

In the opinion of Ice Miller, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds, as defined herein, is excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes. Such exclusion is conditioned upon continuing compliance by the Authority and College, as defined herein, with the Tax Covenants, as defined herein. Interest on the Bonds is not exempt from income taxation in the State of Wisconsin. See "TAX MATTERS" herein and APPENDIX C hereto.

\$20,670,000
WISCONSIN HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY
Variable Rate Demand Revenue Bonds
(Wisconsin Lutheran College Project) Series 2003

PRICE	Par
DATED	Date of Issuance
MATURITY	June 1, 2033
CUSIP	97710V KV9
ISSUANCE	The Wisconsin Health and Educational Facilities Authority (the "Authority") will issue the Bonds through a book-entry system under an Indenture of Trust dated as of June 1, 2003 ("Indenture"), between the Authority and Bank One Trust Company, N.A., as Trustee. The Bonds will initially bear interest at the Daily Rate, which will be determined by U.S. Bancorp Piper Jaffray Inc., as Remarketing Agent, as more fully described herein. The Bonds are subject to conversion to other interest rate modes as more fully described herein. The Bonds will be issued in authorized denominations of \$100,000 or any multiple of \$5,000 in excess of \$100,000.
INTEREST RATES	Set daily for Bonds bearing interest at a Daily Rate. Set weekly for Bonds bearing interest at a Weekly Rate. Set monthly for Bonds bearing interest at a Monthly Rate.
INTEREST PAYMENT DATES	Interest on the Bonds will be payable on the first Business Day of each month, commencing July 1, 2003, and interest is payable upon the occurrence of certain other events, all as more fully described herein.
TENDERS	Bonds may be optionally tendered to the Trustee, for purchase at par, plus accrued interest, if any, as described herein. Bonds are subject to mandatory tender for purchase at par, plus accrued interest, if any, under certain circumstances described herein.
REDEMPTION	Bonds are subject to optional and mandatory redemption prior to maturity as described herein.
PROJECT	The Authority will lend the proceeds from the sale of the Bonds to Wisconsin Lutheran College Conference, Inc., a Wisconsin nonprofit, nonstock company (the "College"), to: (i) finance or refinance the costs of the Project herein defined; (ii) finance capitalized interest and other related fees on the Bonds during construction of the Project; and (iii) pay certain expenses incurred in connection with the issuance of the Bonds.
CREDIT FACILITY	Payment of the principal or purchase price of and the interest on the Bonds is secured by an irrevocable transferable direct pay letter of credit (the "Initial Credit Facility") issued by: <p style="text-align: center;">U.S. BANK NATIONAL ASSOCIATION</p> The Initial Credit Facility permits the Trustee to draw thereunder in accordance with its terms to pay (a) the principal of the Bonds when due at maturity, upon redemption or acceleration, (b) the principal portion of the purchase price of Bonds tendered for purchase and not remarketed and (c) up to 40 days' accrued interest on the Bonds at an interest rate of up to 10% per annum. The Initial Credit Facility will expire on June 15, 2008, unless extended, and under certain circumstances may be terminated on an earlier date as described herein. The Initial Credit Facility may, at any time, be replaced with an Alternate Credit Facility, as described herein.
LIMITED OBLIGATION	THE BONDS ARE LIMITED OBLIGATIONS OF THE AUTHORITY AND ARE NOT A DEBT OR LIABILITY OF THE STATE OF WISCONSIN OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF OTHER THAN THE AUTHORITY. THE SOURCE OF PAYMENT AND SECURITY FOR THE BONDS IS MORE FULLY DESCRIBED HEREIN. THE AUTHORITY HAS NO TAXING POWER.
UNDERWRITING	The Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without any notice, and to the approval of legality of the Bonds by Ice Miller, Indianapolis, Indiana, Bond Counsel. Certain legal matters will be passed upon for the Authority by its counsel, Quarles & Brady LLP, Milwaukee, Wisconsin; for the College by its counsel, Davis & Kuelthau, S.C., Milwaukee, Wisconsin; for the Underwriter by its counsel, Foley & Lardner; and for the Initial Credit Entity by its counsel, Michael Best & Friedrich LLP, Madison, Wisconsin. Subject to prevailing market conditions the Underwriter intends, but is not obligated, to make a market in the Bonds. For details of the Underwriter's compensation see "UNDERWRITING" herein. It is expected that delivery of the Bonds through The Depository Trust Company will be on or about June 12, 2003, against payment therefor.

U.S. Bancorp Piper Jaffray Inc.

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, sales representative or other person has been authorized by the Authority, the College, U.S. Bancorp Piper Jaffray Inc. (the “Underwriter”) or U.S. Bank National Association (the “Initial Credit Entity”) to give information or to make any representations with respect to the Bonds except as expressly set forth in this Official Statement, and, if given or made, any such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. Certain information contained herein has been obtained from the College, The Depository Trust Company, the Initial Credit Entity and other sources which are believed to be reliable, but is not guaranteed as to adequacy, accuracy or completeness by, and is not to be construed to be the representations of, the Authority or the Underwriter. The 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 since the date hereof in the business affairs or financial condition of the parties referred to herein.

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APPENDIX D – PROPOSED FORM OF OPINION OF AUTHORITY’S COUNSEL

In connection with this offering, the Underwriter may over allot or effect transactions that 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 Bonds have not been registered under the Securities Act of 1933, as amended, and the Indenture has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions contained in such federal laws. In making an investment decision, investors must rely upon their own examination of the Bonds and the security therefor, including an analysis of the risks involved. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. The registration, qualification or exemption of the Bonds in accordance with applicable provisions of securities laws of the various jurisdictions in which the Bonds have been registered, qualified or exempted cannot be regarded as a recommendation thereof. Neither such jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the adequacy, accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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

OFFICIAL STATEMENT

\$20,670,000

WISCONSIN HEALTH AND EDUCATIONAL FACILITIES AUTHORITY VARIABLE RATE DEMAND REVENUE BONDS (WISCONSIN LUTHERAN COLLEGE PROJECT) SERIES 2003

INTRODUCTION

The purpose of this Official Statement, including the cover page and the Appendices hereto, is to set forth certain information in connection with the offering of \$20,670,000 in aggregate principal amount of Variable Rate Demand Revenue Bonds (Wisconsin Lutheran College Project) Series 2003 (the "Bonds") to be issued by the Wisconsin Health and Educational Facilities Authority (the "Authority"). See **APPENDIX B** for the definitions of certain words and terms used herein.

The Bonds are being issued pursuant to an authorizing resolution adopted by the Authority on June 4, 2003, and an Indenture of Trust dated as of June 1, 2003 (the "Indenture"), from the Authority to Bank One Trust Company, N.A., as trustee (the "Trustee"). The Bonds are being used to fund a loan under a Loan Agreement dated as of June 1, 2003 (the "Loan Agreement"), between the Authority and Wisconsin Lutheran College Conference, Inc., a Wisconsin nonprofit, nonstock corporation (the "College"), for the purpose of (i) financing or refinancing a portion of the costs of the construction, rehabilitation, enlargement, installation, furnishing, renovation, equipping, and improving, as the case may be, of: (a) a new science academic building, (b) new athletic fields and related facilities, (c) certain apartment buildings in the area surrounding the College campus, and (d) other miscellaneous capital expenditures for educational facilities and equipment, landscaping, physical and technological improvements thereto on the College's campus (collectively, the "Project"); (ii) financing capitalized interest and other related fees on the Bonds; and (iii) paying certain expenses incurred in connection with the issuance of the Bonds.

The Bonds will be secured or supported by (a) an assignment and pledge of the Loan Agreement (except for Unassigned Rights) and the note of the College (the "Note") evidencing its obligations under the Loan Agreement, and (b) moneys held in certain of the funds and accounts established under the Indenture. As further security for the Bonds, the College will cause U.S. Bank National Association (the "Initial Credit Entity") to issue and deliver to the Trustee its irrevocable, transferable direct-pay letter of credit (the "Initial Credit Facility") pursuant to the terms of a Reimbursement Agreement dated as of June 1, 2003 (the "Initial Credit Facility Agreement"), between the Initial Credit Entity and the College. The Initial Credit Facility will expire on June 15, 2008, unless extended or terminated prior thereto, as described herein. See **"THE INITIAL CREDIT FACILITY"** herein. See also **APPENDIX A** hereto for additional information concerning the Initial Credit Entity.

The College has the right to cause the Credit Facility in effect at any time to be replaced with an Alternate Credit Facility as described herein under "SECURITY FOR THE BONDS—Alternate Credit Facility".

Prospective purchasers of bonds should look to the Credit Facility (and not to the College or the Project) as the security and source of payment for the Bonds. Therefore, only limited information concerning the College and the Project is made available to prospective purchasers of the Bonds. Prospective purchasers should make their investment decisions regarding the creditworthiness of the Bonds on the basis of the Initial Credit Facility and the financial condition of the Initial Credit Entity, and not on the availability of other revenues.

The Loan Agreement obligates the College to make payments sufficient to pay the principal of and premium, if any, and interest on the Bonds as it becomes due and payable. The Loan Agreement provides that the College shall receive a credit for such payments to the extent that payments are made pursuant to the Credit Facility. See **"SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT"** below.

In order to accomplish the remarketing of tendered Bonds, the College has appointed U.S. Bancorp Piper Jaffray Inc. to act as remarketing agent for the Bonds (together with any successors, the "Remarketing Agent"), and the Remarketing Agent will enter into a Remarketing Agreement for the Bonds with the College dated as of June 1, 2003.

The Indenture provides that, upon the satisfaction of certain conditions, the College may cause the interest rate on the Bonds to be converted (as alternatives to the Daily Rate, the Weekly Rate and the Monthly Rate described herein) to the Adjustable Rate or the Fixed Rate. On the effective date, if any, of such a conversion, certain other terms of the Bonds, including Credit Facility requirements, Interest Payment Dates, redemption provisions and tender rights, will be changed. Prior to the effectiveness of such a conversion, however, all Bondholders will be required to tender their Bonds for purchase as described below under "**THE BONDS—Tender of the Bonds—Mandatory Tender of Bonds.**" *This Official Statement describes only the terms of the Bonds that will be in effect prior to such a conversion.*

Brief descriptions of the Bonds, the Project, the agreements pursuant to which the Bonds are issued and secured and the parties mentioned above are included in this Official Statement. All references herein to the foregoing agreements or any other documents and agreements are qualified in their entirety by reference to those documents and agreements, copies of which are available at the office of the Trustee located at 111 East Wisconsin Avenue, Milwaukee, Wisconsin 53201. During the initial offering period for the Bonds, copies of documents and agreements may also be obtained at the office of U.S. Bancorp Piper Jaffray Inc., 233 South Wacker Drive, Chicago, Illinois 60606-6306, Attention: Fixed Income Capital Markets.

BONDHOLDERS' RISKS

The following discussion of risk factors is not complete and should be read in conjunction with all other parts of this Official Statement.

General

The Bonds are limited obligations of the Authority secured by and payable from payments to be made by the Credit Entity under the Credit Facility and by the College under the Note and the Loan Agreement. See "**SECURITY FOR THE BONDS.**"

Credit Facility

The ability of the Credit Entity to honor drawings on the Credit Facility will be based solely on the Credit Entity's general credit. The Trustee may not assert a claim for federal deposit insurance against the Federal Deposit Insurance Corporation in respect of the Bonds or the Credit Facility, and Owners of the Bonds should not assume any such insurance coverages are available with respect to the Bonds or the Credit Facility. See "**SECURITY FOR THE BONDS—The Initial Credit Facility**" and "**—Alternate Credit Facility.**"

Possible Future Federal Tax Legislation

It is possible that future tax legislation could adversely affect the tax exemption of interest on, or the value or marketability of, the Bonds. The Bonds are not required to be redeemed in the event that interest on the Bonds becomes includable in gross income for federal income tax purposes or becomes an item of tax preference for purposes of the federal alternative minimum tax applicable to individuals, and there is no provision in the Indenture, the Bonds, or any document related to the issuance thereof, for an increase in the rate of interest payable on the Bonds in the event that interest on the Bonds becomes includable in gross income for federal income tax purposes or becomes an item of tax preference for purposes of the federal alternative minimum tax applicable to individuals. See "**TAX MATTERS.**"

Tax-Exempt Status of the Bonds

The tax-exempt status of the Bonds is based on maintenance by the College of its tax-exempt status under Section 501(c)(3) of the Code, and also on the continued compliance by the Authority and the College with certain covenants relating generally to restriction on use of the facilities of the College financed with proceeds of the Bonds, arbitrage limitations, rebate of certain investment earnings to the federal government and restrictions on the amount of issuance costs financed with the proceeds of the Bonds. Failure to maintain such status or to comply with such covenants could cause interest on the Bonds to become subject to federal income taxation retroactively to the date of issue of the Bonds. In such event, the Bonds are not subject to redemption solely as a consequence thereof, although the principal thereof may be accelerated. No additional interest or penalty is payable under the terms of the Indenture in the event of the taxability of interest on the Bonds.

Marketability of Bonds

Although the Underwriter may engage in secondary market transactions, it is not obligated to repurchase any Bonds from any owners. There is no assurance that a secondary market for the Bonds will develop or that owners who wish to sell their Bonds will be able to do so.

Rating

The ratings on the Bonds are based on the ratings of the Initial Credit Entity and the condition that the Initial Credit Facility is securing payment of the principal of and up to 40 days of accrued interest on the Bonds. See “**RATINGS.**” A downgrade in the rating of the Initial Credit Entity would result in a downgrade in the rating of the Bonds, and could adversely affect the marketability and market price of the Bonds.

Bankruptcy

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

Section 105 of the United States Bankruptcy Code empowers a bankruptcy court to issue such orders as are necessary or appropriate to carry out the provisions of the Bankruptcy Code. Court decisions discussing the enforceability of letters of credit indicate that it is possible that a bankruptcy court acting pursuant to Section 105 or other equitable powers under the Bankruptcy Code could enjoin a drawing by the Trustee under the Credit Facility or the payment by the Trustee to Owners or Beneficial Owners of Bonds of amounts drawn under the Credit Facility under various circumstances, including the bankruptcy or insolvency of, or a similar event with respect to, the College or an affiliate of the College.

Legal Matters

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment of the transaction opined upon or of the future performance of parties to such transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction. The remedies available to the Trustee upon a default are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically the federal bankruptcy code, the remedies may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Wisconsin and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity.

The “Establishment Clause” of the First Amendment to the United States Constitution restricts public financial assistance to pervasively sectarian private schools. Although the U.S. Supreme Court has not directly addressed the question of whether the Establishment Clause restricts lending the proceeds of a bond issue involving no expenditure of public funds, Bond Counsel is of the opinion that the Bonds are valid, based upon its analysis of existing U.S. Supreme Court and lower court precedent in cases involving the Establishment Clause in various contexts. If a court were to find the issuance of the Bonds and the use of the proceeds to finance the College’s facilities unconstitutional, and if such a decision were to become final, the Bonds could be declared unenforceable or void. Such a decision could become final if the College were not to appeal an adverse decision or if the College were unsuccessful upon such an appeal because of a departure by the Supreme Court from the course of its earlier decisions or because the Supreme Court declined to review an adverse ruling. In such event, any interest paid on the Bonds could become includable in gross income for federal tax purposes.

THE AUTHORITY

Powers

The Authority has, among other powers, the statutory power to make loans to certain health care and educational institutions in Wisconsin, to finance the cost of projects and refinance or refund outstanding indebtedness and to assign loan agreements, notes, mortgages and other securities of health care and educational institutions to which the Authority has made loans, and the revenues therefrom, for the benefit of the holders of bonds issued to finance or refinance such projects.

Members of the Authority

The Authority consists of seven members, all of whom must be Wisconsin residents, appointed by the Governor by and with the consent of the State Senate. Members of the Authority serve staggered seven-year terms and continue to serve until their successors are appointed. The members of the Authority receive no compensation for the performance of their duties but are paid their necessary expenses while engaged in the performance of such duties. No member, officer, agent or employee of the Authority may, directly or indirectly, have any financial interest in any bond issue or in any loan or any property to be included in, or any contract for property or materials to be furnished or used in connection with, any project of the Authority, under penalty of law. Members of the Authority, however, may serve as directors or officers of institutions for which the Authority is providing financing, but they may not vote or take part in the Authority’s deliberations concerning such financings.

The current members of the Authority are:

	<u>Term Expires</u> <u>June 30</u>
Daniel P. Blask, <i>Chairperson</i> Senior Vice President of Finance – Chief Financial Officer ProHealth Care, Inc. Waukesha, Wisconsin	2001 ⁽¹⁾
Tim Size, <i>Vice Chairperson</i> Executive Director Rural Wisconsin Health Cooperative Sauk City, Wisconsin	2004
Edward M. Aprahamian President Ficht Services Milwaukee, Wisconsin	2005
Paul B. Luber CEO The Jor-Mac Company Grafton, Wisconsin	2006
John A. Noreika Executive Director Oakwood Village Madison, Wisconsin	2010 ⁽²⁾
Dean K. Roe Former President Froedtert Memorial Lutheran Hospital Wauwatosa, Wisconsin	2003
Paul J. Senty Corporate Legal Counsel The Park Bank Madison, Wisconsin	2007

General Counsel

Quarles & Brady LLP serves as general counsel to the Authority.

⁽¹⁾ Mr. Blask's term expired June 30, 2001. He continues to serve until his successor is nominated by the Governor and, with the advice and consent of the State Senate, appointed.

⁽²⁾ Mr. Noreika has been appointed by the Governor and serves pending Wisconsin State Senate confirmation.

Bonds of the Authority

The Authority may from time to time issue bonds for any corporate purpose, and these bonds are negotiable for all purposes notwithstanding their payment from a limited source. The bonds are payable solely out of revenues of the Authority specified in the resolution under which they are issued or in a related trust indenture or mortgage. The Authority must pledge the revenues to be received by it on account of each financing as security for the bonds issued in that financing.

Interest Not Exempt from Wisconsin Income Taxes

Interest on bonds issued by the Authority is not exempt from current Wisconsin income taxes.

Financing Program of the Authority

The following summary outlines the principal amount of revenue bonds and notes issued during each of the Authority's fiscal years. Except for the Bonds, these previous issues are secured by instruments separate and apart from the Indenture and the security for the Bonds.

	Public Issues		Private Placements		Total	
	Number	Amount	Number	Amount	Number	Amount
1980	–	–	1	\$ 1,300,000	1	\$ 1,300,000
1981	3	\$ 24,480,000	4	20,365,000	7	44,845,000
1982	3	34,100,000	4	12,575,000	7	46,675,000
1983	1	4,000,000	1	600,000	2	4,600,000
1984	4	16,375,000	3	13,225,000	7	29,600,000
1985	6	196,505,000	2	2,200,000	8	198,705,000
1986	9	213,260,000	5	17,478,000	14	230,738,000
1987	12	191,610,000	9	48,410,000	21	240,020,000
1988	14	170,890,000	14	81,589,000	28	252,479,000
1989	20	254,979,000	6	14,394,000	26	269,373,000
1990	14	277,605,000	9	45,737,000	23	323,342,000
1991	11	233,590,000	3	37,500,000	14	271,090,000
1992	15	346,160,000	5	43,500,000	20	389,660,000
1993	25	579,235,000	6	18,775,000	31	598,010,000
1994	16	434,495,000	6	46,615,000	22	481,110,000
1995	7	101,770,000	6	18,847,000	13	120,617,000
1996	14	382,905,000	2	8,800,000	16	391,705,000
1997	28	706,960,000	1	764,000	29	707,724,000
1998	25	722,050,000	1	2,700,000	26	724,750,000
1999	28	710,960,000	4	36,000,000	32	746,960,000
2000	16	415,710,000	6	17,736,000	22	433,446,000
2001	19	437,580,000	8	26,589,000	27	464,169,000
2002	<u>18</u>	<u>829,350,000</u>	2	<u>8,000,000</u>	20	<u>837,350,000</u>
TOTAL	308	\$7,284,569,000 ^(*)	108	\$523,699,000 ^(**)	416	\$7,808,268,000

^(*) Includes \$1,717,379,557 which was refinanced by subsequent Authority bond issues.

^(**) Includes \$62,168,074 which was refinanced by subsequent Authority bond issues.

In its fiscal year beginning July 1, 2002, the Authority has issued and has authorized the issuance of additional issues of bonds. The Authority plans to offer other obligations from time to time to finance other health and educational facilities. Such other obligations will be issued pursuant to and secured by instruments separate and apart from the Indenture and the security for the Bonds.

THE COLLEGE

General

Wisconsin Lutheran College Conference, Inc., affiliated with the Wisconsin Evangelical Lutheran Synod, is a four-year liberal arts college founded in 1973. The College strives to establish a distinctive identity as a liberal arts college characterized by faithfulness to the Scriptures and the Lutheran Confessions. In the fall of 2002, a total of approximately 642 full-time equivalent students were enrolled at the College. The College is located on a 20-acre site in Milwaukee, Wisconsin and offers Bachelor of Arts, Bachelor of Science, and Bachelor of Business Administration degrees with liberal arts and professional majors and several pre-professional programs. The College is accredited by the North Central Association of Colleges and Schools and its program of teacher education is approved by the Wisconsin Department of Public Instruction. The College is committed to provide quality teaching, scholarship and service that are rooted in Holy Scripture; to promote the spiritual growth of students, faculty, and staff; and to prepare students for lives of Christian leadership. The College offers 16 department majors in art, bio-chemistry, biology, business administration, chemistry, communication, elementary education, English, history, mathematics, music, political science, Spanish education, psychology, theatre and theology and interdisciplinary majors in communicative arts, broad field social sciences and self-designed interdisciplinary majors. The College recruits faculty and staff who are active members of the Wisconsin Evangelical Lutheran Synod (WELS) or the Evangelical Lutheran Synod (ELS) in addition to other qualified applicants. The College has a student/faculty ratio of 12:1 and an average class size of 15 students. Eighty-two percent of the courses are taught by full time faculty and approximately 74% of the College's full-time teaching faculty hold doctoral degrees.

The College's Facilities

The College's campus presently consists of seven main buildings:

The Administrative Building. This 65,800 square foot, three-story complex of buildings built in 1927 and extensively remodeled is the home of the business office, the campus chapel, the admissions office, financial aid office, registrar, student affairs office, campus chaplain, counseling and faculty offices, kitchen and resident rooms.

The Campus Center. Completed in 1998 and attached to the Administrative Building, this 28,000 square foot building addition houses the galleria and rotunda, the dining room which seats 500 people, the snack bar and cafe and the counseling and career center and bookstore.

The Center for Arts and Performance. The \$9 million, 65,000 square foot facility, completed in 1996, houses the art, music and theater departments. In addition to housing various art studios, music classrooms and practice rooms, the building provides a venue for campus fine arts through its gallery and theaters that sponsor prominent arts activities. The Center includes the 370-seat Schwan Concert Hall designed to provide an acoustically engineered space, the 200-seat Raabe Theater offering an intimate drama performance space featuring a thrust stage with seating on three sides, the Black Box Studio Theater which allows flexible staging in a variety of arrangements including theater in the round, and the Schleuter Art Gallery.

The Recreation Complex (the "REX"). The REX is a 82,635 square foot recreation complex built in 1992, containing weight training and fitness areas, a 130' x 190' arena with a running track, locker rooms, lounge and underground parking.

The Marvin M. Schwan Library. The College constructed this facility in 1988, and it now houses 70,000 volumes. The original holdings were purchased in 1982 from Milton College. The Library's holdings are enhanced through the Southeastern Wisconsin Information Technology automated information system, a consortium of six colleges in the Milwaukee area with a combined collection of more than 300,000 volumes. Materials at other local college libraries can be accessed through a computerized catalog. In addition to the library collection, the facility also provides classrooms, computer laboratories and an instructional media center.

Resident Halls. Two new resident halls were constructed and occupied in the fall of 2000. Each building accommodates up to 150 students. The new resident halls offer suite style living spaces for four to five students who share a private bath. Each building has a common study and lounge area. Access to the campus computer network is available in each room and there is parking for 84 cars under each building.

PLAN OF FINANCE

The Project

The College intends to use the proceeds of the Bonds to finance or refinance a portion of the \$28 million aggregate cost of a major building project, consisting of the construction of a new 81,000 square foot science academic building, the acquisition and development of new athletic fields and related facilities, the acquisition and renovation of apartment buildings in the area surrounding the College and other capital expenditures. Bond proceeds will also be used to capitalize a portion of the interest to accrue on the Bonds for approximately twelve months and to finance Bond issuance costs, including credit enhancement fees.

The Loan Agreement permits the College to use Bond proceeds to finance costs of the Project described under “**Future Plans**” if the timing or cost of the expenditures from Bond proceeds are other than anticipated. Notwithstanding the definition of Project, to the extent permitted by law, only those portions of the Project for which Bond proceeds have actually been allocated shall be subject to the requirements of the Loan Agreement and shall be considered as having been financed with the Bonds for purposes of applicable state and federal laws. Further, the Project description may be amended or modified from time to time without the consent of Bondholders or the Authority, with an approving opinion of Bond Counsel, (i) at the conclusion of the construction period to reflect actual allocation, and (ii) in connection with a partial redemption of Bonds allocable to certain Project components.

Future Plans

Administration Building Remodeling. The College plans to remodel approximately 25,000 square feet of the existing administration building by removing interior walls and reconfiguring the space for contemporary office suites. The cost is estimated at \$4,000,000. The project would be phased to allow continued operation while the remodeling is completed.

Purchase of Additional Properties. The College plans to acquire selected properties for future campus expansion and development. Cost estimates range from \$1 to \$5 million depending on the number and size of the properties purchased.

Other Capital Expenditures. The College has identified \$1,500,000 of additional routine capital needs over the next two years.

The College has not decided whether the projects described under this caption that are not financed or refinanced with Bond proceeds will be financed with the proceeds of a future issue of tax-exempt bonds or with the College’s own funds.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of the proceeds of the Bonds and other funds used to finance the Project.

Sources of Funds

Bond Proceeds	\$20,670,000
Investment Earnings on Indenture Funds ¹	<u>142,233</u>
Total Sources	\$20,812,233

Uses of Funds

Project Costs	\$19,742,234
Capitalized Interest ²	761,632
Issuance Costs ³	<u>308,367</u>
Total Uses	\$20,812,233

¹ Investment earnings estimated at 1.15% per annum.

² Assumes capitalized interest for 12¹/₂ months and an average annual interest rate of 3.5% per annum on the Bonds during that period.

³ “Issuance Costs” includes underwriter’s discount and the commitment fee, legal fees and annual fee payable at closing with respect to the Initial Credit Facility.

SECURITY FOR THE BONDS

General

The Bonds are limited obligations of the Authority, payable solely from the revenues and other moneys assigned under the Indenture and the moneys obtained by the Trustee under the Credit Facility. The Bonds will constitute a valid claim of the registered owners thereof against the accounts established pursuant to, and the moneys held by the Trustee under, the Indenture (other than amounts held by the Trustee in the Tender Fund), which accounts and moneys are pledged and assigned for the equal and proportionate benefit of the registered owners of the Bonds and, subject to the prior interest of the registered owners of the Bonds, for the repayment to the Credit Entity of all amounts due and owing to the Credit Entity under the Credit Facility Agreement, and may be used for no purpose other than payment of such Bonds and payment to the Credit Entity, except as otherwise authorized by the Indenture. The Bonds do not constitute an indebtedness or an obligation of the Authority, the State of Wisconsin, or any political subdivision thereof within the meaning of any constitutional or statutory provisions. Neither the full faith and credit nor the taxing power of the Authority, the State of Wisconsin, or any political subdivision thereof is pledged to the payment of the Bonds. The Authority has no taxing power.

Under the terms of the Indenture, the Authority pledges and assigns for the benefit and security of the Holders of the Bonds and for the payment of the obligations of the College under the Credit Facility Agreement all of its right, title and interest in and to: (a) any moneys held under the Indenture by the Trustee, including the proceeds of the Bonds and the interest, profits and other income derived from the investment thereof (other than amounts held by the Trustee in the Tender Fund or elsewhere to pay the Purchase Price of Bonds); (b) the Loan Agreement and the Note (except for the Unassigned Rights); and (c) all funds, moneys, property and securities and any and all other rights and interests in property whether tangible or intangible from time to time conveyed, mortgaged, pledged, assigned or transferred as and for additional security for the Bonds by the Authority or by anyone on its behalf or with the Authority’s written consent delivered to the Trustee. Additionally, as described more fully below under this caption under the subheading “**The Initial Credit Facility**,” payment of an aggregate amount not exceeding the principal amount of the Bonds and an aggregate amount not exceeding 40 days’ interest at

10% per annum on the Bonds is supported by the Initial Credit Facility. Neither the Project nor any other assets of the College (other than as described in (a) above) secures the Bonds.

Prospective Bondholders should consider the Credit Facility as the source of payment and security for the Bonds. Only limited information concerning the College and the Project is made available to prospective purchasers of the Bonds. Prospective purchasers should make their investment decisions regarding the creditworthiness of the Bonds on the basis of the Initial Credit Facility and the financial condition of the Initial Credit Entity, and not on the availability of other revenues.

The Initial Credit Facility

The Bonds are secured initially by an irrevocable, transferable, direct-pay letter of credit issued by U.S. Bank National Association. The Initial Credit Facility will be an irrevocable obligation of the Initial Credit Entity. The Initial Credit Facility will be issued in an amount (the “Stated Amount”) equal to the sum of (a) the aggregate principal amount of the outstanding Bonds, plus (b) 40 days’ interest on the Bonds at an interest rate of 10% per annum. The Trustee, upon compliance with the terms of the Initial Credit Facility, is authorized and directed to draw up to (a) an amount sufficient (i) to pay principal of the Bonds when due, whether at maturity or upon redemption or acceleration, and (ii) to pay the portion of the purchase price of the Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed equal to the principal amount of such Bonds, plus (b) an amount not to exceed 40 days of accrued interest on such Bonds at 10% per annum (i) to pay interest on the Bonds when due, and (ii) to pay the portion of the purchase price of the Bonds delivered for purchase pursuant to a demand for purchase by the owner thereof or a mandatory tender for purchase and not remarketed, equal to the interest accrued, if any, on such Bonds. The Initial Credit Facility will be held by the Trustee, who is authorized to draw upon it in accordance with its terms and in accordance with the terms of the Indenture. See “**THE INITIAL CREDIT FACILITY**” herein for a more detailed description of the terms of the Initial Credit Facility.

The College and the Initial Credit Entity will enter into a Reimbursement Agreement dated as of June 1, 2003 (“Initial Credit Facility Agreement”) with respect to moneys drawn under the Initial Credit Facility. The Authority is not a party to the Initial Credit Facility Agreement and has no rights or obligations thereunder. See “**THE INITIAL CREDIT FACILITY–The Initial Credit Facility Agreement**” herein.

Alternate Credit Facility

The College may, at any time, deliver an Alternate Credit Facility to replace a Credit Facility then in effect. The substitution of an Alternate Credit Facility gives rise to a mandatory tender of all the Bonds as described under “**THE BONDS–Tender of the Bonds–Mandatory Tender of Bonds**” below.

THE BONDS

General

*The Indenture provides that, at the option of the College, the interest rate on the Bonds may be converted from the Daily Rate, the Weekly Rate or the Monthly Rate described herein to the Adjustable Rate or the Fixed Rate. In connection with any such conversion, all Bonds will be required to be tendered by the owners thereof for purchase. See “**Tender of the Bonds–Mandatory Tender of Bonds**” below. This Official Statement describes only the terms of the Bonds that will be in effect prior to such a conversion.*

Limited Obligations. The Bonds are limited obligations of the Authority payable only from the sources specified in the Indenture. The payment of the Bond Service Charges is secured by the pledges and assignments contained in the Indenture. See “**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.**” No obligation, covenant, representation or warranty of the Authority created by or arising out of the Loan Agreement, the Bonds or the Resolution of the Authority authorizing the issuance of the Bonds will be or become an indebtedness of or give rise to a pecuniary liability of the Authority, the State of Wisconsin or any political subdivision thereof.

Initial Terms of the Bonds. The Bonds initially will be registered through a book-entry only system operated by DTC. Details on the payment on the Bonds and the book-entry only system are described below. See “**THE BONDS–Book-Entry Only System.**” The Bonds will initially be dated the date of their original issuance, will initially bear interest at the Daily Rate and will be subject to optional and mandatory tender for purchase and to optional and mandatory redemption as hereinafter described. The stated maturity date of the Bonds is June 1, 2033.

Denominations. The Bonds will be in denominations of \$100,000 or any multiple of \$5,000 in excess thereof.

Interest Payment Dates. Interest on the Bonds will be payable on (a) the first Business Day of each month prior to the Maturity Date, commencing July 1, 2003, (b) each Mandatory Tender Date, (c) as to Bonds being redeemed, the redemption date thereof, and (d) the Maturity Date. Each day upon which interest will be payable may be referred to herein as an “Interest Payment Date.” In any case where an Interest Payment Date is not a Business Day, interest shall be paid on the next succeeding Business Day without accrual from the date such interest was originally due.

Computation of Interest; Maximum Interest Payable. Interest on the Bonds will be computed on the basis of a 365-day year (366 days during any calendar year which includes a February 29) for the actual number of days elapsed during each Rate Period. The Daily Rate, the Weekly Rate and the Monthly Rate may not exceed the lesser of 15% or the rate per annum specified in the then applicable Credit Facility (initially, 10%) as the maximum interest rate per annum to be used in determining the amount of moneys available for the payment of interest on the Bonds (the “Cap Rate”). Determinations of the applicable interest rate will be rounded to the nearest one-thousandth of one percent (0.001 %) and will be binding on the Authority, the Trustee, the Remarketing Agent, the Credit Entity, the Bondholders and the College.

Selection of Interest Rate Determination Method

By giving the Authority, the Trustee, the Credit Entity and the Remarketing Agent written notice during any period in which the Daily Rate applies to the Bonds (a “Daily Rate Period”), during any period in which the Weekly Rate applies to the Bonds (a “Weekly Rate Period”) and during any period in which the Monthly Rate applies to the Bonds (a “Monthly Rate Period”), the College may, at its option with the prior written consent of the Credit Entity, select a new interest rate determination method for such Bonds (*i.e.*, the Daily Rate, Weekly Rate, Monthly Rate, Adjustable Rate or Fixed Rate). To exercise its conversion option, the College must give notice, as aforesaid, at least 45 days prior to the applicable date upon which the method of calculating interest on the Bonds will be changed (the “Rate Conversion Date”) and the notice must (a) state the College’s intention to select a new interest rate determination method for such Bonds, (b) specify the Rate Conversion Date, (c) if the College elects to convert to the Adjustable Rate, state the length of the Adjustable Rate Period, (d) state whether such Bonds will be rated, and if so, what the rating will be, (e) describe the nature and terms of the Credit Facility, if any, which will secure payment of the Bond Service Charges on such Bonds and provide for the payment of the Purchase Price of such Bonds under the proposed interest rate determination method, including the identity of the proposed Credit Entity, if any, or state that no Credit Facility will be provided (however, the Indenture requires that a Credit Facility be in effect at all times when the Bonds bear interest at any rate other than the Fixed Rate), and (f) if the Bonds are not then held under the book-entry only system, include the CUSIP number and Bond number of any Bond being converted.

To exercise this option, the College must also furnish the Authority, the Trustee, the Credit Entity and the Remarketing Agent, at least 35 days prior to such Rate Conversion Date, (a) the form of an opinion of Bond Counsel, addressed to the Authority, the Trustee, the Credit Entity and the Remarketing Agent dated the Rate Conversion Date, stating that such change in the interest rate determination method is permitted by, and has been conducted in accordance with, the Indenture and that such change will not adversely affect the exclusion of the interest on the Bonds from the gross income of the Holders thereof for purposes of federal income taxation, and (b) if the Bonds are to be secured by a Credit Facility, written evidence that the Credit Facility or any Alternate Credit Facility to be in effect on the Rate Conversion Date has or will have as of the Rate Conversion Date a stated expiration date that is not sooner than the earlier of the Maturity Date or one calendar year from the Rate Conversion Date.

A Rate Conversion Date occurs on the date on which the interest rate determination method for the Bonds actually changes, as described in the preceding paragraphs. The Rate Conversion Date must occur on the first Business Day of a month.

The redetermination of the method by which interest borne by the Bonds is calculated gives rise to a mandatory tender of the Bonds. The Trustee is obligated to provide each Holder of the Bonds with notice of any such redetermination. See “**Tender of the Bonds**” below.

No change in the interest rate determination method is required or will occur unless (a) the College exercises the option described in the preceding paragraphs to change the interest rate determination method and (b) the conditions to the College’s exercise of the option and the conditions to mandatory tender of such Bonds as provided in the Indenture are met on or before the Rate Conversion Date. If the conditions to exercising the College’s option to change the interest rate determination method as described in the preceding paragraphs are not met on or prior to the Rate Conversion Date, the Bonds will be mandatorily tendered as described below and thereafter will bear interest in accordance with the rate determination method in effect immediately prior to the proposed new Rate Conversion Date.

Daily Rate

The Remarketing Agent will determine the Daily Rate on each Rate Determination Date (which during the Daily Rate Period is also the Rate Adjustment Date) (each Business Day is a Rate Adjustment Date). The Remarketing Agent will set the Daily Rate at the lowest interest rate, not exceeding the Cap Rate, which, in the sole and exclusive judgment of the Remarketing Agent (having due regard for prevailing financial conditions and the yields at which comparable securities are then being sold), would equal (but not exceed) the interest rate necessary to enable the Remarketing Agent to sell the Bonds on the Rate Adjustment Date at 100% of their principal amount exclusive of any accrued interest. The Daily Rate so determined will be effective beginning on that day.

If the Daily Rate cannot at any time be established as described in the preceding paragraph or is held invalid or unenforceable by a court of law, the Daily Rate for such Rate Period will be an interest rate equal to the Interest Index.

Weekly Rate

The Remarketing Agent will determine the Weekly Rate on each Rate Determination Date (which during the Weekly Rate Period is typically the Tuesday before the Rate Adjustment Date, or, if such Tuesday is not a Business Day, the next succeeding Business Day) (typically, the Rate Adjustment Date during a Weekly Rate Period falls on Wednesday). The Remarketing Agent will set the Weekly Rate at the lowest interest rate, not exceeding the Cap Rate, which, in the sole and exclusive judgment of the Remarketing Agent (having due regard for prevailing financial conditions and the yields at which comparable securities are then being sold), would equal (but not exceed) the interest rate necessary to enable the Remarketing Agent to sell the Bonds on the Rate Adjustment Date at 100% of their principal amount exclusive of any accrued interest. The Weekly Rate so determined will be effective on the Rate Adjustment Date. On any Business Day, the Remarketing Agent may increase (but not decrease) the Weekly Rate with respect to all of the Bonds if in its sole and exclusive judgment such an increase is necessary to enable the Remarketing Agent to remarket all or part of the Bonds exclusive of any accrued interest at 100% of their principal amount.

If the Weekly Rate cannot at any time be established as described in the preceding paragraph or is held invalid or unenforceable by a court of law, the Weekly Rate for such Rate Period will be an interest rate equal to the Interest Index.

Monthly Rate

The Remarketing Agent will determine the Monthly Rate on the Rate Determination Date (which during the Monthly Rate Period is typically the Business Day before the Rate Adjustment Date) (typically, the Rate Adjustment Date during a Monthly Rate Period falls on the first Business Day of a month). The Remarketing Agent

will set the Monthly Rate at the lowest interest rate, not exceeding the Cap Rate, which, in the sole and exclusive judgment of the Remarketing Agent (having due regard for prevailing financial conditions and the yields at which comparable securities are then being sold), would equal (but not exceed) the interest rate necessary to enable the Remarketing Agent to sell the Bonds on the Rate Adjustment Date at 100% of their principal amount exclusive of any accrued interest. The Monthly Rate so determined will be effective on the Rate Adjustment Date. On any Business Day, the Remarketing Agent may increase (but not decrease) the Monthly Rate with respect to all of the Bonds if in its judgment such an increase is necessary to enable the Remarketing Agent to remarket all or part of the Bonds at 100% of their principal amount exclusive of any accrued interest.

If the Monthly Rate cannot at any time be established as described in the preceding paragraph or is held invalid or unenforceable by a court of law, the Monthly Rate for such Rate Period will be an interest rate equal to the Interest Index.

Tender of the Bonds

Optional Tender in Daily Rate Period. During any Daily Rate Period, any owner of Bonds may elect to have its Bonds purchased at the Purchase Price. Any such Bonds may be tendered for purchase on the demand of the owner thereof at the Purchase Price payable in immediately available funds on any Business Day upon delivery of a written notice of tender to the Trustee at its Principal Office not later than 8:30 a.m., Chicago time, on the Tender Date.

Optional Tender in Weekly or Monthly Rate Period. During any Weekly Rate Period or Monthly Rate Period, any owner of Bonds may elect to have its Bonds purchased at the Purchase Price. Any such Bonds may be tendered for purchase on the demand of the owner thereof at the Purchase Price payable in immediately available funds on any Business Day upon delivery of a written notice of tender to the Trustee at its Principal Office by not later than 4:00 p.m., Chicago time, on a Business Day, not fewer than seven days immediately preceding the Tender Date.

Notice of Tender. Each written notice of optional tender must state: (i) the principal amount of the Bond or Bonds and the Bond number or numbers to which the notice relates, (ii) that the owner irrevocably demands purchase of such Bond or Bonds or a specified portion thereof in an Authorized Denomination (provided, however, that Bonds may not be tendered for purchase in part unless the principal amount not to be tendered for purchase is an Authorized Denomination), (iii) the date on which such Bond or Bonds or portion is to be purchased, (iv) payment instructions with respect to the Purchase Price, and (v) if the Bonds are not held in a book-entry-only system, that the Bonds will be delivered to the Principal Office of the Trustee on the purchase date.

The giving of notice by a Holder of its exercise of the option to require purchase of its Bonds as described in the preceding paragraphs constitutes the irrevocable offer to sell the Bond or Bonds to which the notice relates on the Tender Date at the Purchase Price and an acknowledgment that upon payment of such Purchase Price to the Trustee on the purchase date, such owner will have no further rights with respect to the Bonds, and, irrespective of whether such Bond or Bonds are actually delivered to the Trustee on the Tender Date, any such Bond or Bonds will be deemed to have been delivered for purchase at the Purchase Price on the Tender Date and cease to accrue interest thereafter. The determination of the Trustee as to whether a notice of tender has been properly delivered pursuant to the Indenture shall be conclusive and binding upon the owner of the Bond.

Mandatory Tender of Bonds. Bonds are subject to mandatory tender by the Holders thereof to the Trustee for purchase at the Purchase Price under the following circumstances:

- (a) Upon the College's election to change the interest rate determination method in regard to the Bonds, all Bonds then outstanding must be tendered on the Rate Conversion Date.
- (b) All Bonds are subject to mandatory tender, on the second Business Day prior to Expiration Date of the Credit Facility if the College has not delivered to the Trustee by the thirty-fifth day prior to such Expiration Date a written copy of an extension of the Expiration Date of the Credit Facility. Such mandatory tender shall take place on the second Business Day prior to Expiration Date

notwithstanding the delivery of any extension of the Expiration Date received by the Trustee from the College after the thirty-fifth day prior to the Expiration Date.

(c) All Bonds are subject to mandatory tender upon substitution of an Alternate Credit Facility on each Substitution Date.

(d) Upon the written direction of the Credit Entity stating that the Bonds shall be subject to mandatory tender because there has been an Event of Default under the Credit Facility Agreement, the Bonds will be subject to mandatory tender on a date not more than two (2) Business Days after the date of notice from the Trustee to the Registered Owners.

(e) If the Indenture is amended to provide a new interest rate determination mechanism or mode as described in clause (i) under “**SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE—Supplemental Indenture Not Requiring Consent of Holders,**” the Bonds shall be subject to mandatory tender on or prior to the effective date of a new interest rate mechanism authorized by such amendment.

The dates for tender described above are sometimes referred to collectively as “Mandatory Tender Dates.” Not less than 30 days prior to each Rate Conversion Date, each Expiration Date and each Substitution Date, the Trustee shall give notice of mandatory tender to each Registered Owner which shall state the Mandatory Tender Date and payment instructions. In some instances, such as that described in (d) above, the mandatory tender may occur prior to the date a Bondholder, or beneficial owner of a Bond, receives notice thereof. Bonds subject to mandatory tender shall, solely from the funds described below under “**Remarketing of Tendered Bonds; Delivery and Disposition of Purchase Price,**” be purchased on the Mandatory Tender Date at a purchase price equal to 100% of the principal amount of any Bond tendered or deemed to have been tendered (the “Purchase Price”).

Failure to Receive Notice of Mandatory Tender. The failure to receive notice of a mandatory tender or any defect in that notice as to any Bond shall not affect the validity of the proceedings for the mandatory tender of that Bond or any other Bond. All notices to Holders of a mandatory tender shall be given by mail.

Remarketing of Tendered Bonds; Delivery and Disposition of Purchase Price. The Remarketing Agent is required to use its best efforts to arrange for the remarketing on each Optional Tender Date and each Mandatory Tender Date which is a Rate Conversion Date or a Substitution Date of the Bonds tendered or deemed tendered on such date. The Trustee will deliver the Purchase Price to each Holder who has physically delivered its Bonds to the Trustee from the following sources of funds and in the following order of priority:

First, proceeds of the remarketing of such Bonds to persons other than the Authority or the College;

Second, moneys received under the terms of the Credit Facility; and

Third, moneys provided by the College.

The Trustee will hold all Bonds delivered to it in connection with optional and mandatory tenders in trust for the benefit of the Holders of the Bonds until the Purchase Price is delivered to such Holders.

Purchased Bonds. Purchased Bonds are held by the Trustee, registered in the name or at the direction of the Credit Entity, until remarketed or until the College has paid to the Trustee (on behalf of the Credit Entity) the amount disbursed under the Credit Facility. Proceeds of any Purchased Bonds remarketed are payable to the Credit Entity. No moneys from the Credit Facility may be used by the Trustee to pay the Bond Service Charges payable on Purchased Bonds. Payments by the College under the Loan Agreement in respect of Purchased Bonds will be payable to the Credit Entity, or its designees, as the case may be. At all times, Purchased Bonds held by the Trustee are held for the benefit of the Credit Entity.

Insufficient Funds. If the funds available for purchases of tendered Bonds are inadequate for the purchase of all Bonds tendered on any purchase date, the Trustee shall return all tendered Bonds to the Registered Owners and return all moneys received for the purchase of such Bonds to the parties providing such moneys.

Redemption of the Bonds

Optional Redemption. The Bonds are subject to optional redemption prior to their stated maturity by the Authority, as directed by the College, at least 35 days prior to the proposed redemption date, in whole on any Business Day, or in part on any Interest Payment Date, at a redemption price of 100% of the principal amount redeemed, plus accrued interest, if any, thereon to the redemption date; provided that any such redemption shall be subject to any consent required by the Credit Entity under the Credit Facility Agreement.

Mandatory Redemption to the Extent of Excess Moneys in the Construction Fund. The Bonds are subject to mandatory redemption to the extent of excess moneys in the Construction Fund at par in the maximum principal amount of Authorized Denominations permitted by the balance of moneys transferred to the Bond Fund as described below and not otherwise necessary for the payment of principal of, premium, if any, or interest on the Bonds within the next 12 months. Such redemption shall occur on the first Interest Payment Date upon which proper notice of redemption can be given following (i) delivery by the College of the Completion Certificate pursuant to the Loan Agreement, and (ii) the transfer of excess moneys, if any, from the Construction Fund to the Bond Fund pursuant to the Loan Agreement. Such Bonds shall be redeemed at a redemption price equal to the principal amount thereof with no premium, plus accrued interest to the redemption date.

Special Redemption. The Bonds are subject to special redemption in whole or in part, at any time (upon the simultaneous prepayment of a like aggregate principal amount of the Note) by lot and in such manner as the Trustee may determine at the redemption price described below if (i) the College believes, in its sole discretion, that without such redemption, it is or will be, by virtue of its participation in connection with the issuance of the Bonds, required or ordered by final legislative, judicial or administrative action (whether or not the College is or was a party to such action) by any governmental unit to whose jurisdiction the College is subject, to operate its facilities or any part thereof in a manner which the Board of Regents of the College determines in good faith to be contrary to its mission as a Lutheran college, (ii) the college, in its sole discretion, gives notice to the Credit Entity and the Trustee that it intends to change the use of the Project (or any part thereof) to a use which is inconsistent with its covenants contained in Section 2.2(cc) of the Loan Agreement, or (iii) the College's use of the proceeds of Bonds for the Project (or any portion thereof) is determined by final legislative, judicial or administrative action of the United States of America or the State of Wisconsin to be in violation of the provisions of Section 2.2(cc) of the Loan Agreement or otherwise inconsistent with the First Amendment of the Constitution of the United States of America or corresponding provisions of the constitution of the State of Wisconsin (or if the College receives an opinion of Bond Counsel to such effect). Mandatory redemption shall be the sole remedy for a violation of the covenants contained in Section 2.2(cc) of the Loan Agreement, and no default or event of default under the Loan Agreement or the Indenture shall exist as a result thereof. In exercising its discretion under clauses (i) or (ii) above, the College may rely upon an opinion of Bond Counsel regarding such matters. Bonds subject to special redemption as described above will be redeemed at a redemption price equal to the then applicable optional redemption price for such Bonds or, if such Bonds are not then subject to optional redemption, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption.

Redemption Procedures. In the event Bonds are called for redemption, the Trustee is required to give notice of the redemption of such Bonds. Any redemption notice will (a) specify the Bonds (or portions thereof) to be redeemed, (b) state the redemption price to be paid, (c) state the date fixed for redemption, (d) state the place or places where amounts due upon such redemption will be payable, (e) if less than all of the Bonds are to be redeemed, state the number of the Bond and the portion of the Bonds to be redeemed, (f) state any condition to such redemption and (g) state that on the redemption date and upon satisfaction of such condition, the Bonds shall cease to bear interest provided that Eligible Funds are available for such purpose on that date, and if Eligible Funds are not available on such date, the redemption shall be canceled. The Indenture requires that redemption notices be given not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail to all Holders of Bonds to be redeemed at their addresses as they appear on the Trustee's registration books, to the Credit Entity and to the Remarketing Agent. Notwithstanding the foregoing, the notice requirements set forth above shall not apply to Bonds redeemed on their Tender Date.

Bonds Deemed to be Redeemed Cease to Bear Interest. After official notice of redemption has been given as described above, then from and after the redemption date the Bonds and any portions thereof called for redemption will cease to bear interest and will no longer be considered outstanding under the Indenture. All moneys in the Bond Fund and held for the redemption of the Bonds are held in trust for the account of the Holders thereof and will be paid to them upon presentation and surrender of the Bonds.

Book-Entry Only System

General. DTC will act as securities depository for the Bonds. Initially, the Bonds will be registered in the name of Cede Co., as nominee for DTC. When the Bonds are issued, ownership interests will be available to purchasers only by or through DTC Participants (defined below) via a book-entry system (the “Book-Entry Only System”) maintained by DTC. The following discussion will not apply to Bonds issued in physical form due to the discontinuance of the Book-Entry Only System. See “**Discontinuance of Book-Entry Only System**” below.

DTC and its Participants. 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 securities that its participants (“DTC Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its DTC Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

Notices and Consents. *As long as the book-entry system is used for the Bonds, the Trustee will give any notice of redemption or any other notices required to be given to owners of the Bonds only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Indirect Participant, or of any DTC Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.* Conveyance of notices and other communications by DTC to DTC Participants, by DTC Participants to Indirect Participants, and by DTC Participants and Indirect Participants to Beneficial Owners will be

governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an “Omnibus Proxy” to the Authority as soon as possible after the Record Date. The “Omnibus Proxy” assigns Cede & Co.’s consenting or voting rights to those DTC Participants to which accounts the Bonds are credited on the Record Date (identified in a listing attached to the “Omnibus Proxy”).

Payments of Principal and Interest. Principal and interest payments on the Bonds will be made to DTC. DTC’s practice is to credit DTC Participants’ accounts on a payment date in accordance with their respective holdings shown on DTC’s records unless DTC has reason to believe that it will not receive payment on a payment date. Payments by DTC 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 DTC Participant and not of DTC, the Trustee, the Authority, the College, the Underwriter or the Credit Entity, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to DTC are the responsibility of the Trustee. Disbursement of such payments to DTC Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners in the responsibility of the DTC Participants and Indirect Participants.

Tenders. A Beneficial Owner shall give notice to elect to have its Bonds (or authorized portions thereof) purchased or tendered through its DTC Participant to the Trustee, and shall effect delivery of such Bonds by causing the DTC Participant to transfer the DTC Participant’s interest in the Bonds, on DTC’s records, to the Trustee. The requirement for delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by DTC Participants on DTC’s records.

The information provided immediately above under the heading “THE BONDS–Book Entry Only System” has been provided by DTC. No representation is made by the Authority, the College, the Underwriter, the Remarketing Agent or the Initial Credit Entity as to the accuracy or adequacy of such information provided by DTC or as to the absence of material adverse changes in such information subsequent to the date hereof.

Limitations. For so long as the Bonds are registered in the name of DTC or its nominee, Cede & Co., the Authority and the Trustee will recognize only DTC or its nominee, Cede & Co., as the registered owner of the Bonds for all purposes, including payments, notices and voting.

Under the Indenture, payments by the Trustee to DTC or its nominee will satisfy the Authority’s obligations under the Indenture and the College’s obligations under the Loan Agreement and on the Note, to the extent of the payments so made.

Neither the Authority, the Underwriter nor the Trustee will have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, its nominee or any DTC Participant or Indirect Participant with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any notice with respect to any Bond including, without limitation, any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment of any DTC Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, or any amount with respect to the principal of, premium, if any, or interest on, or the purchase price of, any Bond, or (iv) any consent given or action taken by DTC as registered owner.

Prior to any discontinuation of the Book-Entry Only System described above, the Authority and the Trustee may treat DTC as, and deem DTC to be, the absolute owner of the Bonds for all purposes whatsoever (except as otherwise provided in the Indenture with respect to tenders of Bonds), including, without limitation, (i) the payment of principal of, premium, if any, and interest on the Bonds, (ii) giving notices of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds, and (iv) the selection of Bonds for redemption.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry Only System, reference in other sections of this Official Statement to Owners or Holders should be read, where applicable, to include the person for whom a DTC Participant acquires an interest in the Bonds, but (1) all rights of ownership must be exercised through DTC and the Book-Entry Only System and (2) notices that are to be given to Registered Owners or Holders by the Authority, Remarketing Agent or the Trustee will be given only to DTC, as Registered Owner.

Discontinuance of Book-Entry Only System

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC or a successor securities depository. In that event, Bond certificates will be printed and delivered, and the following provisions shall apply:

Payments in Respect of the Bonds. Principal of and premium, if any, on the Bonds will be payable upon presentation and surrender of the Bonds at the Principal Office of the Trustee, presently located at 111 East Wisconsin Avenue, 5th Floor, Milwaukee, Wisconsin 53201, Attention: Corporate Trust Department. Interest on the Bonds will be paid on each Interest Payment Date by check or draft mailed by first class mail by the Trustee on that date to the persons in whose names the Bonds are registered on the Trustee's register at the address appearing therein at the close of business on the Record Date. Any Holder of \$1,000,000 or more in principal amount of Bonds may receive interest payments by wire transfer by sending the Trustee written notice of such Holder's wire transfer address in the continental United States at least one day prior to the Record Date. Thereafter, interest payable to such Holder will be paid by wire transfer to the wire transfer address provided in such notice, until such notice is revoked or modified in a writing given to the Trustee. Any Holder of Bonds in an aggregate principal amount of \$1,000,000 or more also has the right to have payment of the principal of and premium, if any, on its Bonds made by wire transfer under the circumstances described above; provided that such Holder is still required to present and surrender its Bonds, as described above, before any payment of principal or premium will be made.

Transfer and Exchange of Bonds. Bonds may be transferred or exchanged by their Holders at the Principal Office of the Trustee. Whenever any Bond is surrendered for transfer or exchange, appropriately endorsed or accompanied by an assignment, the Trustee is required to authenticate and deliver a new fully registered Bond or Bonds, duly executed by the Authority, in Authorized Denominations in the appropriate aggregate principal amount to the transferee or Holder in exchange therefor. The Trustee will require the Holder requesting the exchange or transfer to pay any tax or other governmental charge required to be paid with respect to the transfer or exchange.

Neither the Authority nor the Trustee shall be required to issue, register, transfer or exchange Bonds during (a) the period beginning with the Record Date for such Bonds and ending on the next Interest Payment Date for such Bonds or (b) the period beginning 15 days before the mailing of notice of redemption of such Bonds and ending on the redemption date, except Bonds for which a notice of optional tender has been received by the Trustee from a Bondholder.

Tenders of Bonds. Bonds to be tendered as described under "**THE BONDS—Tender of the Bonds**" above must be delivered to the Principal Office of the Trustee by 12:30 p.m., Chicago time, on the Tender Date. Without regard to whether notice of mandatory tender is received by a Holder of the Bonds, the Indenture provides that any Bond not physically delivered to the Trustee in response to its notice of mandatory tender will be deemed to have been delivered for purchase and to have been purchased at the Purchase Price on the Mandatory Tender Date with the result that the Bonds will no longer be outstanding for purposes of the Indenture and will not bear interest from and after the Mandatory Tender Date.

At the option of a Holder, the Holder may request in its notice that payment of the Purchase Price be made by wire transfer in accordance with instructions contained in such notice.

Additional Redemption Procedures. In addition to the official notice of redemption, further notice shall be given by the Trustee in the name of the Authority as set out below; provided, however, that neither the failure to give any such notice nor any defect in any notice so given shall affect the sufficiency or validity of any

proceedings for the redemption of the Bonds. Each further notice of redemption given under the Indenture shall contain the information required for an official notice of redemption plus: (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption shall be sent at least 30 days before the redemption date by certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of the type comprising the Bonds (such depositories now being DTC and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services, chosen in the discretion of the Trustee, that disseminate notice of redemption of obligations such as the Bonds. Mailed notice shall be deemed effective on the second day after it is sent.

In the case of a partial redemption of Bonds, the Trustee will select Bonds for redemption in a manner such that after the redemption no Holder would own less than an Authorized Denomination of the Bonds. If only a portion of the Bonds are to be redeemed, the selection of Bonds to be redeemed will be made by the Trustee, first, from any Purchased Bonds, then from other College Bonds and, then in such manner as the Trustee deems appropriate. If only a portion of a Bond is to be redeemed, the Holder thereof must surrender the Bond for redemption of that portion and the Trustee will issue to such Holder, without charge, a new Bond of any Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed portion of the Bond surrendered and which will in all other respects provide identical rights to the Holder thereof.

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a summary of certain provisions of the Indenture. This summary does not purport to be comprehensive or definitive, and it is subject to all the terms and provisions of the Indenture, to which reference is hereby made. Certain provisions of the Indenture have been summarized elsewhere in this Official Statement, including under the heading “**THE BONDS.**”

Provision for the Bonds

The Indenture provides for issuance of the Bonds, their redemption and tender and other terms pertaining to the rights of Holders of the Bonds, as described under the heading “**THE BONDS**” above.

Establishment of the Bond Fund

The Trustee is obligated under the Indenture to establish and hold the Bond Fund, in which there will be a General Account and a Credit Account.

The Trustee will deposit into (i) the Credit Account of the Bond Fund all amounts received from drawings under the Credit Facility for payment of principal of, premium, if any, or interest on the Bonds and (ii) the General Account of the Bond Fund any other amounts received by the Trustee for the payment of principal of, premium, if any, and interest on, the Bonds.

Moneys in the Bond Fund will be drawn upon to pay the principal and redemption price of and interest on the Bonds with Eligible Funds. Payments from the Bond Fund are to be made first from the Credit Account and, if such amounts are not sufficient to pay the principal, premium (if the terms of the Credit Facility permit the payment of such) and interest due on the Bonds, thereafter from the General Account. No moneys from any source other than the proceeds of a draw on a Credit Facility may be deposited into the Credit Account of the Bond Fund. Neither the Authority nor the College shall have any interest in the Credit Account, the General Account or moneys and Permitted Investments therein, all of which shall be held in trust by the Trustee for the sole benefit of the Holders of the Bonds (and, with respect to the General Account, the Credit Entity). Moneys set aside from time to time with the Trustee and Paying Agent for the payment of Bond Service Charges will be held in trust for the Holders of the Bonds in respect of which the same shall have been so set aside. Until so set aside, all moneys in the Bond Fund will be held in trust for the benefit of the Holders of all the Bonds then outstanding, equally and ratably and without any preference or distinction as between the Bonds. If the Credit Entity has not been reimbursed by the College for a draw on the Credit Facility, and there are moneys in the General Account, the Credit Entity may

so certify to the Trustee, who may then transfer any amounts in the General Account up to the amount which has not been reimbursed to the Credit Entity.

Cost of Issuance Fund

The Trustee is obligated under the Indenture to establish a Cost of Issuance Fund, which Fund shall be held by the Trustee and disbursed by the Trustee at the request of the College and with the consent of the Credit Entity for payment of issuance costs and credit enhancement in accordance with the Loan Agreement.

Project Fund

Establishment of the Project Fund. The Trustee is obligated under the Indenture to establish a Project Fund, in which there will be a Capitalized Interest Account and a Construction Account. The Project Fund shall be held by the Trustee and disbursed by the Trustee at the request of the College and with the consent of the Credit Entity for payment of costs of the Project in accordance with the Loan Agreement.

The Trustee will deposit from Bond proceeds (i) into the Capitalized Interest Account the amount of \$761,632, and (ii) into the Construction Account the amount of \$19,600,000. The Trustee shall disburse moneys in the Capitalized Interest Account to the College upon receipt of a disbursement requisition to reimburse the Credit Entity for payments of interest on the Bonds from draws on the Credit Facility (or to reimburse the College for such reimbursements during the construction period). Upon the receipt of the Trustee of a disbursement requisition, the Trustee is also authorized to apply moneys from the Capitalized Interest Account to the payment of fees of the Credit Entity during the construction period. Any moneys remaining in the Capitalized Interest Account after 21 months shall be transferred promptly to the Construction Account. If the Bonds shall be refunded or otherwise defeased pursuant to the Indenture in whole or in part, moneys in the Capitalized Interest Account held for the payment of interest on such refunded or defeased Bonds may be withdrawn from the Capitalized Interest Account and used to pay or provide for the payment of the principal of, premium, if any, and interest on such refunded or defeased Bonds; provided, however, that immediately after such withdrawal there shall remain on deposit in the Capitalized Interest Account an aggregate amount at least sufficient to pay all interest required to be paid from the Capitalized Interest Account on any Bonds that will remain outstanding after such refunding or defeasance.

Disbursements from the Project Fund Upon the Occurrence of an Event of Default. If an Event of Default occurs under the Indenture, and the Trustee declares the principal of all Bonds and the interest accrued thereon to be due and payable, no moneys may be paid out of the Project Fund by the Trustee during the continuance of such an Event of Default, except that moneys on deposit in the Project Fund may be transferred into the General Account of the Bond Fund as and when necessary for the purpose of (i) paying the Bonds as due as a result of such Event of Default or (ii) reimbursing the Credit Entity for any advances under the Credit Facility to pay the Bonds as due as a result of such Event of Default; provided, however, that if such an Event of Default shall be waived and such declaration shall be rescinded by the Trustee or the owners of the Bonds pursuant to the terms of the Indenture, the full amount of any such moneys in the Project Fund shall again be disbursed by the Trustee in accordance with the provisions of the Loan Agreement.

The Trustee is obligated under the Indenture to keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom.

Disposition of Excess Funds. The completion of the Project and the payment of all costs and expenses incident thereto must be evidenced by the filing with the Trustee of the Completion Certificate as required under the Loan Agreement. Upon the date of receipt by the Trustee of the Completion Certificate, any balance remaining in the Project Fund must be deposited in the General Account of the Bond Fund and applied to the redemption of the Bonds. See “**THE BONDS—Redemption of the Bonds—Mandatory Redemption to the Extent of Excess Moneys in the Construction Fund.**”

Rebate Fund

The Trustee is obligated under the Indenture to maintain a Rebate Fund so long as any Bonds are outstanding and subject to a requirement of the Code that arbitrage profits be rebated to the United States of America. The Trustee shall make deposits to and disbursements from the Rebate Fund in accordance with the rebate instructions received under the Tax Certificate.

Investment of Funds

Moneys on deposit in the Project Fund and the Bond Fund will be invested and reinvested in Investment Obligations at the direction of the College. Moneys on deposit in the Credit Account of the Bond Fund will be uninvested; provided that moneys drawn from the Credit Facility to pay interest prior to an Interest Payment Date while the Bonds bear interest at the Daily Rate, Weekly Rate or Monthly Rate may be invested in Federal Obligations maturing on or before the next Interest Payment Date for the Bonds.

Defaults and Acceleration Under the Indenture

The occurrence of any of the following events is a default (an "Event of Default") with respect to the Bonds under the terms of the Indenture:

- (1) Default in the due and punctual payment of the interest on any of the Bonds;
- (2) Default in the due and punctual payment of the principal of or premium on any of the Bonds, whether at maturity or otherwise;
- (3) Default in the payment of the Purchase Price of any Bonds tendered or deemed tendered for purchase by the owner thereof in accordance with the Indenture;
- (4) Default in performance or observance of any other of the covenants, promises, stipulations, agreements or conditions on the part of the Authority contained in the Indenture for the benefit of the Bonds and the continuation thereof for the period and after notice specified in the Indenture and described in the last paragraph of this subheading;
- (5) The occurrence of an event of default under the Loan Agreement or the Note after the expiration of any applicable grace periods provided therein;
- (6) Receipt by the Trustee of written notice from the Credit Entity of an Event of Default under the Credit Facility Agreement for the Bonds and directing the Trustee to accelerate the Bonds; and
- (7) Receipt by the Trustee of written notice from the Credit Entity resulting in the failure of the Credit Facility to be reinstated following an interest draw.

If an Event of Default with respect to any Bonds at the time outstanding occurs and is continuing, then and in each and every such case, unless the principal of all Bonds shall have already become due and payable, (i) either the Trustee or the Holders of more than fifty percent (50%) in aggregate principal amount of Bonds then outstanding, by notice in writing to the Authority and the College (and to the Trustee, the Authority and the College if given by Holders), but only with the prior written approval of the Credit Entity upon the occurrence of an Event of Default under (4) or (5) above or (ii) the Trustee, upon receipt of notice from the Credit Entity, and on the same day it receives such notice, shall declare the principal amount of all Bonds to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the Bonds contained to the contrary notwithstanding. Without the prior consent of the Credit Entity or any other party, the Trustee shall immediately, and in all events prior to the expiration of the Credit Facility, declare the principal amount of all Bonds to be due and payable immediately if the Event of Default occurs under (1), (2), (3), (6), or (7) above. Immediately upon such declaration, the Trustee shall draw on the Credit Facility pursuant to its terms and upon such declaration, interest on the Bonds shall cease to accrue. The foregoing provisions are,

however, subject to the condition that if, at any time after the principal amount of the Bonds shall have been so declared due and payable, and before any judgment or decree for the payment of the moneys due shall have been obtained or entered as provided in the Indenture, the Authority shall pay or shall deposit with the Trustee, but only from the sources described in the Indenture, a sum sufficient to pay all matured installments of interest upon the Bonds and the principal of and premium, if any, on any and all Bonds which shall have become due otherwise than by acceleration (with interest on overdue installments of interest, to the extent that payment of interest is enforceable under applicable law, and on such principal and premium, if any, at the rate of interest borne by the Bonds, to the date of such payment or deposit) and the reasonable expenses of the Trustee (including reasonable attorneys' fees), and any and all events of default under the Indenture or the supplemental indenture, other than the nonpayment of principal of or premium, if any, or accrued interest on Bonds which shall have become due by acceleration, shall have been remedied, then and in every such case the Holders of more than fifty percent (50%) in aggregate principal amount of the Bonds then outstanding, by written notice to the Authority and to the Trustee, may waive all Events of Default with respect to the Bonds and rescind and annul such declaration and its consequences, provided the Credit Entity has consented in writing to such rescission and annulment and the Credit Facility is in full force and effect and has been reinstated in full, but no such waivers or rescissions and annulments shall extend to or shall affect any subsequent Event of Default, or shall impair any right consequent thereon.

Anything in the Indenture to the contrary notwithstanding, no default described in clause (4) above shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given to the Authority and the College by the Trustee or by the Owners of not less than 25% in aggregate principal amount of all Bonds outstanding, and the Authority and the College shall have had 30 days after receipt of such notice at their option to correct such default or to cause such default to be corrected, and shall not have corrected such default or caused such default to be corrected within the applicable period; provided, however, that if such default is such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Authority and the College, or either of them, within the applicable period and diligently pursued until the default is corrected.

With regard to any default concerning which notice is given under the provisions described in the preceding paragraph, the Authority, to the full extent permitted by law, grants the College full authority to perform and observe for the account of the Authority any covenant or obligation alleged in said notice not to have been performed or observed in the name and stead of the Authority with full power to do any and all things and acts to the same extent that the Authority could do and perform any such things and acts, with power of substitution. The Trustee, pursuant to the Indenture, consents to such grant of authority.

Provisions in the Indenture Relating to the Credit Facility

While the Bonds are secured by a Credit Facility, the payment of the Bond Service Charges on, and the Purchase Price of, the Bonds will be secured by such Credit Facility.

Drawing on a Credit Facility to Pay Bond Service Charges. Whenever the Bonds are secured by a Credit Facility, the Trustee is required to draw on such Credit Facility prior to 12:00 noon, Chicago time, on the Business Day preceding the day on which payment of such amounts are required to be made to Bondholders under the Indenture in the amounts necessary to pay Bond Service Charges therefor.

Drawing on a Credit Facility to Pay Purchase Price. Prior to 9:45 a.m., Chicago time, on each date fixed for purchase of Bonds, the Trustee is required to draw under the Credit Facility for an amount equal to the difference between the total principal amount of Bonds tendered on such date and the amount of remarketing proceeds received from the Remarketing Agent on the purchase date, plus an amount corresponding to accrued and unpaid interest for such Bonds that have not been remarketed. By 2:30 p.m., Chicago time, on the date set for purchase of tendered Bonds and upon receipt by the Trustee of 100% of the aggregate Purchase Price of such Bonds, the Trustee shall pay the Purchase Price. If sufficient funds are not available for the purchase of all tendered Bonds, no purchase will be consummated.

Resignation by, or Removal of, the Trustee

The Trustee may resign at any time from the trusts created under the Indenture by giving 30 days written notice of its resignation to the Authority, the Remarketing Agent, the Credit Entity, the College and all Holders of Bonds. Such resignation shall not take effect until the appointment of a successor Trustee and the acceptance of such appointment.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee, the Authority, the Credit Entity and the College and signed by the owners of a majority in aggregate principal amount of the Bonds then outstanding. The College may remove the Trustee at any time with the consent of the Credit Entity, except during the existence of an Event of Default. Any removal shall not take effect until the appointment of a successor Trustee and the acceptance of such appointment.

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor to the Trustee under the Indenture.

Enforcement of Remedies

Upon the happening and continuance of any Event of Default, the Trustee may proceed to protect and enforce its rights and any rights of the Authority by such suits, actions or proceedings in equity or at law, either for the specific performance of any covenant or contract contained in the Indenture or in the Loan Agreement or in aid or execution of any power granted in the Indenture or for the foreclosure on the security held for the benefit of the Bonds under the Indenture, or for any proper, legal or equitable remedy as the Trustee shall deem most effectual to protect and enforce the rights aforesaid.

If an Event of Default shall have occurred with respect to the Bonds, and if requested in writing so to do by the Holders of more than fifty percent in aggregate principal amount of the Bonds then outstanding, the Trustee shall be obligated to exercise one or more of the rights and powers conferred by the Indenture, as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Holders of the Bonds.

Notwithstanding the foregoing provisions, if a Credit Facility shall then be in effect with respect to the Bonds, the Trustee shall not, without the prior written consent of the Credit Entity, exercise any right or remedy under the Indenture with respect to the Bonds or under the Loan Agreement or the Note to accelerate the indebtedness thereunder so long as (i) the Credit Entity obligated under the Credit Facility then in effect with respect to the Bonds will not be in default thereunder and will be making the required payments with respect to principal and interest on the Bonds and Purchase Price payments in accordance with such Credit Facility; or (ii) such Credit Entity will be the owner of all the affected Bonds or all such Bonds are Purchased Bonds, provided that this restriction shall in no way limit the right of the Trustee to apply moneys on deposit under the Indenture to the payment of principal of, premium, if any, and interest on, the Bonds or the right of the Trustee or any Bondholder to make a claim for payment under a Credit Facility or take any other action to enforce the payment and performance of the College's obligations under the Loan Agreement or the Note.

Right of Credit Entity to Direct Proceedings

Under the Indenture, the Credit Entity shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture with respect to an Event of Default, or for the appointment of a receiver or any other proceedings thereunder, provided that such direction will not be otherwise than in accordance with the provisions of law and of the Indenture; provided, that if the Credit Entity has failed to honor a properly presented and conforming draw under the Credit Facility, the owners of the majority in aggregate principal amount of the Bonds then outstanding, will have the rights, subject to the conditions described above.

Application of Moneys; Priority of Payments

All moneys received from draws on the Credit Facility shall be applied exclusively to the payment of principal of, premium (if the Credit Facility provides for the payment of such), if any, and interest on the Bonds (other than Purchased Bonds) and the Purchase Price. All other moneys received by the Trustee will be applied by the Trustee after payment of the costs and expenses of the proceedings resulting in the collection of such moneys (including reasonable attorneys' fees) and of the charges, expenses and liabilities incurred and advances made by the Trustee, as follows:

- (1) Unless the principal of all the Bonds shall have become or been declared due and payable:

FIRST: To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of such installments, other than College Bonds which are not Purchased Bonds, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof, ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference;

SECOND: To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than Bonds matured for the payment of which moneys are held pursuant to the provisions of the Indenture and other than College Bonds which are not Purchased Bonds) and Purchase Price, in the order of their due dates, and if the amount available shall not be sufficient to pay in full all Bonds due on any particular date, then to the payment thereof ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege;

THIRD: To be held for the payment to the persons entitled thereto as the same shall become due of the principal of and interest on the Bonds (other than College Bonds which are not Purchased Bonds) which may thereafter become due at maturity and, if the amount available shall not be sufficient to pay in full such Bonds due on any particular date, together with interest then due and owing thereon, payment on the Bonds shall be made ratably according to the amount of principal due on such date to the persons entitled thereto without any discrimination or privilege;

FOURTH: To the payment on behalf of the College of all of its obligations under the Credit Facility Agreement as shall be certified in writing by the Credit Entity to the Trustee;

FIFTH: To be held for the payment of principal and interest on College Bonds which are not Purchased Bonds; and

SIXTH: Any balance remaining, to be paid to the College.

- (2) If the principal of all Bonds shall have become or been declared due and payable then, first, to the payment of the principal and interest then due and unpaid upon the Bonds (other than College Bonds which are not Purchased Bonds) and Purchase Price without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference, and thereafter to the payment on behalf of the College of all of its obligations under the Credit Facility Agreement, and thereafter to the payment of College Bonds which are not Purchased Bonds, with any balance remaining to the College.

- (3) If the principal of all the Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the Indenture then, subject to the provisions of (2) above in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of (1) above.

Rights and Remedies of Holders

No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereunder or for the appointment of a receiver or any other remedy thereunder, unless (i) an Event of Default with respect to the Bonds held by such owner has occurred of which the Trustee has been notified as provided in the Indenture, or of which it is deemed to have notice, (ii) the owners of not less than twenty-five percent in aggregate principal amount of Bonds then outstanding shall have made written notice to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted under the Indenture or to institute such action, suit or proceeding in their own name or names, (iii) such owners have offered to the Trustee indemnity as provided in the Indenture, and (iv) the Trustee shall thereafter fail or refuse to exercise the powers granted under the Indenture, or to institute such action, suit or proceeding in its own name.

Waivers of Events of Default

The Trustee may at its discretion waive any Event of Default under the Indenture and its consequences, and shall do so upon the written request of the owners of (i) more than two-thirds in aggregate principal amount of all Bonds then outstanding in respect to which default in the payment of principal, Purchase Price or interest exists, or (ii) more than fifty percent in aggregate principal amount of all Bonds then outstanding in the case of any other Event of Default, provided, however, that there shall not be waived (a) any Event of Default in the payment of the principal or Purchase Price of any Bonds at the date of maturity, or (b) any default in the payment when due of the interest on any Bonds unless, prior to such waiver or rescission, all arrears of interest or all arrears of payments of principal or both, when due, as the case may be, with interest on overdue principal at the rate borne by the Bonds, and all expenses of the Trustee in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceedings taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Authority, the Trustee and the owners of such Bonds shall be restored to their former positions and rights, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon. If there is a Credit Facility in effect with respect to the Bonds, the Trustee shall not waive any Event of Default with respect to the Bonds without the prior written consent of the Credit Entity provided that the Credit Facility provides payment of all principal and interest on the Bonds and the Purchase Price in a timely manner and are reinstated in full (as confirmed in writing by the Trustee). With respect to an Event of Default described in clause (7) above under the caption “**Defaults and Acceleration Under the Indenture**” above (relating to a direction of acceleration), a written notice of reinstatement of the Credit Facility in the amount of all principal and interest on the Bonds and the purchase price must be provided to the Trustee by the Credit Entity and written notice of the rescission by the Credit Entity of the default under clause (7) under said caption must be provided by the Credit Entity to the Trustee.

Supplemental Indenture Not Requiring Consent of Holders

The Authority and the Trustee may, with the prior written consent of the Credit Entity but without consent of, or notice to, any of the owners of the Bonds, enter into an indenture or indentures supplemental to the Indenture which shall not be inconsistent with the terms and provisions of the Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in the Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners of the Bonds or the Trustee, or to make any change which, in the judgment of the Trustee, is not to the prejudice of the owners of the Bonds;
- (c) To subject to the Indenture additional revenues, properties or collateral;

(d) To modify, amend or supplement the Indenture or any supplemental indenture in such manner as to permit its qualification under the Trust Indenture Act of 1939, as amended, or any similar Federal statute in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any supplemental indenture such other terms, conditions and provisions as may be permitted by said laws;

(e) To evidence the appointment of a separate Trustee or a Co-Trustee or the succession of a new Trustee, Remarketing Agent or Paying Agent;

(f) To modify, amend or supplement the Indenture or any supplemental indenture to provide for any modifications on any Mandatory Tender Date;

(g) To modify, amend or supplement the Indenture with regard to obtaining or maintaining a rating on the Bonds based on a Credit Facility or Alternate Credit Facility; provided, however, that such modification, amendment or supplement is not adverse to the rights of the owners of the Bonds then outstanding;

(h) To amend the definition of Project to reflect redemption(s) described under “**THE BONDS–Redemption of the Bonds–Special Redemption**” above;

(i) To add additional interest rate determination mechanisms or modes; or

(j) To make any other changes effective only after a Mandatory Tender Date occurring after the execution of such supplemental indenture and after notice of such changes to Bondholders.

Supplemental Indenture Requiring Consent of Holders

With the prior written consent of the Credit Entity, the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Authority and Trustee of such other indenture or supplemental indentures as shall be deemed necessary and desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in the Indenture shall permit or be construed as permitting, without the consent of the owners of all Bonds then outstanding (i) a reduction in the principal amount of any Bond or the rate of interest thereon, or (ii) a privilege or priority of any Bond or Bonds over any other such Bond or Bonds, or (iii) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental indentures, or (iv) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, or (v) deprivation of the owner of any Bond then outstanding of the lien created on the Trust Estate, or (vi) an extension of the maturity of the Bonds.

If at any time the Authority requests the Trustee to enter into any such supplemental indenture, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be given by first class mail to the owner of each Bond affected. Such notices shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Bondholders. If, within sixty days or such longer period as shall be prescribed by the Authority following such notices, the owners of not less than a majority in aggregate principal amount of Bonds outstanding at the time of the execution of any such supplemental indenture shall have consented to and approved its execution, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof.

Anything in the Indenture or in any supplemental indenture to the contrary notwithstanding, so long as the College is not in default under the Loan Agreement, a supplemental indenture shall not become effective

unless and until the College shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution of any supplemental indenture together with a copy of the proposed supplemental indenture to be mailed by certified or registered mail to the College at least fifteen days prior to the proposed date of execution and delivery of any such supplemental indenture. The College shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the College on or before 4:30 p.m., on the fifteenth day after the mailing of said notice.

Amendments to the Loan Agreement

Amendments, etc., to the Loan Agreement Not Requiring Bondholder Consent. The Authority, the Trustee and the College shall, without the consent of or notice to the owners of the Bonds, consent to any amendment, change or modification of the Loan Agreement as may be required (i) by the provisions of the Loan Agreement and the Indenture, (ii) for the purpose of curing any ambiguity or formal defect or omission, (iii) so as to more precisely identify the Project described in the Loan Agreement, remove property from the definition of the Project in the event of certain redemptions, or substitute or add additional improvements or equipment to the Project or additional rights or interests in property acquired in accordance with the provisions of the Loan Agreement, (iv) in connection with any amendment to the Indenture which does not require consent of the owners of the Bonds, or (v) in connection with any other change therein which, in the judgment of the Trustee, is not to its prejudice or that of the owners of the Bonds; provided that the consent of the Credit Entity shall be obtained for such amendments to the Loan Agreement.

Amendments, etc., to the Loan Agreement Requiring Bondholder Consent. Except for the amendments described above, neither the Authority, the College nor the Trustee shall consent to any other amendment, change or modification of the Loan Agreement without the mailing of notice and the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding; provided, however, that if such amendment, change, or modification shall be to reduce the amount due from the College, such consent shall be given by not less than one hundred percent of the Holders; and provided further, however, that no such amendment may be made without the consent of the Credit Entity. If at any time the Authority and the College shall request the consent of the Trustee to any such proposed amendment, change or modification of the Loan Agreement, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by all owners of Bonds affected by such amendment, change or modification.

Release of the Indenture

If the Authority pays or causes to be paid, or there is otherwise paid or provision for payment made, to the owners of the Bonds, the principal and interest due or to become due thereon at the times and in the manner stipulated in the Indenture, and if the Authority pays or causes to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, and the College has paid all sums of money due or to become due according to the provisions of the Credit Facility Agreement, then the trust estate and rights granted by the Indenture shall cease, and the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Authority such instruments in writing as shall be required to release such lien, except cash or Federal Obligations held by the Trustee for the payment of the principal of, and premium, if any, and interest on the Bonds.

Any Bond shall be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof, either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Trustee, or held by a depository on behalf of the Trustee pursuant to an escrow agreement, in trust and irrevocably set aside exclusively for such payment, (1) Eligible Funds sufficient to make such payment without investment and/or (2) Federal Obligations, not subject to redemption prior to maturity, purchased with Eligible Funds, which Federal Obligations are payable as to principal and interest in such amounts

and at such times as will ensure the availability of sufficient moneys to make such payment and pay any Purchase Price to the owners of the Bonds, without reinvestment and (b) all necessary and proper fees, compensation and expenses of the Trustee and the Authority pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid, it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of any such payment from such moneys or Federal Obligations.

The Authority has covenanted that it will make no deposit under the Indenture and make no use of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of the Code. Before accepting or using any deposit, the Trustee may request the opinion of Bond Counsel as to whether such use or acceptance would cause the Bonds to be so treated and may conclusively rely on such opinion with regard thereto.

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. This summary does not purport to be comprehensive or definitive, and is subject to all the terms and provisions of the Loan Agreement, to which reference is hereby made.

Payments by the College

In consideration of the issuance of the Bonds by the Authority and the loan of the proceeds of the Bonds to the College, the College will execute the Loan Agreement and the Note. Under the terms of the Loan Agreement, the College will agree to make prompt payments of all moneys due and owing thereunder and payments of the Purchase Price, as each payment becomes due. Additionally, the College will agree to pay the reasonable costs, fees, charges and expenses incurred by the Authority and the Trustee in connection with the Indenture and Loan Agreement.

The foregoing payment obligations are expected to be made in amounts, and at times, sufficient to pay, after applying all amounts otherwise available therefor, the principal of and premium, if any, and interest on, or the optional and mandatory tender price of, the Bonds when and as the same become due and payable, whether at their maturity date, by optional or mandatory redemption or tender, or by acceleration. The College's obligation to make payments under the Loan Agreement with respect to Bond Service Charges will be reduced by the proceeds of the remarketing of the Bonds or from moneys received from a drawing under the Credit Facility.

Tax Exemption

The Authority and the College will enter into the Loan Agreement with the intention that the interest on the Bonds be and remain exempt from federal income taxation.

Assignment, Selling and Leasing

The Loan Agreement may be assigned and the Project leased or sold, as a whole or in part, by the College with the prior written consent of the Authority, subject, however, to each of the following conditions:

- (1) An opinion of Bond Counsel is delivered to the effect that such assignment, lease or sale does not adversely affect the validity of the Bonds or the exclusion from gross income of the interest on the Bonds for federal income tax purposes;
- (2) The assignee, purchaser or lessee shall assume the obligations of the College thereunder to the extent of the interest assigned or leased;
- (3) The College shall, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of each assignment, assumption of obligation, contract of sale, or lease, as the case may be; and

(4) If a Credit Facility is then in effect and held by the Trustee, the College shall have complied with the provisions of the Credit Facility Agreement.

Defaults and Remedies

The following constitute “events of default” under the Loan Agreement:

(1) Except as specified in (5) below and as described herein under the caption “**THE BONDS–Redemption of the Bonds–Special Redemption,**” failure by the College to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Loan Agreement for a period of 30 days after written notice specifying such failure and requesting that it be remedied shall have been given to the College by the Authority or the Trustee, unless the Trustee shall agree in writing to an extension of time prior to its expiration; provided, however (except with respect to a payment or compliance with covenants relating to the tax exempt status of the Bonds), if the failure stated in the notice cannot be corrected within the applicable period (but can be corrected within such longer period), the Trustee will not unreasonably withhold its consent to an extension of time if corrective action is instituted by the College within the applicable period and diligently pursued until the default is corrected; or

(2) The entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the College in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, or sequestrator (or similar official) of the College or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(3) The commencement by the College of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by the College to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the College or for any substantial part of the property of the College or the making by it of any assignment for the benefit of creditors, or the failure of the College generally to pay its debts as such debts become due, or the taking of action by the College in furtherance of any of the foregoing; or

(4) Any Event of Default under the Indenture; or

(5) Any failure to pay principal of, premium, if any, or interest on the Bonds or the Purchase Price of the Bonds on the due date thereof or any payment pursuant to the Note.

Upon the occurrence of an Event of Default and at any time thereafter during the continuance of such Event of Default the Trustee may, with the consent of the Credit Entity, pursue any action at law or in equity, appointing a receiver, collecting the payments then and thereafter due or enforcing performance and observance of any obligation, agreement or covenant of the College.

THE INITIAL CREDIT FACILITY

The following summarizes certain provisions of the Initial Credit Facility issued on the date of the issuance of the Bonds and the Initial Credit Facility Agreement pursuant to which the Initial Credit Facility is issued, to which reference is made for the detailed provisions thereof.

The Initial Credit Facility

Stated Amount of and Drawings Under the Initial Credit Facility. The Bonds are secured initially by an irrevocable, transferable, direct-pay letter of credit (the “Initial Credit Facility”) issued by the Initial Credit Entity. The Initial Credit Facility is issued to the Trustee and for the account of the College and is an irrevocable

obligation of the Initial Credit Entity to pay a total amount not to exceed \$20,896,521 (the “Stated Amount”). Of the Stated Amount, an amount not exceeding \$20,670,000 may be drawn with respect to the principal, or the principal component of the Purchase Price, of the Bonds, and an amount not exceeding \$226,521 (representing 40 days’ interest at a maximum rate of 10% per annum based on a 365-day year) may be drawn upon with respect to interest on, or the interest component of the Purchase Price of, the Bonds. The foregoing notwithstanding, the Initial Credit Facility is not available to secure payment of Purchased Bonds (as defined in the Indenture) or Bonds held by the College.

Reductions in the Stated Amount and Reinstatement. Simultaneously with the Initial Credit Entity’s honoring of any drawing under the Initial Credit Facility, the Stated Amount will be reduced by the amount of that drawing, subject, in the case of certain drawings for interest and drawings to pay the Purchase Price of Bonds, to reinstatement as described below.

A drawing on the Initial Credit Facility upon an acceleration of the Bonds, a redemption of the Bonds or the maturity of the Bonds will permanently reduce the Stated Amount of the Initial Credit Facility by the amount of such drawing and the Stated Amount will not subsequently be reinstated by reason of repayment of such draw.

Following the honoring of a drawing under the Initial Credit Facility to pay interest on the Bonds (other than interest in connection with an acceleration or redemption of the Bonds or at the maturity of the Bonds or interest included in the Purchase Price of Bonds or interest on Purchased Bonds or Bonds held by the College), reduction in the Initial Credit Entity’s obligation under the Initial Credit Facility with respect to the payment of interest on the Bonds will be reinstated automatically to 40 days’ accrued interest (calculated at the maximum rate of 10% per annum based on a 365-day year) on the Bonds then outstanding on the fourth calendar day following the day of the drawing unless the Trustee receives a prior written notice from the Initial Credit Entity by the close of business on the fourth calendar day following such drawing stating that it elects not to reinstate such payment because an Event of Default under the Initial Credit Facility Agreement has occurred and is continuing.

Following the honoring of a drawing under the Initial Credit Facility to pay the Purchase Price of Bonds and assuming no Event of Default has occurred and is continuing under the Initial Credit Facility Agreement, the Stated Amount of the Initial Credit Facility will be reinstated by the amount of such drawing when the Initial Credit Entity is reimbursed for honoring such demand for payment.

The Initial Credit Facility shall automatically terminate upon the earliest of (i) close of business on (i) June 15, 2008, (ii) the earlier of (A) the date which is fifteen (15) calendar days following the Rate Conversion Date applicable to a conversion to the Adjustable Rate or the Fixed Rate or (B) the date on or after the Rate Conversion Date applicable to a conversion to the Adjustable Rate or the Fixed Rate on which the Initial Credit Entity honors all drawings previously submitted under the Initial Credit Facility, (iii) the date that the Initial Credit Entity receives notification from the Trustee that the Initial Credit Facility has been replaced by an Alternate Credit Facility or that no Bonds remain outstanding under the Indenture and that the Indenture has been discharged, (iv) the date on which the Initial Credit Facility honors a final drawing under the Initial Credit Facility upon an acceleration of the Bonds, (v) the first Business Day which is fifteen (15) calendar days after the date of the receipt by the Trustee of written notice from the Initial Credit Entity to accelerate the Bonds because of an occurrence of an Event of Default under the Initial Credit Facility Agreement, or (vi) the date the Initial Credit Entity receives the Initial Credit Facility from the Trustee marked cancelled. The expiration of the Initial Credit Facility can, in the sole discretion of the Initial Credit Entity, be extended for additional successive one-year periods. Notwithstanding the foregoing, the Initial Credit Facility shall not be extended beyond June 15, 2033.

The Initial Credit Facility Agreement

Under the Initial Credit Facility Agreement, the College is obligated to reimburse the Initial Credit Entity for any and all drawings honored by the Initial Credit Entity under the Initial Credit Facility. In addition, under the Initial Credit Facility Agreement, the College has agreed to pay the Initial Credit Entity certain fees and amounts as provided therein and in the Related Documents.

Certain Covenants of the College. The Initial Credit Facility Agreement contains certain additional covenants and agreements of the College which are different than those contained in the Indenture and the Loan Agreement and summarized herein. The breach of any of these additional covenants and agreements could constitute an Event of Default under the Initial Credit Facility Agreement and result in the acceleration of the maturity or a mandatory tender of all of the outstanding Bonds. The covenants and agreements contained in the Initial Credit Facility Agreement (including those briefly described below under subparagraph (c), under the caption “**Events of Default and Remedies**” below) apply only for the benefit of the Initial Credit Entity and may be waived at any time in the sole discretion of the Initial Credit Entity or amended at any time upon the agreement of the College and the Initial Credit Entity. Bondholders are not entitled to and should not rely upon any of the covenants and agreements in the Initial Credit Facility Agreement.

Events of Default and Remedies. If an “Event of Default” under the Initial Credit Facility Agreement occurs and is continuing, the Initial Credit Entity may, among other things, (i) declare all amounts due under the Initial Credit Facility Agreement by the College immediately due and payable, (ii) give notice of the occurrence of an Event of Default to the Trustee stating that the Initial Credit Facility will terminate fifteen days after receipt by the Trustee of such notice and directing the Trustee to accelerate the maturity of the Bonds, (iii) invoke the right of set-off in accordance with the Initial Credit Facility Agreement, or (iv) pursue any other action available under the Initial Credit Facility Agreement, any guaranty of the Initial Credit Facility Agreement, or the Pledge Agreement (collectively, the “Initial Credit Entity Documents”), available under the Indenture, or otherwise available at law or in equity.

“Events of Default” under the Initial Credit Facility Agreement include the following:

- (a) The College shall fail to pay any amount payable under the Initial Credit Facility Agreement when due and such failure continues for four (4) days after notice from the Initial Credit Entity;
- (b) The College or any guarantor shall fail to maintain its corporate existence or shall default in the performance or observance of any agreement, covenant, condition, provision or term contained in the Initial Credit Agreement and such default continues for a period of thirty (30) days after notice thereof is given to the College by the Initial Credit Entity, specifying such default and requesting it be remedied;
- (c) The College or any guarantor shall default in the performance or observance of any of the other agreements, covenants, conditions, provisions or terms of any Related Document and such default continues beyond any applicable cure period;
- (d) Any representation or warranty made by the College in the Initial Credit Facility Agreement, in any Related Document or any certificate delivered pursuant to the Initial Credit Facility Agreement, or any financial statement delivered to the Initial Credit Entity or in any Related Document, shall prove to have been false in any material respect as of the time when made or given;
- (e) The College shall fail to pay as and when due and payable (whether at maturity, by acceleration or otherwise) all or any part of the principal of or interest on any indebtedness of or assumed by it, or of the rentals due under any lease or sublease, or of any other obligation for the payment of money, and such default shall not be cured within the period or periods of grace, if any, specified in the instruments governing such obligations; or default shall occur under any evidence of, or any indenture, lease, sublease, agreement or other instrument governing such obligations, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such indebtedness or other obligation or the termination of such lease or sublease, unless such default is being contested by the College in good faith by appropriate proceedings;
- (f) A final judgment which, together with all other outstanding final judgments against the College and its Affiliates exceeds an aggregate of \$100,000 shall be entered against the College and shall remain outstanding and unsatisfied, unbonded, unstayed or uninsured after 60 days from the date of entry thereof;

(g) The College or any guarantor shall: (i) become insolvent; or (ii) be unable, or admit in writing its inability to pay its debts as they mature; or (iii) make a general assignment for the benefit of creditors or to an agent authorized to liquidate any substantial amount of its Property (as defined in the Initial Credit Facility Agreement); or (iv) become the subject of an “order for relief” within the meaning of the United States Bankruptcy Code; or (v) become the subject of a creditor’s petition for liquidation, reorganization or to effect a plan or other arrangement with creditors; or (vi) apply to a court for the appointment of a custodian or receiver for any of its assets; or (vii) have a custodian or receiver appointed for any of its assets (with or without its consent); or (viii) otherwise become the subject of any insolvency proceedings or propose or enter into any formal or informal composition or arrangement with its creditors;

(h) The Initial Credit Facility Agreement or any Related Document shall, at any time after their respective execution and delivery, and for any reason, cease to be in full force and effect or be declared null and void, or be revoked or terminated, or the validity or enforceability thereof shall be contested by the College or any guarantor or the College or any guarantor shall repudiate or deny that it has any or further liability or obligation thereunder; or

(i) An “Event of Default” (as defined therein) shall have occurred under the Loan Agreement or certain other agreements between the College and the Initial Credit Entity, as from time to time in effect.

Amendments to Agreement. The Initial Credit Facility Agreement may be amended by a writing signed by the College and the Initial Credit Entity. Any such amendment does not require either the giving of notice to or the obtaining of the consent of the Authority or the holders of the Bonds.

ABSENCE OF MATERIAL LITIGATION

The Authority

There is not now pending or, to the knowledge of the Authority, threatened any litigation against the Authority which seeks to restrain or enjoin the issuance or delivery of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which the Bonds are to be issued. There is not now pending or to the knowledge of the Authority, threatened, any litigation against it that in any manner questions the right of the Authority to enter into the Indenture or to secure the Bonds in the manner provided in the Indenture or the Act.

The College

No litigation or proceedings are pending or to the knowledge of the College, threatened against it except litigation in which the probable recoveries and the estimated costs and expenses of defense, in the opinion of counsel to the College, will be entirely within the College’s applicable insurance policy limits (subject to applicable deductibles).

There is no litigation pending or to the knowledge of the College, threatened, that in any manner questions the right of the College to enter into the financing described herein or use the proceeds of the Bonds for the purposes described herein or which challenges the validity of the Bonds, any proceedings or transactions relating to the issuance and delivery of the Bonds or the operation of the Project.

UNDERWRITING

U.S. Bancorp Piper Jaffray Inc. (the “Underwriter”) has agreed, subject to certain customary conditions precedent to closing, to purchase the Bonds from the Authority at a purchase price equal to \$20,607,990. The Underwriter will be obligated to purchase all the Bonds if any Bonds are purchased. The Bonds may be offered and sold to certain dealers and others at prices lower than the public offering price, and such public offering price

may be changed, from time to time, without notice by the Underwriter. The College has agreed to indemnify the Underwriter against certain liabilities, including liabilities under the Federal securities laws.

RATINGS

Standard & Poor's Ratings Services has assigned the Bonds, while interest on the Bonds is determined by the Daily Rate, Weekly Rate or Monthly Rate, ratings of "A+/A-1." No application is expected to be made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating, and an explanation of the significance of such ratings may be obtained from Standard & Poor's Ratings Services. The College and the Initial Credit Entity have furnished information and materials to the rating agency in order to secure ratings for the Bonds, including certain information and materials which have not been included in this Official Statement. Once assigned, there is no assurance that any rating will continue for a given period of time, or that it will not be revised downward or withdrawn entirely by the issuing rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of a rating assigned to the Bonds may have an adverse effect on the market price of the Bonds.

CERTAIN LEGAL MATTERS

All legal matters related to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Ice Miller, Indianapolis, Indiana, Bond Counsel. See **APPENDIX C** hereto for the proposed form of opinion of Bond Counsel. Certain legal matters will be passed upon for the College by its counsel, Davis & Kuelthau, S.C., Milwaukee, Wisconsin; for the Underwriter by its counsel, Foley & Lardner, and for the Initial Credit Entity by its counsel, Michael Best & Friedrich LLP, Milwaukee, Wisconsin; and for the Authority, by its counsel Quarles & Brady LLP, Madison, Wisconsin. See **APPENDIX D** hereto for the proposed form of opinion of the Authority's Counsel.

TAX MATTERS

In the opinion of Ice Miller, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bonds is excludable from gross income under Section 103 of the Code for federal income tax purposes. This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned on continuing compliance by the Authority and the College with the Tax Covenants (hereinafter defined). Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to the date of issue. See **APPENDIX C** hereto for the form of the approving opinion of Bond Counsel.

The Code imposes certain requirements which must be met subsequent to the issuance of the Bonds as a condition to the exclusion from gross income of interest on the Bonds for federal income tax purposes. The Authority and the College will covenant not to take any action nor fail to take any action, within their respective power and control, with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code (collectively, the "Tax Covenants"). The Indenture, the Loan Agreement and certain certificates and agreements to be delivered on the date of delivery of the Bonds establish procedures under which compliance with the requirements of the Code can be met. It is not an event of default under the Indenture if interest on the Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not in effect on the issue date of the Bonds.

The interest on the Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Bonds is included in adjusted current earnings in calculating corporate alternative minimum taxable income for purposes of the corporate alternative minimum tax.

Although Bond Counsel will render an opinion that interest on the Bonds is excludable from federal gross income, the accrual or receipt of interest on the Bonds may otherwise affect a Bondholder's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the Bondholder's

APPENDIX A

U. S. BANK NATIONAL ASSOCIATION

U.S. Bank National Association (“USBNA”) is a national banking association organized under the laws of the United States and is the largest subsidiary of U.S. Bancorp (“Company”). At March 31, 2003, USBNA had total assets of \$178 billion, total deposits of \$122 billion, and total shareholders’ equity of \$19 billion.

USBNA is engaged in the general banking business, principally in domestic markets. USBNA provides a wide range of products and services to consumers, businesses, institutions, governmental entities and other financial institutions. Commercial and consumer lending services are principally offered to customers within the Company’s domestic markets, to domestic customers with foreign operations and within certain niche national venues. Lending services include traditional credit products as well as credit card services, financing and import/export trade, asset-backed lending, agricultural finance and other products. Depository services include checking accounts, savings accounts and time certificate contracts. Ancillary services such as foreign exchange, treasury management and receivable lock-box collection are also provided to corporate customers. USBNA provides a full range of fiduciary services for consumers, estates, foundations, businesses and charitable organizations.

Banking and investment services are provided through a network of 2,200 banking offices principally operating in 24 states in the Midwest and West. The Company operates a network of 4,582 ATMs, and provides 24-hour, seven day-a-week telephone customer service. Mortgage banking services are provided through banking offices and loan production offices throughout the Company’s markets.

U.S. Bancorp is a multi-state financial services holding company with \$182 billion in assets, headquartered in Minneapolis, Minnesota. U.S. Bancorp was incorporated in Delaware in 1929 and operates as a financial holding company and a bank holding company under the Bank Holding Company Act of 1956. The Company provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, and trust and payment services products to consumers, businesses and institutions.

The Company is one of the largest providers of Visa® corporate and purchasing card services and corporate trust services in the United States. Its wholly owned subsidiary Nova Information Systems, Inc. provides merchant processing services directly to merchants and through a network of banking affiliations. The Company’s other non-banking subsidiaries offer a variety of products and services to the Company’s customers, including brokerage and leasing products. On a full-time equivalent basis, employment during 2002 averaged a total of 51,673 employees. The Company’s common stock is traded on the New York Stock Exchange under the ticker symbol USB and its principal executive offices are located at 800 Nicollet Mall, Minneapolis, Minnesota 55402. The main office of USBNA is located at 425 Walnut Street, Cincinnati, Ohio 45202.

Available Information

The foregoing financial information regarding USBNA has been derived from and is qualified in its entirety by the unaudited financial information contained in the Federal Financial Institutions Examination Council report Form 031, Consolidated Report of Condition and Income for a Bank with Domestic and Foreign Offices (“Call Report”), for the quarter ended March 31, 2003. The publicly available portions of the quarterly Call Reports with respect to USBNA are on file with, and available upon request from, the FDIC, 550 17th Street, N.W., Washington, D.C. 20429 or by calling the FDIC at (800) 945-2186. The FDIC also maintains an Internet website at <http://www.fdic.gov> that contains reports and certain other information regarding depository institutions such as USBNA. Reports and other information about USBNA are available at the offices of the Comptroller of the Currency at One Financial Place, Suite 2700, 440 South LaSalle Street, Chicago, IL 60605.

U.S. Bancorp is subject to the informational requirements of the Securities Exchange Act of 1934, as amended, and, in accordance therewith, files reports and other information with the Securities and Exchange Commission (the “SEC”). Such reports and other information may be inspected without charge at the public reference facilities maintained by the SEC at 450 Fifth Street, NW, Washington, D.C. 20549. Members of the public who require assistance in obtaining copies, including certified copies, of public SEC records (such as corporate filings) may contact the Public Reference Room at (202) 942-8090. This office is equipped with a TTY machine to

receive inquiries from the hearing impaired at (202) 942-8092. The SEC also maintains a Web site at <http://www.sec.gov>, which contains most corporate disclosure documents filed since May 1996, such as reports, proxy statements and other information regarding companies such as U.S. Bancorp that file such materials electronically. General information is available to the public from the SEC Information Line at (202) 942-8088. U.S. Bancorp also maintains an Internet website at <http://www.usbank.com>. Information on U.S. Bancorp's website is not part of this document.

The Initial Credit Facility is an obligation solely of USBNA and is not an obligation of U.S. Bancorp.

Except for the contents of this section, USBNA and U.S. Bancorp assume no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement.

U.S. BANK NATIONAL ASSOCIATION
SELECTED UNAUDITED FINANCIAL INFORMATION

Presented below is selected unaudited financial information for U.S. Bank National Association for the three months ended

March 31, 2003 and 2002, and the years ended December 31, 2002 and 2001. The financial information is for the periods specified, derived from unaudited financial statements prepared in accordance with regulatory accounting principles (which differ in certain instances from generally accepted accounting principles used to prepare the financial information of U.S. Bancorp) and include, in the opinion of management, all adjustments necessary to present the information fairly.

(\$ in millions)	Three months ended March 31		Year ended December 31	
	2003	2002	2002	2001
Balance Sheet Data (at period end)				
Available-for-sale securities	\$29,819	\$24,134	\$27,907	\$26,018
Loans and leases	118,214	111,514	118,418	115,108
Total assets	177,978	160,955	176,050	166,949
Deposits	121,509	107,407	121,685	108,364
Long-term debt	18,499	15,098	16,724	15,498
Shareholders' equity	19,119	18,273	18,667	18,449
Income Statement Data				
Interest income	\$2,398.5	\$2,311.2	\$9,365.0	\$10,680.7
Interest expense	612.2	636.5	2,450.6	4,362.4
Net interest income	1,786.3	1,674.7	6,914.4	6,318.3
Provision for credit losses	314.6	325.4	1,289.3	2,414.4
Net interest income after provision for credit losses	1,471.7	1,349.3	5,625.1	3,903.9
Noninterest income	1,129.8	1,042.2	4,573.9	3,906.4
Securities gains, net	141.5	40.4	304.1	318.8
Noninterest expense	1,404.5	1,253.1	5,473.4	5,346.9
Income before income taxes and cumulative effect of change in accounting principles	1,338.5	1,178.8	5,029.7	2,782.2
Applicable income taxes	462.1	409.7	1,746.4	980.6
Cumulative effect of change in accounting principles	--	(37.2)	(37.2)	--
Net income	\$876.4	\$731.9	\$3,246.1	\$1,801.6
Selected Ratios				
Return on average assets	2.10 %	1.82 %	1.97 %	1.14 %
Net interest margin	4.74	4.79	4.78	4.53
Total shareholders' equity to assets	10.7	11.4	10.6	11.1
Tier 1 capital ratio	7.18	7.65	6.67	7.48
Total risk-based capital ratio	11.28	11.92	10.81	11.81
Leverage ratio	6.93	7.53	6.70	7.73
Asset Quality Data				
Nonperforming loans	\$1,243.4	\$991.4	\$1,239.5	\$993.1
Other real estate	66.2	42.6	59.5	43.3
Total nonperforming loans and other real estate	\$1,309.6	\$1,034.0	\$1,299.0	\$1,036.4
Allowance for credit losses	\$2,319.3	\$2,396.4	\$2,340.3	\$2,376.4
Net charge-offs	288.8	317.8	1,266.1	1,466.5
Allowance for credit losses to nonperforming loans	187 %	242 %	189 %	239 %
Allowance for credit losses as a percentage of period end loans and leases	1.96	2.15	1.98	2.06
Net charge-offs as a percentage of average loans and leases	.99	1.25	1.22	1.26
Nonperforming loans plus other real estate as a percentage of loans and leases	1.11	.93	1.10	.90

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APPENDIX B

DEFINITIONS OF CERTAIN TERMS

“Act” means the Chapter 231 of the Wisconsin Statutes, as amended and supplemented.

“Act of Bankruptcy” means the filing of a voluntary or involuntary petition in bankruptcy (or the other commencement of bankruptcy or similar proceedings) by or against the Authority or the College and/or any guarantor, if any, of the College under any applicable bankruptcy, insolvency, reorganization or similar law, as now or hereafter in effect, unless such petition or proceeding shall have been dismissed and such dismissal shall be final and not subject to appeal.

“Adjustable Rate” means the fixed interest rate per annum applicable during each Rate Period and determined as provided in the Indenture.

“Alternate Credit Facility” means any Credit Facility delivered to the Trustee in accordance with the Indenture to replace the Credit Facility then in effect.

“Authority” means the Wisconsin Health and Educational Facilities Authority, a public body corporate and politic, duly organized and existing under the laws of the State, and its successors and assigns.

“Authorized College Representative” means such person or persons duly designated by the College to act on behalf of the College in a writing delivered to the Trustee.

“Authorized Denominations” means \$100,000 principal amount or any integral multiple of \$5,000 in excess thereof when the Bonds bear interest at the Weekly Rate, Monthly Rate or Adjustable Rate and \$5,000 principal amount or any integral multiple thereof when Bonds bear interest at the Fixed Rate.

“Bankruptcy Code” means Title 11 of the United States Code, as amended.

“Bond Counsel” means a firm of attorneys of nationally recognized expertise with respect to the tax-exempt obligations of political subdivisions, selected by the College and reasonably acceptable to the Trustee and the Authority.

“Bond Fund” means the Bond Fund established and created by the Indenture.

“Bond Purchase Agreement” means the Bond Purchase Agreement dated the date of issuance of the Bonds by and among the Authority, the Underwriter and the College.

“Bond Registrar” means the Trustee or any successor or successors to such position under the Indenture.

“Bond Service Charges” means (a) during any period of time, principal of and interest and any premium due on the Bonds for that period or payable at that time, as the case may be, and (b) with respect to the Credit Facility, the principal of and interest on and any premium on the Bonds to the extent payable under and in accordance with the terms of the Credit Facility.

“Bond Year” means, during the period while any of the Bonds are outstanding, the annual period provided for by the Code or the regulations promulgated thereunder.

“Bondholder” or “Holder” or “Owner of the Bonds” or “Registered Owner” means the registered owner of any Bond.

“Bonds” means the \$20,670,000 Variable Rate Demand Revenue Bonds (Wisconsin Lutheran College Project) Series 2003 of the Authority authorized to be issued by Article 2 of the Indenture and outstanding under the Indenture.

“Business Day” means any day other than a Saturday or Sunday or a day on which banking institutions in the city in which the Principal Office of the Trustee or the Principal Office of the Depository or the Principal Office of the Remarketing Agent is located, or in the City of Milwaukee, Wisconsin, are required or authorized by law to remain closed, or other than a day on which the New York Stock Exchange is closed.

“Cap Rate” means with respect to the Bonds other than Purchased Bonds, the rate per annum equal to the lesser of (a) 15 % or (b) the maximum rate, if any, at the time then specified in the Credit Facility for computing the interest component thereof.

“Capitalized Interest Account” means the account so designated within the Project Fund established and created under the Indenture.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the Regulations thereunder.

“College” means Wisconsin Lutheran College Conference, Inc., a Wisconsin nonprofit, nonstock corporation, doing business as Wisconsin Lutheran College, and its successors and assigns.

“College Bonds” means Bonds owned or held by the College or the Authority, or by the Trustee or the Tender Agent or the agent of either of them for the account of the College, or which the College has notified the Trustee were purchased by another person for the account of the College or by a person directly or indirectly controlled by or under direct or indirect common control with the College, including but not limited to Purchased Bonds.

“Construction Account” means the account so designated within the Project Fund established and created under the Indenture.

“Cost of Issuance Fund” means the Cost of Issuance Fund established and created by the Indenture.

“Credit Account” means the account so designated within the Bond Fund established and created by the Indenture.

“Credit Entity” means U.S. Bank National Association, a national banking association and thereafter the provider of any Alternate Credit Facility.

“Credit Facility” means the irrevocable direct pay letter of credit initially issued by U.S. Bank National Association in connection with the Series 2003 Bonds, as extended or renewed, pursuant to the Credit Facility Agreement, or any letters of credit, lines of credit or any other instruments (or combinations thereof), such as a policy of bond insurance, collateral agreement, surety bond or guarantee issued by a financial institution, which provide security for payment of principal of, interest and Purchase Price on the Series 2003 Bonds when due or upon redemption or acceleration and which constitutes an Alternate Credit Facility.

“Credit Facility Agreement” means, (i) initially with respect to the Series 2003 Bonds, the Reimbursement Agreement and the Pledge Agreement, both dated as of June 1, 2003 by and between the College and the Initial Credit Entity, as amended from time to time, pursuant to which the College has agreed to reimburse the Initial Credit Entity for honoring draws under the Credit Facility, and (ii) in the event an Alternate Credit Facility is provided for the Series 2003 Bonds, the agreement between the College and the Credit Entity pursuant to which the Credit Entity provides such Alternate Credit Facility.

“Daily Rate” means the interest rate per annum applicable during each rate period and determined and redetermined on a daily basis as provided in the Indenture.

“Depository” means any bank, trust company, savings and loan association or other financial institution selected by the Trustee as a depository of moneys and securities held under the provisions of the Indenture, and may include the Trustee.

“Determination of Taxability” means (i) the receipt by the College of a written notice from the Trustee or the receipt by the College and the Trustee of a written notice from any owner of any Bond of the issuance of a preliminary letter regarding a proposed deficiency or a statutory notice of deficiency by the Internal Revenue Service which holds, in effect; that the interest payable on such Bond, or any installment thereof, is includable in the federal gross income of the taxpayer named therein; or (ii) the delivery to the College and the Trustee of an opinion of Bond Counsel to the effect that the interest payable on any Bond, or any installment thereof, is includable in the Federal gross income of the taxpayer named therein; or (iii) filing by the College with the Trustee, any owner of any Bond or the Internal Revenue Service of any certificate, statement, or other tax schedule, return or document which discloses that the interest payable on any Bond or any installment thereof, is includable in the Federal gross income of the owner of any Bond or any former owner of any Bond; or (iv) any amendment, modification, addition or change shall be made in any provision of the Code or in any regulation of proposed regulation thereunder, or any ruling shall be issued or revoked by the Internal Revenue Service; or any other action shall be taken by the Internal Revenue Service, the Department of the Treasury or any other governmental agency, authority or instrumentality, or any opinion of any Federal court or the United States Tax Court shall be rendered, and the Trustee, the Credit Entity or the owner of any Bond shall have notified the College and the Trustee in writing that, as a result of any such event or condition, Bond Counsel is unable to give an unqualified opinion that the interest payable on any Bond, or any installment thereof, made on or after a date specified in said notice is excludable for the Federal gross income of the taxpayer named therein. No event described in (i) above shall constitute a Determination of Taxability unless the College has been afforded the opportunity to contest the same either directly or in the name of any Bondholder, and until conclusion of any appellate review, if sought.

“DTC” means The Depository Trust Company, New York, New York.

“DTC Participant” means those broker-dealers, banks and other financial institutions reflected on the books of DTC.

“Eligible Funds” means amounts held by the Trustee which (i) if the Bonds are then supported by any Credit Facility, are (A) amounts drawn under the Credit Facility (and the proceeds of the investment thereof); (B) the proceeds of the Bonds; (C) the proceeds of any bonds issued to refund the Bonds (and the proceeds of the investment thereof) if an opinion of nationally recognized counsel experienced in federal bankruptcy matters (selected by the College and reasonably acceptable to the Authority and the Trustee) has been obtained to the effect that such proceeds shall not constitute a voidable preference under Section 547 of the Bankruptcy Code in a case commenced by or against the College or the Authority or any “insider” of the College or the Authority; (D) moneys which have been on deposit in the Bond Fund, other than those moneys mentioned in (A), (B) or (C) above, with the Trustee (and the proceeds of the investment thereof) for a continuous period of at least 124 consecutive days (or such shorter period as may be approved in a written opinion of counsel (selected by the College and reasonably acceptable to the Authority and the Trustee) with nationally recognized expertise in matters of federal bankruptcy law to the effect that payment of the Bond Service Charges with such moneys shall not result in a voidable preference under Section 547 of the Bankruptcy Code) during which no Act of Bankruptcy by or against the College or the Authority, or any “insider” (within the meaning of the Bankruptcy Code) of the College or the Authority shall have occurred; (E) the proceeds of remarketing of the Bonds (except to the College or the Authority or any “insider” of the College or the Authority within the meaning of the Bankruptcy Code); and (F) any other moneys for which an opinion of nationally recognized counsel (selected by the College and reasonably acceptable to the Authority and the Trustee) experienced in federal bankruptcy matters has been obtained to the effect that payment of the Bond Service Charges with such moneys shall not constitute a voidable preference under Section 547 of the Bankruptcy Code in a case commenced by or against the College or the Authority or any “insider” of the College or the Authority and (ii) if the Bonds are not then supported by any Credit Facility, those moneys mentioned in (i) above and any other moneys provided by or on behalf of the College or the Authority.

“Event of Default” means any occurrence or event specified and defined as such in the Indenture.

“Expiration Date” means the date specified in the Credit Facility as the expiration date of said Credit Facility, including any date to which the expiration or termination of said Credit Facility may be extended from time to time and each date on which the Credit Facility may terminate prior to its stated expiration date for any reason, including, but not limited to an expiration due to a conversion that is not consented to by the Credit Entity.

“Federal Obligations” means obligations of or unconditionally guaranteed as to principal and interest by the United States of America but excludes obligations which are mortgage-backed securities or which are rated “r” by S&P.

“Fiduciary” means the Trustee, any Depository and any Paying Agent for the Bonds.

“Fixed Rate” means the fixed interest rate per annum applicable until the maturity or earlier redemption of the Bonds and determined as provided in the Indenture.

“General Account” means the account so designated within the Bond Fund established and created by the Indenture.

“Indenture” means the Indenture of Trust dated as of June 1, 2003 by and between the Authority and the Trustee, and any amendments thereof and supplements thereto.

“Independent Counsel” means an attorney duly admitted to practice law before the highest court of the State who is not a full-time employee of the Authority, the College, the Credit Entity or the Trustee.

“Initial Credit Entity” means U.S. Bank National Association, a national banking association, and its successors and assigns.

“Initial Credit Facility” means the irrevocable, transferable direct pay letter of credit issued by the Initial Credit Entity with respect to the Bonds.

“Initial Credit Facility Agreement” means the Reimbursement Agreement and the Pledge and Security Agreement, both dated as of June 1, 2003 by and between the College and the Initial Credit Entity, as amended from time to time, pursuant to which the College has agreed to reimburse the Initial Credit Entity for honoring draws under the Credit Facility.

“Interest Index” means the indication of the lowest rate appropriate for securities similar to the Bonds in terms of security, creditworthiness, term, tax-exempt status and tender privilege which would permit the Bonds to be sold at a purchase price equal to their principal amount, plus accrued interest, if any. The Interest Index shall be determined, first, by referring to the best available data base in the reasonable opinion of the Remarketing Agent in a publication of national recognition selected by the Remarketing Agent containing a recent calculation of such an interest rate for comparable securities and multiplying such interest rate by one hundred and ten percent (110%) and, second, if that is not possible, by multiplying the last determined Daily Rate, Weekly Rate or Monthly Rate, as applicable, by one hundred and fifteen percent (115%).

“Interest Payment Date” means (i) in the case of Bonds bearing interest at the Daily Rate, the Weekly Rate and the Monthly Rate, (A) the first Business Day of each month prior to the Maturity Date, commencing the first month after issuance thereof, (B) each Mandatory Tender Date, (C) only with respect to Bonds being redeemed, any redemption date, and (D) the Maturity Date, and (ii) in the case of Bonds bearing interest at the Adjustable Rate or the Fixed Rate, each June 1 and December 1 commencing with the first such June 1 or December 1, occurring after the Rate Conversion Date for the Adjustable Rate or Fixed Rate and each Rate Conversion Date.

“Investment Obligations” or “Permitted Investments” means any of the following which at the time are legal investments for the Authority under applicable State laws and which are not prohibited investments under the Code, for the moneys held under the Indenture then proposed to be invested therein:

- (a) U.S. Government Obligations and bonds or securities issued or guaranteed as to principal and interest by a commission, board or other instrumentality of the federal government;
- (b) short-term discount obligations of the Federal National Mortgage Association;

(c) certificates of deposit or time deposits constituting direct obligations of any bank the full amount of which is insured by the Federal Deposit Insurance Corporation;

(d) time deposits in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State if the time deposits mature in not more than three years;

(e) bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State;

(f) any security which matures or which may be tendered for purchase at the option of the holder within not more than seven years of the date on which it is acquired, if that security has a rating which is the highest or second highest rating category assigned by S&P's, Moody's, or other similar nationally recognized rating agency or if that security is senior to, or on a parity with, a security of the same issuer which has such a rating;

(g) securities of an open-end management investment company or investment trust if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the Investment Company Act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio of the investment company or investment trust is limited to the following:

(i) bonds and securities issued by the federal government or a commission, board of other instrumentality of the federal government;

(ii) bonds that are guaranteed as to principal and interest by the federal government or a commission, board or other instrumentality of the federal government; and

(iii) repurchase agreements that are fully collateralized by bonds or securities described under (i) or (ii); and

(h) any other obligation or security which constitutes a permitted investment for money of the Authority as a result of an amendment of the Act subsequent to June 1, 2003 if the prior written consent of the Authority and the Trustee are obtained.

“Issuance Date” means the date of the initial issuance and delivery of the Bonds.

“Loan” means the loan to the College pursuant to the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated as of June 1, 2003 with respect to the Bonds by and between the Authority and the College, as amended in accordance with the terms of the Indenture and the Loan Agreement.

“Mandatory Tender Date” means any date on which Bonds shall be subject to mandatory tender pursuant to the Indenture.

“Maturity Date” means June 1, 2033.

“Monthly Rate” means the interest rate per annum applicable during each applicable Rate Period and determined and redetermined on a monthly basis as provided in the Indenture.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and validly existing under the laws of the State of Delaware, and its successors and assigns.

“Note” means the promissory note of the College evidencing and securing its obligations under the Loan Agreement, dated as of even date with the Bonds, in the form attached to the Loan Agreement.

“Notice by Mail” or “notice” of any action or condition “by Mail” (except as otherwise expressly provided in the Indenture) means a written notice meeting the requirements of the Indenture mailed by first-class mail to the Registered Owners at the addresses shown in the registration books maintained pursuant to the Indenture; provided, however, that if, because of temporary or permanent suspension of mail service, it is impossible or impracticable to mail notices in the manner described in the Indenture, then such notification in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient giving of such notice.

“Outstanding” or “Bonds outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except:

- (a) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (b) Bonds for the payment of which cash or Federal Obligations shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds) and which are deemed paid within the meaning of Article 7 of the Indenture and Bonds for which moneys are held pursuant to Section 5.2(d) of the Indenture;
- (c) Bonds in lieu of which others have been authenticated under Sections 2.9, 2.10, 2.11, 3.2, 3.3 or 3.13 of the Indenture; and
- (d) Untendered Bonds.

“Paying Agent” means those institutions designated as such in or pursuant to the Indenture.

“Pledge Agreement” means the Pledge and Security Agreement dated as of June 1, 2003, by the College in favor of the Credit Entity, as amended, restated, supplemented, modified, or extended from time to time.

“Principal Office” means (i) when used with respect to a Fiduciary, the designated office of such Fiduciary situated in the city in which such Fiduciary is described as being located and (ii) when used with respect to the Remarketing Agent, the address designated or pursuant to the Remarketing Agreement.

“Project Fund” means the Project Fund established and created by the Indenture.

“Purchase Price” means an amount equal to one hundred percent of the principal amount of any Bond tendered or deemed to have been tendered for purchase, plus unpaid and accrued interest, if any, to the date of purchase.

“Purchased Bonds” means Bonds purchased pursuant to any Credit Facility Agreement from and including the date they are registered in the name of the College, the Credit Entity, or its designee, nominee or agent to but not including, the earliest of (i) their payment at maturity, (ii) their payment at redemption, (iii) their remarketing by the Remarketing Agent pursuant to the Remarketing Agreement, (iv) their sale by the Credit Entity, its designee, nominee or agent, on the open market or (v) their satisfaction and discharge otherwise.

“Rate Adjustment Date” means the date from and after which a particular Daily Rate, Weekly Rate, Monthly Rate or Adjustable Rate as applicable, shall be effective. In the case of the Daily Rate, the Rate Adjustment Date for each Rate Period shall be (i) in the case of a conversion from another interest rate determination method to the Daily Rate, the Rate Conversion Date and (ii) otherwise, each Business Day. In the case of the Weekly Rate, the Rate Adjustment Date for each Rate Period shall be (i) in the case of a conversion from another interest rate determination method to the Weekly Rate, the Rate Conversion Date and (ii) otherwise, Wednesday of each week and any such other day as shall be necessary as provided in the Indenture. In the case of the Monthly Rate, the Rate Adjustment Date for each Rate Period shall be (i) in the case of a conversion from another interest rate determination method to the Monthly Rate, the Rate Conversion Date and (ii) otherwise, the first Business Day of each month and any such other day as shall be necessary as provided in the Indenture. In the case of the Adjustable Rate, the Rate Adjustment Date for each Rate Period shall be the day which is the Rate Conversion Date.

“Rate Determination Date” means the day on which the Remarketing Agent determines the Daily Rate, the Weekly Rate, the Monthly Rate or the Adjustable Rate, as applicable, for the next Rate Period. In the case of the Daily Rate, the Rate Determination Date for each Rate Period shall be the Rate Adjustment Date. In the case of the Weekly Rate, the Rate Determination Date for each Rate Period shall be the Tuesday immediately preceding the Rate Adjustment Date (or, if such Tuesday is not a Business Day, the next succeeding Business Day). In the case of the Monthly Rate, the Rate Determination Date for each Rate Period shall be the Business Day immediately preceding the Rate Adjustment Date. In the case of the Adjustable Rate, the Rate Determination Date for each Rate Period shall be the Business Day selected by the Remarketing Agent (and concurred to by the College) and occurring not earlier than ten (10) Business Days and not later than two (2) Business Days prior to the Rate Conversion Date. In the case of a Rate Adjustment Date as described in the last sentences of the first paragraphs under “**THE BONDS—Weekly Rate**” and “**Monthly Rate,**” the Rate Determination Date shall be the Rate Adjustment Date. In the case of a Fixed Rate, the Rate Determination Date shall be the date specified in the Indenture.

“Rate Period” means the period during which a particular Daily Rate, Weekly Rate, Monthly Rate or Adjustable Rate, as applicable, determined on a particular Rate Determination Date, is effective. The initial Rate Period for the Series 2003 Bonds is the Issuance Date. Thereafter, each subsequent Rate Period shall become effective on and including the applicable Rate Adjustment Date and remain in effect until and including, the day next preceding the earlier of (i) the next following Rate Adjustment Date, (ii) the next following Rate Conversion Date or (iii) the Maturity Date. In the case of the Daily Rate, each Rate Period shall commence on the Rate Adjustment Date and end on the day preceding the next Business Day. In the case of the Weekly Rate, with the exception of any Rate Period whose first or last day is a Rate Conversion Date or the Maturity Date, each Rate Period shall commence on Wednesday and end on the next following Tuesday. In the case of the Monthly Rate, with the exception of a Rate Period whose last day is the Maturity Date, each Rate Period shall commence on the first Business Day of a month and end on the day next preceding the first Business Day of the next following month. The Rate Period shall not be deemed to have been changed in the case of a Daily Rate, Weekly Rate or Monthly Rate which is changed pursuant to the Indenture. In the case of the Adjustable Rate, with the exception of the Rate Period which ends on the Maturity Date, each Rate Period shall commence on the Rate Conversion Date, and end on the day next preceding the first Business Day of a month and be at least six (6) months or an integral multiple of six (6) months in length.

“Rating Agency” means S&P, Moody’s or any nationally recognized securities rating agency has been requested to and has assigned a rating to the Bonds.

“Rebate Fund” means the fund by that name created pursuant to the Indenture.

“Record Date” or “Regular Record Date” means (i) with respect to any Interest Payment Date when the Weekly Rate or the Monthly Rate is in effect, the Business Day next preceding that Interest Payment Date and (ii) with respect to any Interest Payment Date when the Adjustable Rate or the Fixed Rate is in effect, the fifteenth day of the month next preceding the month of that Interest Payment Date.

“Related Documents” means the Pledge Agreement, a certain guaranty in favor of the Initial Credit Entity, the Loan Agreement, and the “Borrower Documents” as defined in the Loan Agreement and all other instruments, agreements, certificates, and other documents executed by or on behalf of the College or any guarantor in connection with any of the Obligations (as defined in the Initial Credit Facility Agreement) or the transactions contemplated under the Initial Credit Facility Agreement or any of the foregoing, all as amended, supplemented, modified or extended from time to time.

“Revenues” means all income to the Authority derived pursuant to the Loan Agreement, the Notes or the Indenture, including but not limited to, loan payments, including prepayments, recoveries of principal and investment earnings on Funds and Accounts established by the Indenture and amounts received pursuant to the Credit Facility.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., and its successors and assigns.

“Special Record Date” means the date and time established by the Trustee for determination of which Registered Owners shall be entitled to receive overdue interest on the Bonds pursuant to the Indenture.

“State” means the State of Wisconsin.

“Substitution Date” means the effective date of the substitution of an Alternate Credit Facility pursuant to the provisions of the Indenture.

“Tax Certificate” means the Tax Representation Certificate of the College dated the Issuance Date.

“Tender Date” means (i) in the case of Bonds tendered at the option of their Holders pursuant to the Indenture, the date specified by the Holder, in the written notice delivered to the Tender Agent, as the purchase date of the Bonds, which must be a Business Day occurring not prior to the seventh day after receipt by the Trustee of the written notice of tender, (ii) in the case of Bonds tendered as a result of a Rate Conversion Date, the Rate Conversion Date or (iii) in the case of Bonds tendered pursuant to the provisions of the Indenture summarized under clauses (b) and (c) under the caption “**THE BONDS—Tender of the Bonds—Mandatory Tender of Bonds,**” the date designated pursuant to such applicable provision.

“Tender Fund” means the fund by that name created pursuant to the Indenture.

“Trust Estate” means the property conveyed to the Trustee pursuant to the Granting Clauses of the Indenture.

“Trustee” means Bank One Trust Company, N.A., Milwaukee, Wisconsin, its successors and assigns, and any qualified entity at the time serving as successor trustee under the Indenture.

“U.S. Government Obligations” means obligations which are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

“Unassigned Rights” means the Authority’s right to receive payment of certain fees and expenses under the Loan Agreement, its right to indemnification as provided in the Loan Agreement, and the rights of the Authority to receive notices, certificates, requests, requisitions, directions and other communications under the Indenture.

“Underwriter” means U.S. Bancorp Piper Jaffray Inc.

“Untendered Bonds” means Bonds (or beneficial interests therein) or portions thereof which are required to be purchased due to acceleration or otherwise or due to a mandatory tender or pursuant to a notice of optional tender and which are not presented for payment on the purchase or acceleration date but, pursuant to the terms of the Indenture, are deemed purchased or paid on such date.

“Weekly Rate” means the interest rate per annum applicable during each Rate Period and determined and redetermined on a weekly basis as provided in the Indenture.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Letterhead of Ice Miller]

June __, 2003

Wisconsin Health and Educational Facilities Authority
Brookfield, Wisconsin

Bank One Trust Company, N.A.
as Trustee
Milwaukee, Wisconsin

Wisconsin Lutheran College Conference, Inc.
Milwaukee, Wisconsin

U.S. Bancorp Piper Jaffray Inc.
Chicago, Illinois

Re: Wisconsin Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds (Wisconsin Lutheran College Project), Series 2003 issued in the aggregate principal amount of \$20,670,000 (the "Bonds"); Issued pursuant to an Indenture of Trust (the "Indenture") dated as of June 1, 2003, between the Wisconsin Health and Educational Facilities Authority (the "Issuer") and Bank One Trust Company, N.A., as trustee (the "Trustee"); Fully registered Bonds in the denominations as set forth in the Indenture.

Ladies and Gentlemen:

We have examined (a) a certified transcript containing the proceedings of the Issuer relating to the authorization, issuance and sale of the Bonds pursuant to the Indenture and the approval and execution of the Indenture and the Loan Agreement dated as of June 1, 2003 (the "Loan Agreement"), between the Issuer and the Wisconsin Lutheran College Conference, Inc., a Wisconsin nonprofit nonstock corporation (the "Borrower"); (b) an executed counterpart of the Loan Agreement; (c) an executed counterpart of the Indenture; (d) a certificate showing execution, authentication and delivery of the Bonds and no litigation pending as of said date of delivery; (3) the Certificate of the Issuer re: Arbitrage dated the date hereof, (f) the Certificate of the Borrower dated the date hereof; (g) the Tax Representation Certificate of the Borrower dated the date hereof, (h) the Certificate of The Marvin M. Schwan Charitable Foundation dated the date hereof; (i) the Information Return for Private Activity Bond Issues of the Issuer dated the date hereof; (j) a letter from the Internal Revenue Service evidencing that the Borrower is exempt from taxation as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as in effect on the date hereof (the "Code"); (k) an opinion of Davis & Kuelthau, S.C., Milwaukee, Wisconsin, counsel for the Borrower; and (l) an opinion of Quarles & Brady LLP, Milwaukee, Wisconsin, counsel for the Issuer.

In delivering our opinion, we have also examined Chapter 231 of the Wisconsin Statutes of the State of Wisconsin (the "State"), the State Constitution and the laws of the United States as we have deemed relevant and necessary as a basis for the opinions set forth herein. We have relied upon a certified transcript of proceedings and other certificates and representations of the Borrower and the Issuer as set forth in the Bond transcript and the Loan Agreement, including but not limited to the Certificate of the Issuer re: Arbitrage and the Tax Representation Certificate (collectively, the "Tax Covenants") and the opinions described in clauses (k) and (l) above as to matters of Wisconsin law (particularly the due authorization, execution and delivery of various instruments noted therein), and have not undertaken to verify any facts by independent investigation.

Based upon the foregoing and our review of such other information, papers, documents and statutes, regulations, rulings and decisions as we believe necessary or advisable, we are of the opinion that:

(1) The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery thereof by the Borrower, is a valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with its terms.

(2) The Indenture has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery thereof by the Trustee, is a valid and binding agreement of the Issuer, enforceable against the Issuer in accordance with its terms.

(3) The Bonds have been duly authorized, executed and issued and are valid and binding obligations of the Issuer, enforceable in accordance with their terms.

(4) Under statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is not exempt from income taxation in the State.

(5) Under federal statutes, decisions, regulations and rulings existing on this date, the interest on the Bonds is excludable from gross income for purposes of federal income taxation pursuant to Section 103 of the Code. This opinion relates only to the exclusion from gross income of interest on the Bonds for federal income tax purposes under Section 103 of the Code and is conditioned upon continuing compliance by the Borrower and the Issuer with the Tax Covenants. Failure to comply with the Tax Covenants could cause interest on the Bonds to lose the exclusion from gross income for purposes of federal income taxation retroactively to the Bonds' date of issue.

By the terms of the Indenture, the Loan Agreement and other relevant documents, the interest rate mode set forth in the Indenture for the Bonds may be changed and certain actions may be taken under the circumstances and subject to the terms and conditions set forth in such documents subject to receipt of an approving opinion of nationally recognized bond counsel. No opinion is expressed herein as to the effect upon any Bond or the excludability of the interest on any Bond for federal income taxation purposes resulting from any such change or action.

It is to be understood that the rights of the owners of the Bonds, the Issuer, the Borrower and the Trustee and the enforceability of the Bonds, the Loan Agreement and the Indenture may be subject to the valid exercise of the constitutional powers of the State of Wisconsin and the United States of America. It is to be further understood that the rights of the owners of the Bonds, the Issuer, the Trustee and the Borrower and the enforceability of the terms of the Loan Agreement, the Indenture and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that the enforcement thereof may be subject to the exercise of judicial discretion in accordance with the general principals of equity.

We have not been retained to pass upon the validity, creditworthiness or enforceability of the Letter of Credit issued by U. S. Bank National Association, and we bear no responsibility therefor.

We express no opinion herein with respect to matters of title in the facilities financed with the proceeds of the Bonds or the Trustee's interest therein.

Very truly yours,

APPENDIX D

PROPOSED FORM OF AUTHORITY'S COUNSEL OPINION

[Letterhead of Quarles & Brady LLP]

June __, 2003

Bank One Trust Company, N.A.
Milwaukee, Wisconsin

Ice Miller
Indianapolis, Indiana

U.S. Bancorp Piper Jaffray Inc.
Chicago, Illinois

Re: \$20,670,000 Wisconsin Health and Educational Facilities Authority Variable Rate Demand Revenue Bonds (Wisconsin Lutheran College Project) Series 2003 (the "Bonds")

We are the attorneys for the Wisconsin Health and Educational Facilities Authority (the "Authority"), and we render this opinion in connection with the issuance on this date by the Authority of the Bonds. We have examined:

- (a) the organization of the Authority,
- (b) the resolutions and other proceedings of the Authority authorizing the issuance of the Bonds and the execution and delivery of: (i) a Loan Agreement (the "Loan Agreement") dated as of June 1, 2003 between the Authority and Wisconsin Lutheran College Conference, Inc. (the "Borrower"), (ii) an Indenture of Trust dated as of June 1, 2003 (the "Indenture") between the Authority and Bank One Trust Company, N.A., as trustee (the "Trustee"), (iii) a Bond Purchase Agreement dated June __, 2003, between the Authority, the Borrower and U.S. Bancorp Piper Jaffray Inc. (the "Bond Purchase Agreement") and (iv) the Official Statement dated June 4, 2003 with respect to the Bonds (the "Official Statement"),
- (c) executed counterparts of the Loan Agreement, the Indenture, the Bond Purchase Agreement and the Official Statement, and
- (d) such other documents as we considered appropriate and necessary to enable us to render this opinion.

For purposes of this opinion, we have assumed that the issuance of the Bonds and the lending of the proceeds thereof to the Borrower for the purposes described in the Indenture and the Loan Agreement are not prohibited by the First Amendment to the United States Constitution or Article I, Section 18 of the State of Wisconsin Constitution. We express no opinion with regard to those matters, and we understand that you are relying on the opinion of other counsel with respect thereto.

Based on the foregoing, we are of the opinion that:

1. To the best of our knowledge there is no action, suit, litigation, proceeding, or investigation at law or in equity before or by any court, public board or body pending or threatened against or affecting the Authority to restrain or enjoin the issuance or delivery of the Bonds, the Indenture, the Loan Agreement, the Bond Purchase Agreement or the Official Statement or in any way contesting the legal existence or powers of the Authority.

2. The information contained in the Official Statement under the headings “THE AUTHORITY” and “ABSENCE OF MATERIAL LITIGATION – The Authority” and the information with respect to the Authority under the headings “INTRODUCTION” and “MISCELLANEOUS” is correct in all material respects, and nothing has come to our attention which would lead us to believe that the information under such headings contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

3. The execution and delivery of the Indenture, the Loan Agreement, the Bonds and the Bond Purchase Agreement, and compliance with the provisions of them, under the circumstances contemplated by them, do not and will not in any material respect conflict with or constitute on the part of the Authority a breach of or default under any indenture, mortgage, agreement or other instrument of which we have knowledge and to which the Authority is a party or, to the best of our knowledge, conflict with, violate, or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Authority is subject.

4. The Bond Purchase Agreement, the Indenture and the Loan Agreement have each been duly authorized, executed and delivered by the Authority, are in full force and effect and, assuming the due authorization, execution and delivery of such documents by the other parties to them, constitute valid and legally binding agreements of the Authority except to the extent limited by bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent transfer or other laws of general application relating to or affecting the enforcement of creditors’ rights generally. Enforceability of the Authority’s obligations is also subject to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

5. The Indenture creates in favor of the Trustee for the benefit of the holders of the Bonds a valid security interest in the right, title and interest of the Authority in the collateral described in the Granting Clauses thereof to which Article 9 of the Wisconsin Uniform Commercial Code is applicable (the “Article 9 Collateral”). Upon filing a financing statement naming the Authority as debtor and the Trustee as secured party and describing the Article 9 Collateral with the Department of Financial Institutions of the State of Wisconsin, the Trustee will have a perfected security interest in that portion of the Article 9 Collateral in which a security interest is perfected by filing a financing statement in the State of Wisconsin.

The foregoing opinions are subject to the following qualifications:

A. We express no opinion as to matters of title or priority or, except as expressly set forth in paragraph 5, the creation or perfection of security interests with regard to real or personal property.

B. Article 9 of the Wisconsin Uniform Commercial Code requires the filing of a continuation statement within the period of six months prior to the expiration of five years from the date of the original filing (and each subsequent five-year anniversary) in order to maintain the effectiveness of the filing of a financing statement.

This opinion letter deals only with the specific legal issues that it explicitly addresses and no opinions may be inferred or implied beyond the matters expressly contained herein. The opinions expressed herein are specifically limited to the present internal laws of the State of Wisconsin. The opinions expressed herein are based upon those facts and circumstances in existence and laws in effect on the date hereof, and we assume no obligation or responsibility to update or supplement this opinion letter to reflect any facts or circumstances which may hereafter come to our attention, any changes in laws which may hereafter occur, or to inform the addressee of any change in circumstances occurring after the date hereof which would alter the opinions rendered herein.

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