,870	186,196		1,187,066	12,870,696
Total investment gain (loss)	$ 1,592,011	$ 4,480,310	$ (1,926,035)	$ 4,146,286	$ 70,091,879

7. Fair Value Measurements

Level 1-2-3 Fair Value Hierarchy

The following table presents the University's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis at June 30:

	2015				2014
	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total	Total
Assets					
Funds held with bond trustees					
Cash equivalents	$ 912,930	$ -	$ -	$ 912,930	$ 2,804,471
Fixed income	14,047,837			14,047,837	12,911,774
	14,960,767			14,960,767	15,716,245
Investments					
Cash equivalents	13,496,934			13,496,934	6,089,992
Public equities	74,475,494	148,758,750	8,439,891	231,674,135	242,740,560
Fixed income	99,515,433	276,132		99,791,565	96,913,780
Real assets	319	23,450,059	14,714,379	38,164,757	41,515,117
Marketable alternatives		45,070,367	75,444,884	120,515,251	125,842,091
Private equity			49,269,478	49,269,478	42,637,656
Total Investments	187,488,180	217,555,308	147,868,632	552,912,120	555,739,196
Total assets	$ 202,448,947	$ 217,555,308	$ 147,868,632	$ 567,872,887	$ 571,455,441
Liabilities					
Interest rate swap agreements	$ -	$ 1,980,046	$ -	$ 1,980,046	$ 2,302,383

The following table provides a summary of changes in fair value of the University's Level 3 financial assets for the years ended June 30, 2015 and 2014:

	Public Equities	Real Assets	Marketable Alternatives	Private Equity	Total
Balance as of July 1, 2014	$ 5,664,679	$ 14,364,759	$ 77,688,169	$ 42,637,656	$ 140,355,263
Earned Income		331,876		596,062	927,938
Realized capital gain		563,673	485,871	3,311,907	4,361,451
Unrealized capital (loss) gain	(549,788)	(2,232,893)	(461,377)	1,289,093	(1,954,965)
Purchases and other acquisitions	3,000,000	6,494,593	(5)	9,585,420	19,080,008
Sales and other dispositions		(4,807,629)	(2,267,774)	(8,150,660)	(15,226,063)
Transfers from level 2 to level 3	325,000				325,000
Balance as of June 30, 2015	$ 8,439,891	$ 14,714,379	$ 75,444,884	$ 49,269,478	$ 147,868,632

	Public Equities	Real Assets	Marketable Alternatives	Private Equity	Total
Balance as of July 1, 2013	$ 4,994,472	$ 9,794,058	$ 51,515,547	$ 39,402,356	$ 105,706,433
Earned Income		558,869		942,092	1,500,961
Realized capital gain		94,482	407,229	1,974,779	2,476,490
Unrealized capital gain	670,207	588,050	6,707,792	1,122,282	9,088,331
Purchases and other acquisitions		5,350,912	19,830,628	7,065,603	32,247,143
Sales and other dispositions		(2,021,612)	(4,877,403)	(7,869,456)	(14,768,471)
Transfers from level 2 to level 3			4,104,376		4,104,376
Balance as of June 30, 2014	$ 5,664,679	$ 14,364,759	$ 77,688,169	$ 42,637,656	$ 140,355,263

7. Fair Value Measurements - continued

Net Asset Value ("NAV")

The fair value of certain investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the fund. FASB guidance allows for the use of the NAV as a "practical expedient" to estimate the fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the University's interest in the fund. Investments are categorized as Level 2 instruments when the University has the ability to redeem its investment in the equity at the NAV per share in the near term. If the University does not know when it will have the ability to redeem its investment or it does not have the ability to redeem its investment at NAV per share in the near term, the investments are categorized as Level 3 instruments. The University generally considers a redemption period of 90 days or less to be near term.

Transfers from level 2 to 3 of $325,000 and $4,104,376 were made for the years ended June 30, 2015 and 2014 as a result of investment manager changes.

Fair value measurements of Level 2 and Level 3 investments in certain entities where NAV was used to estimate fair value as of June 30, 2015:

Redemption frequency	Net Asset Value	Unfunded Commitments	Redemption Notice Period	Redemption restrictions
Daily/Weekly				
Public equities	$ 24,120,418		1-3 days	
Fixed Income	276,132		1 day	
Real assets	6,424,150		1 day	
Total Daily/Weekly	30,820,700			
Monthly				
Public equities	81,289,707		6-10 days	
Real assets	6,200,937		30 days	
Marketable alternatives	3,616,042		5 days	
Total Monthly	91,106,686			
Quarterly				
Public equities	43,348,624		60 days	
Real assets	10,824,971		60 days	
Marketable alternatives	57,288,904		30-90 days	
Total Quarterly	111,462,499			
Annual				
Public equities	8,114,891		120 days	
Marketable alternatives	25,000,504		45 - 90 days	1 fund has a side pocket
Total Annual	33,115,395			
2 or more years				
Real assets	14,714,379	$ 22,659,608	NA	
Marketable alternatives	34,609,800		45-90 days	1 fund has a side pocket
Private equity	41,455,231	35,512,928	NA	
Total 2 or more years	90,779,410	58,172,536		
Total Level 2 and Level 3 with NAV per share	$ 357,284,690	$ 58,172,536		

8. Derivative Instruments

The University uses interest rate swaps as part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. Interest rate swaps are used to manage identified and approved exposures and are not used for speculative purposes. The interest rate swaps are recognized as either assets or liabilities on the Statement of Financial Position and are measured at fair value. Interest rate swaps are often held for the life of the strategy, but may reflect significant interim unrealized gains or losses depending on the change in value since the inception of the contract. All unrealized and realized gains and losses from the interest rate exchange agreements are reflected in the Statement of Activities.

Interest rate swaps between the University and a third party (counterparty) provide for periodic exchange of payments between the parties based on changes in a defined index and a fixed rate and include counterparty credit risk. Counterparty risk is the risk that contractual obligations of the counterparty will not be fulfilled. Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Counterparty credit risk is managed by requiring high credit standards for the University's counterparties. The counterparty is the Royal Bank of Canada which held a S&P credit rating of AA- as of June 30, 2015. Neither party posts collateral as part of the swap.

In fiscal 2015, the University paid $783,973 more than it received in interest under the swap agreements. In 2014, the University paid $813,197 more than it received. The variable interest paid by the University on the original debt issue approximated the payments received from the counterparty. The fixed payments made to the counterparty are described below. The difference between interest received and interest paid under the swap agreements is recorded as interest expense in the Statement of Activities.

In April 2003, the University entered into a forward interest rate swap agreement having a notional amount of $20,800,000. This swap was 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. In 2012, while those issues were defeased by the Series Seven-O debt issue, the swap remains outstanding. Under the swap agreement, the counterparty 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 counterparty a fixed rate of 3.085% for a term that ends October 1, 2015.

In February 2006, the University entered into a forward interest rate swap agreement having a notional amount of $12,300,000. This swap was utilized to reduce the volatility risk for a portion of the University's variable interest rate exposure on debt issue Series Six-H. In 2012, while that issue was defeased by the Series Seven-P debt issue, the swap remains outstanding. Under the swap agreement, the counterparty 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 counterparty a fixed rate of 3.553% for a term that ends October 1, 2032.

The fair value of these interest rate swaps, which are not designated as a hedging instrument, are reported as of June 30 as follows:

	2015	2014
Within Statement of Financial Position:		
Deposits and Other Liabilities	$ 1,980,046	$ 2,302,383
Within Statement of Activities:		
Net unrealized gain on interest rate exchange agreement	$ 322,337	$ 343,661

An investment manager retained by the University has been authorized to use certain financial derivative instruments. Specifically, equity futures are used to invest cash in equities and/or obtain equity market exposure. In addition, commodity futures contracts are also utilized to obtain market index exposure. The University's derivative instruments involve varying degrees of risk of loss in excess of the amount recognized in the Statement of Financial Position arising from potential changes in market prices. The market value of the derivative contracts was $14,293,665 and $27,752,064 as of June 30, 2015 and 2014, respectively. Net (losses) gains from these derivative contracts is summarized as follows:

	2015	2014
Investment (loss) earnings	$ (2,443,372)	$ 1,956,632

In addition, the University, through its investment activities, is indirectly involved in such activities as trading in futures, forward contracts and other derivative products. Derivatives are used to adjust portfolio risk exposure. While these instruments may contain varying degrees of risk, the University's risk with respect to such transactions is limited to its respective share in each investment pool.

9. Land, Buildings, and Equipment

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

	Estimated Useful Life (Years)	2015	2014
Land		$ 36,886,486	$ 37,584,690
Land improvements	15 - 20	9,947,655	9,806,664
Buildings	20 - 60	491,538,023	491,882,563
Equipment, library books, art objects	0 - 15	132,989,772	131,104,864
Cost of land, buildings, and equipment		671,361,936	670,378,781
Less: Accumulated depreciation		(241,794,109)	(233,836,926)
Land, buildings, and equipment, net of depreciation		429,567,827	436,541,855
Add: Construction-in-progress		1,580,653	3,110,942
Land, buildings, and equipment as reported		$ 431,148,480	$ 439,652,797

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities at June 30 consist of the following:

	2015	2014
Accrued compensation and related costs	$ 10,192,155	$ 16,830,264
Accounts payable	6,163,406	6,819,330
Accrued interest	2,498,301	2,592,166
Other	2,118,957	2,963,416
Total	$ 20,972,819	$ 29,205,176

In 2014, the University offered an employee early retirement program. Program costs to be paid in 2015 of $6,092,000 have been accrued in 2014, and are reported above as accrued compensation and related costs.

11. Bonds Payable

Bonds payable consists of the following at June 30:

	2015	2014
MHEFA Revenue Bonds, Series Seven-A Payable through 2039, interest at 4% to 5%, uncollateralized, proceeds used for Anderson Student Center	$ 72,545,000	$ 74,325,000
MHEFA Revenue Bonds, Series Six-X Payable through 2039, interest at 4% to 5.25%, uncollateralized, proceeds used for Anderson Athletic and Recreation Complex	52,090,000	53,430,000
MHEFA Revenue Bonds, Series Seven-U Payable through 2027, interest at 4% to 5%, uncollateralized, proceeds used to advance refund Series 5L and 5Z, original proceeds used for School of Law building, Schulze Hall and Terrence Murphy Hall	23,275,000	24,515,000
MHEFA Revenue Notes, Series Seven Z Payable through 2034, interest at 2.77%, uncollateralized, proceeds used to refund Series Five-Y, original proceeds used for Flynn Hall	20,699,593	24,210,000
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	20,955,000	23,315,000

11. Bonds Payable - continued

	2015	2014
MHEFA Revenue Bonds, Series Six-W Payable through 2030, interest at 4.5% to 6%, uncollateralized, proceeds used for Anderson Parking Facility	15,680,000	16,165,000
MHEFA Variable Rate Demand Revenue Bonds, Series Seven-O Payable through 2025, variable interest rate (not to exceed 15%), uncollateralized, proceeds used to refund Series Four-O and Five-C, original bond proceeds used for Science and Engineering Center, John Roach Center, Morrison Hall, and other additions	11,955,000	13,115,000
MHEFA Variable Rate Demand Revenue Bonds, Series Seven P Payable through 2032, variable interest rate (not to exceed 15%), uncollateralized, proceeds used to refund Series Six-H, original proceeds used for McNeely Hall	12,300,000	12,300,000
Total face value of long-term debt	$ 229,499,593	$ 241,375,000
Approximate market value of long-term debt	$ 250,849,246	$ 260,747,000

Interest expense was $11,113,800 and $11,891,264 for the years ended June 30, 2015, and 2014, respectively.

As of June 30, 2015, the variable interest rate associated with the above variable debt issues, and the associated interest rate swap agreements, was approximately 0.9%.

The annual maturities for bonds payable at June 30, 2015, are as follows:

2016	$ 10,087,000
2017	10,520,000
2018	10,976,000
2019	11,469,000
2020	12,015,000
Thereafter	174,432,593
	$ 229,499,593

The University has a line of credit of $10,000,000 with interest at LIBOR plus .75% which expires on June 22, 2016. At June 30, 2015 and 2014, the University had no borrowings under the line of credit.

In 2014, the University borrowed $24,210,000 in order to effect the legal defeasance of the University's Series Five-Y debt. While a loss from debt refinancing for 2014 of $706,971 is reported in the Statement of Activities, the refinancing transactions will result in lower overall debt service payments to the University.

12. Endowment

The University's endowment consists of over 400 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the University has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the University classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Endowment net assets, excluding net pledges, consist of the following at June 30:

	2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2014 Total
Donor-restricted endowment funds	$ 38,635	$ 102,159,148	$ 197,974,352	$ 300,172,135	$ 302,887,086
Board-designated endowment funds	93,379,569			93,379,569	95,200,513
Total endowment funds	$ 93,418,204	$ 102,159,148	$ 197,974,352	$ 393,551,704	$ 398,087,599

Changes in endowment net assets, excluding pledges, for the years ended June 30 are as follows:

	2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2014 Total
Endowment net assets as of July 1	$ 95,223,188	$ 109,498,048	$ 193,366,363	$ 398,087,599	$ 347,571,713
Investment return:					
Investment ordinary income	824,918	2,482,865	570,694	3,878,477	4,768,217
Realized and unrealized capital (loss) gain	(233,777)	1,811,249	(2,496,729)	(919,257)	52,452,966
Total investment gain	591,141	4,294,114	(1,926,035)	2,959,220	57,221,183
Release of spending policy	(1,829,300)	(11,633,014)		(13,462,314)	(12,935,657)
Contributions (excl. pledges) and adjustments	(1,007,092)		6,402,737	5,395,645	7,118,933
Addition to quasi-endowment from operations	1,000,000			1,000,000	-
Other (expense) revenue, net	(559,733)		131,287	(428,446)	(888,573)
Endowment net assets as of June 30	$ 93,418,204	$ 102,159,148	$ 197,974,352	$ 393,551,704	$ 398,087,599

The above endowment net assets totalling $393,551,704 and $398,087,599 as of June 30, 2015 and 2014, respectively, excludes pledges. Net pledges have been included in net assets as reported in the Statement of Financial Position and Statement of Activities. Net endowment pledges of $74,945,265 and $97,412,333 as of June 30, 2015 and 2014, respectively, have been included in net assets as follows:

	2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2014 Total
Endowment net assets, excluding pledges	$ 93,418,204	$ 102,159,148	$ 197,974,352	$ 393,551,704	$ 398,087,599
Add endowment net pledges		13,963	74,931,302	74,945,265	97,412,333
Endowment net assets, including pledges	$ 93,418,204	$ 102,173,111	$ 272,905,654	$ 468,496,969	$ 495,499,932

12. Endowment - continued

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets totalled $ 54,914 as of June 30, 2015. These deficiencies result from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level will be classified as an increase in unrestricted net assets.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to minimize the volatility of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a representative benchmark, while assuming an appropriate level of investment risk. The University expects its endowment funds, over time, to provide a real rate of return sufficient to meet the University's spending policy, net of fees. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University follows an endowment spending policy which authorizes spending of a percentage of the five year average market value of most endowments. This percentage is established annually for each endowment by the President of the University. The average aggregate spending rate approximated 4% in 2015 and 2014. 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.

13. Net Asset Summary and Releases

Net assets at June 30, including pledges, consists of the following:

	2015				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2014 Total
Endowment					
Donor-restricted for:					
Student financial aid	$ (51,257)	$ 39,911,956	$ 101,424,459	$ 141,285,158	$ 152,350,159
Instruction and other related activities	89,892	62,261,155	171,481,195	233,832,242	247,949,260
Total donor-restricted endowments	38,635	102,173,111	272,905,654	375,117,400	400,299,419
Board-designated for educational and general operations	93,379,569			93,379,569	95,200,513
Total endowment	93,418,204	102,173,111	272,905,654	468,496,969	495,499,932
Operations					
Current unrestricted operations	10,049,175			10,049,175	9,976,697
Gifts and grants for instructional programs, financial aid, and research	25,379,411	32,174,343		57,553,754	35,196,349
Long-term support of educational and general operations	77,964,098	26,407,990		104,372,088	95,056,107
Total operations	113,392,684	58,582,333		171,975,017	140,229,153
Buildings and Equipment					
Net value of buildings and equipment	202,134,915			202,134,915	194,038,251
Funds for building projects	6,013,656	12,272,165		18,285,821	28,356,145
Total buildings and equipment	208,148,571	12,272,165		220,420,736	222,394,396
Other					
Annuity trust agreements	(850,622)	10,388,146		9,537,524	9,553,715
Total	$ 414,108,837	$ 183,415,755	$ 272,905,654	$ 870,430,246	$ 867,677,196

13. Net Asset Summary and Releases - continued

Temporarily restricted 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:

	2015	2014
Purpose restrictions accomplished:		
Instructional activities, student financial aid, and other purposes	$ 15,113,399	$ 13,092,384
Unrestricted donor pledges received for education and general operations	3,500,000	3,500,000
Buildings and equipment	5,132,900	1,204,967
Total restrictions released	$ 23,746,299	$ 17,797,351

14. 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:

	2015	2014
Institutional revenue sources	$ 96,486,625	$ 92,071,160
Gifts, grants, and endowment earnings	5,288,822	4,963,049
Total student aid	$ 101,775,447	$ 97,034,209

15. Retirement Benefits

Retirement benefits are provided for substantially all full-time employees. Under this 403(b) retirement plan, the University makes contributions of a defined percentage of covered payroll. Contributions charged to unrestricted operations for these benefits were $8,800,553 and $8,983,472 for the years ended June 30, 2015 and 2014, respectively.

16. Income Taxes

Income tax net change included in the Statement of Activities consists of the following:

	2015	2014
Current:		
Federal	$ (78,409)	$ 512,771
Deferred	(52,877)	(182,008)
Total expense	$ (131,286)	$ 330,763

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:

	2015	2014
Non-current asset:		
Net operating loss carryforwards	$ 49,925	$ 99,474
Deferred tax asset	$ 49,925	$ 99,474
Non-current liability:		
Unrealized gains	$ 2,457,780	$ 2,560,206
Deferred tax liability	$ 2,457,780	$ 2,560,206

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.

16. Income Taxes - continued

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 of $8,220,000 that has built-in appreciation subject to federal income tax. 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.

The University has adopted the income tax standard for uncertain tax positions. No liability was recognized as a result of the implementation of this standard.

17. Allocation of Plant, Depreciation and Interest Expense

Plant operation and maintenance, depreciation, and interest have been allocated across functional expense categories in the Statement of Activities as follows:

	2015	2014
Expenses allocated		
Plant operation and maintenance	$ 22,998,893	$ 23,841,760
Depreciation	17,801,316	18,258,711
Interest	11,113,800	11,891,264
Total expenses allocated	$ 51,914,009	$ 53,991,735
Expense allocated to the following functional expense categories		
Instruction and other services		
Instruction	$ 16,601,237	$ 16,606,367
Auxiliary enterprises	20,134,743	21,654,490
Student activities and services	9,067,027	9,132,907
Academic support	330,469	333,483
Libraries	2,908,323	2,971,695
Public service	83,287	84,763
Research	792	950
Total instruction and other services	49,125,878	50,784,655
Management and general		
General administration and support services	2,567,009	2,983,469
Development	221,122	223,611
Total management and general	2,788,131	3,207,080
Total operating expenditures	$ 51,914,009	$ 53,991,735

18. Related Party Transactions

Pledges totaling $86,894,908 and $94,046,991 for the years ended June 30, 2015 and 2014 from Board of Trustee members are included in the Statement of Financial Position as Contributions Receivable.

A Board member is related to a company that has provided building design and construction services. The contract was approved in accordance with the Board of Trustees conflict of interest policy.

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 Veritas Institute (formerly known as the Self-Assessment and Improvement Process Institute) at the University. The Veritas 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. The present value of the outstanding pledge payable as of June 30, 2015 was $592,433. Pledge payments of $56,250 were made in 2015.

19. 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 19 years with options to renew at varying times:

Rent and other expenses under operating leases:	2015	2014
Duplicating and other equipment	$ 949,147	$ 970,595
Parking space	909,587	884,338
Mass transit	640,231	631,352
Facilities	619,474	633,300
Other	141,286	168,694
Total	$ 3,259,725	$ 3,288,279

Assets recorded under capital leases:	2015
Equipment	$ 11,818,387
Less Accumulated depreciation	(6,850,885)
	$ 4,967,502

Minimum lease payment commitments as of June 30, 2015 are as follows:

	Capital Leases	Operating Leases
2016	$ 2,833,207	$ 1,938,914
2017	1,659,597	1,507,787
2018	548,547	1,546,952
2019	137,106	1,587,656
2020	6,624	1,279,604
Thereafter through 2034		18,909,536
Total future commitments	5,185,081	26,770,449
Less amount representing interest	(217,579)	
Present value of future minimum lease payments	$ 4,967,502	$ 26,770,449

The University has an operating lease with escalating payments during the lease term which ends in 2034. As a result, a deferred rent payable of $4,446,422 is recorded at June 30, 2015 for the difference between the actual payments and the straight-line rent expense. The capital lease obligation, and deferred rent payable, are included within deposits and other liabilities in the Statement of Financial Position.

20. 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.

The University is self-insured with respect to certain workers compensation costs. The University's stop-loss insurance limits the University's liability to $480,000 per incident and $1,780,151 in aggregate per year.

The University has a self-insured health benefit plan that covers active employees who elect to participate. Total claims and stop-loss provision costs, less premium payments from participants, were $8,727,435 and $9,603,609 for the fiscal years ending June 30, 2015 and 2014, respectively. The University carries stop-loss insurance coverage that limits the University's claim liability to $200,000 for each individual on an annual basis, with an aggregate claim liability of $15,516,000 for 2015.

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.

On August 18, 2014 the University sold the Gainey Conference Center and discontinued the operations of the Center. Expenses associated with the discontinuance of the Center operations of $338,453 have been accrued in 2014. A loss from the sale of the property and equipment, including the Gehry House, of approximately $3,581,758 is reported in 2015. The revenue and expense from the discontinued operation is reported under auxiliary enterprises.

The University has evaluated subsequent events through November 18, 2015 which is the date that the financial statements were approved and issued.

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