OFFICIAL STATEMENT DATED JUNE 25, 1992

NEW ISSUE

Rating: Standard & Poor's: AA-
See "Rating" herein

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

$15,670,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Three-J (Macalester College)

Dated Date: June 1, 1992

Interest Due March 1 and September 1, commencing March 1, 1993

The Bonds will mature annually on March 1 as follows:

Year	Amount	Interest Rate	Price	Year	Amount	Interest Rate	Price
1997	$185,000	5.10%	100%	2003	$380,000	5.90%	100%
1998	195,000	5.25	100	2004	405,000	6.00	100
1999	195,000	5.40	100	2005	430,000	6.10	100
2000	210,000	5.60	100	2006	455,000	6.20	100
2001	215,000	5.70	100	2007	485,000	6.30	100
2002	235,000	5.80	100				

$4,355,000 6.30% Term Bonds due March 1, 2014 — Price 99.0%
$7,925,000 6.40% Term Bonds due March 1, 2022 — Price 99.0%

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after March 1, 2003 may be redeemed prior to maturity, in whole on any date or in part on any interest payment date commencing March 1, 2002, as more fully described herein. The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities as described in the Loan Agreement and Indenture, and in the event of a Determination of Taxability, as described herein. Bonds maturing March 1, 2014 and March 1, 2022 are subject to mandatory redemption in installments as described herein.

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

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

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

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriter named below subject to the approval of legality by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon by Moore, Costello & Hart, St. Paul, Minnesota, counsel to the College. Bonds are expected to be available for delivery on or about June 30, 1992.

FBS Investment Services, Inc.

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

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

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

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

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

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Carol A. Blomberg, Chair	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
Kathryn D. Jarvinen, Vice Chair	Hospital Administrator, Winona, Minnesota.
Jack Amundson, Secretary	Partner, McMahon, Hartmann, Amundson & Co., Saint Cloud, Minnesota.
Kathryn Balstad Brewer	Student, New Brighton, Minnesota.
Earl R. Herring	Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
Fred Hsiao	President, Shaw/Lundquist Associates, Saint Paul, Minnesota.
David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota.
James R. Miller	Owner and CEO, Rollin & Associates, Inc., St. Paul, Minnesota
David Powers (Ex Officio)	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.
Mollie N. Thibodeau	Fund Raising Consultant, Duluth, Minnesota

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

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MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES THREE-J
(MACALESTER COLLEGE)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and Macalester College (the "College"), an institution of higher education located in St. Paul, Minnesota, in connection with the issuance of the Authority's $15,670,000 Revenue Bonds, Series Three-J (Macalester College), (the "Bonds" or the "Issue").

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

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

Pursuant to a Loan Agreement between the College and the Authority, the College will covenant as a general obligation of the College to make Loan Repayments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the College by the Authority to be used (i) to redeem on September 1, 1992 the maturities due March 1, 1993 through 2006 of the Authority's outstanding $5,075,000 Mortgage Revenue Bonds, Series Two-J (the "Series Two-J Bonds"), issued on behalf of the College and (ii) to finance in whole or in part (a) the remodeling, furnishing and equipping of the Humanities wing of the Janet Wallace Fine Arts Center and the construction of a two floor addition thereto for housing computer and audio visual facilities, (b) the renovation, furnishing and equipping of Old Main, an office and classroom facility, (c) the acquisition and installation of a telecommunications network for voice data and video, including a new telephone switch, (d) the acquisition and installation of a keyless identification system, and (e) renovation and improvement of track and field facilities; all including appurtenant site improvements (collectively, the "Project"), to be owned and operated by the College and located on the Campus Site. (See "Purpose of the Bonds," page 8.)

The Bonds are general obligations of the College, secured by a pledge from the Authority to the Trustee of the Loan Repayments to be made by the College and a Reserve Account.

The Reserve Account will initially be funded in the amount of $1,300,120, equal to the maximum annual principal and interest payable in any remaining bond year (the "Reserve Requirement").

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

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

RISK FACTORS

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

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge by the Authority to the Trustee of amounts payable by the College under the Loan Agreement, and (b) a Reserve Account which will be held by the Trustee and applied to the payment of principal and interest on the Bonds. No real or personal property is pledged to repayment of the Bonds.

Adequacy of Revenues

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

Reliance on Tuition and Fees

The adequacy of College revenues will be dependent on the amount of future tuition revenue received by the College. Tuition revenue in turn will depend primarily on the ability of the College to charge sufficient rates for tuition and to maintain enrollment levels. Future enrollment levels will depend on the number of students applying to the College. A number of various factors, including, without limitation, such factors as levels of tuition rates or other fees, competition from other colleges, a decline in the number of college age students, and adverse general economic conditions will influence the number of applicants to the College.

Financial Aid

Approximately 52% of the College's students currently receive some federal or State financial aid covering tuition and fees or living expenses. No assurance can be given that federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's revenues.

Damage or Destruction

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

Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and computed pro forma debt service coverage are provided in Appendix I under the caption "Annual Debt Service by Fiscal Year and Coverage Statement." The pro forma coverage is merely a mathematical computation, as reflected in the applicable table, and no assurance can be given that the College's future revenues will be sufficient to satisfy College operations and Bond and other debt service requirements.

Limited Obligation

No entity or person other than the College is, or shall be, in any way liable or responsible for any payments to be made under the Loan Agreement, the Trust Indenture, or the Bonds or the other obligations of the College. Accordingly, for payment of principal, interest, and premium, if any, on the Bonds, holders of the Bonds must look solely to the College's ability to make Loan Repayments under the Loan Agreement.

Bankruptcy

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

Other Possible Risk Factors

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

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

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

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

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

THE BONDS

The Bonds will be dated June 1, 1992 and will mature annually on March 1, commencing March 1, 1997, through March 1, 2022, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each March 1 and September 1, commencing March 1, 1993.

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

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

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

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

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

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

Prior Redemption

Mandatory Redemption

Bonds maturing on March 1, 2014 and March 1, 2022 shall be called for redemption on March 1 in the years 2008 through 2013 and 2015 through 2021, respectively, at the principal amount thereof to be redeemed, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account, in the respective amounts set forth below.

Year	Principal Amount	Year	Principal Amount
2008	$515,000	2015	790,000
2009	545,000	2016	840,000
2010	580,000	2017	890,000
2011	615,000	2018	950,000
2012	660,000	2019	1,015,000
2013	700,000	2020	1,075,000
2014	740,000*	2021	1,145,000
		2022	1,220,000*

* *Maturity.*

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

The Bonds maturing in 2014 and 2022, to be retired pursuant to the mandatory redemption obligations set forth above, may, at the option of the College, be reduced by the principal amount of any Bonds of such maturity which at least 45 days prior to such redemption:

(1) have been delivered to the Trustee for cancellation; or

(2) have been purchased or redeemed (other than through operation of the Sinking Fund Subaccount) and cancelled by the Trustee and not theretofore applied as a credit against such mandatory redemption obligations.

Optional Redemption

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

The Bonds will also be subject to optional redemption at par and accrued interest as a whole or in part, in integral multiples of $5,000, in certain cases of damage to or destruction or condemnation of the Project Facilities, and in whole or in part on the next practicable date and any date thereafter upon a Determination of Taxability as provided in the Loan Agreement (see Appendix IV, "SUMMARY OF DOCUMENTS - The Loan Agreement - Determination of Taxability").

Partial Redemption

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

<u>Notice of Redemption</u>

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

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the Date of Taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption" on pages 14 and 15 and Appendix III, "DEFINITION OF CERTAIN TERMS."

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

Additional Bonds

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

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

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

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

4. The College furnishes evidence satisfactory to the Authority of the College's ability to meet debt service on the Additional Bonds and deposits additional monies or investments in the Reserve Account, to be held by the Trustee under the Indenture in such amount and value as shall bring the amount on deposit in the Reserve Account to the Reserve Requirement, calculated after giving effect to the issuance of the Additional Bonds.

SOURCES AND USES OF FUNDS

Sources and uses of funds for the financing are expected to be approximately as follows:

Sources of Funds		
Bond Principal	$15,670,000	
Less: Original Issue Discount	(122,800)	
		$15,547,200
Grant Funds for Fine Arts Center		3,400,000
Series Two-J Reserve Account		825,000
Total Sources:		$19,772,200
Uses of Funds		
Humanities/Fine Arts Center		$ 5,950,000
Old Main Renovation		3,750,000
Network & Telephone Switch		1,600,000
Track & Field Renovation		1,500,000
Keyless ID System		250,000
Series Two-J Refunding:		
Principal Redeemed	$ 4,875,000	
Call Premium	73,125	
Interest Due 9/1/92	206,469	
		$ 5,154,594
Reserve Account		1,300,120
Costs of Issuance		267,486
Total Uses:		$19,772,200

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

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

PURPOSE OF THE BONDS

Refunding of Series Two-J Bonds

A portion of the net proceeds of the Bonds together with amounts on deposit in the Series Two-J Bond and Interest Sinking Fund Account, the Series Two-J Reserve Account and available general funds of the College, if necessary, are to be used to redeem the 1993-2006 maturities of the Series Two-J Bonds on September 1, 1992, pursuant to the Series Two-J Indenture. Said funds will be deposited with the Series Two-J Trustee pursuant to an Escrow Agreement at Bond Closing.

The net proceeds of the Series Two-J Bonds were used to finance the remodeling of the College's student union building, the renovation of the 1926 gymnasium including the addition of handball courts and the construction of a natatorium, including certain equipment.

New Construction

A portion of the net proceeds of the Bonds will finance the following construction on the campus of the College.

1. The remodeling, furnishing and equipping of the Humanities wing of the Janet Wallace Fine Arts Center and the construction of a two-floor addition to that wing for housing computer and audio visual facilities. Construction is currently underway and is expected to be complete during the summer of 1992. The total cost is approximately $5,950,000; in addition to approximately $2,550,000 of Bond proceeds, approximately $3,400,000 of restricted gifts are being applied to finance this portion of the Project.

2. Interior renovation of Old Main with construction to begin in the summer of 1992.

3. The acquisition and construction of a telecommunications network for voice, data and video, including a new telephone switch. The telephone switch installation has been completed; the installation of the network is substantially completed.

4. Renovation and improvement of track and field facilities.

5. Acquisition and installation of a keyless identification system, the installation of which is underway.

SUMMARY OF SECURITY FOR THE BONDS

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

The Bonds are secured solely by the full faith and credit of the College. The College will agree pursuant to the terms of the Loan Agreement to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds. The College agrees to make such payments out of its operating funds or any other moneys legally available.

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

The Bonds will not be secured by the General Bond Reserve Account of the Authority (see "ACCOUNTS - General Bond Reserve Account") or by any Mortgage or security interest in any College property.

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

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which certain proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Escrow Account held by the Series Two-J Trustee or into the Construction Account, except that the amount of the initial Reserve Requirement ($1,300,120) will be deposited into the Reserve Account and accrued interest will be deposited in the Bond and Interest Sinking Fund Account. Following Bond Closing, amounts received by the Trustee from the College as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account, or the Redemption Account, as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds.

Construction Account

There shall be deposited initially into the Construction Account the balance of the proceeds received from the sale of the Bonds, exclusive of accrued interest and the initial Reserve Requirement, less the amount of the underwriter's discount and the amount of the deposit to the Escrow Account. In addition, the College will agree in the Loan Agreement to provide for payment of all Project Costs in excess of the proceeds of the Bonds available therefor and to pay out of available general funds (other than Bond proceeds) all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (par value minus original issue discount according to the reoffering scale). Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the construction, furnishing and equipping of the Project. When work on the Project has been completed and the Project Equipment has been installed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account.

Bond and Interest Sinking Fund Account; Sinking Fund Subaccount

Initially there shall be deposited into the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from earnings on other accounts established under the Indenture and from Loan Repayments made by the College. A separate Sinking Fund Subaccount will be maintained within the Bond and Interest Sinking Fund Account for the retirement of Term Bonds on each Sinking Fund redemption date. Deposits into the Sinking Fund Subaccount shall be made at least 10 Business Days prior to each March 1 on which a sinking payment is due in amounts equal to the redemption price of the principal specified for mandatory redemption. The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

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

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

Interest and income in the Reserve Account shall be transferred monthly first, to the Bond and Interest Sinking Fund Account to the extent the amount on deposit in the Bond and Interest Sinking Fund Account is less than the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, and second, to the Redemption Account any excess interest and income, and when the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund

Account or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Redemption Account

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

General Bond Reserve Account

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

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Reserve Account, the Construction Account or the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments and State housing finance agencies, rated at least A; revenue bond obligations of states and local governments rated at least AA or Aa; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, State and local governments or in repurchase agreements or reverse repurchase agreements collateralized by the foregoing obligations; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation or collateralized by certain government obligations; certain guaranteed investment contracts issued by a bank or insurance company rated at least A; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.04 of the Indenture sets forth further restrictions as to type and maturity of investments.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of eight members appointed by the Governor with the advice and consent of the Senate. The Executive Director of the Minnesota Higher Education Coordinating Board, and the President of the Minnesota Private College Council, who is a non-voting member, are also members of the Authority.

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $350 million. The Authority has had 66 issues (including refunded and retired issues) totaling $261,115,000 of which $161,189,767 (excluding the Bonds) is outstanding as of June 2, 1992. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds are being purchased by FBS Investment Services, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $15,390,500. The initial public offering prices set forth on the cover page may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices set forth on the cover page.

RATING

As noted on the cover page hereof, Standard & Poor's Corporation has given the Bonds a rating of AA-. The rating reflects only the view of such rating agency. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

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

LEGALITY

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

Certain legal matters will be passed upon for the College by Moore, Costello & Hart, St. Paul, Minnesota.

TAX EXEMPTION

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

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

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

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

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

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

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

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

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

The dollar amount of the initial offering price to the public of the Bonds with stated maturities in 2014 and 2022 (the "Discount Bonds") is less than the principal amount of Bonds of such maturity. The difference between the initial public offering price of each such Discount Bond (assuming a substantial amount of the Discount Bonds is sold at such price) and its principal amount represents original issue discount. Under existing laws, regulations, rulings and decisions, Bond Counsel is of the opinion with respect to the Discount Bonds that the amount of original issue discount constitutes tax-exempt interest to the extent that it is deemed to accrue to an owner for federal and State of Minnesota income tax purposes (other than Minnesota corporate franchise taxes measured by taxable income and the alternative minimum tax base). Original issue discount is deemed to accrue for such purposes on the basis of a constant yield to maturity taking into account semiannual compounding. The amount of original issue discount that accrues during any accrual period to a holder of a Discount Bond who acquires the Discount Bond in this offering generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes to the same extent as stated interest and will increase the holder's tax basis in such Discount Bond. Any gain realized by a holder from a sale, exchange, payment or redemption of a Discount Bond would be treated as gain from the sale or exchange of such Discount Bond.

It is possible under the applicable provisions governing state and local income taxation in states other than Minnesota that interest on Discount Bonds may be taxable in the year of accrual, and may be deemed to accrue earlier than under federal law.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

APPENDIX I

THE COLLEGE

Macalester College is a four-year, co-educational, liberal arts institution located in Saint Paul, Minnesota. The legislature of the State of Minnesota granted a charter to Macalester College in 1874 and the College opened on September 15, 1885. The College is affiliated with the Presbyterian Church (USA). Macalester College does not discriminate on the basis of age, sex, race, color, national and ethnic origin, religious preference or handicap.

Macalester College offers a variety of four year programs leading to a Bachelor of Arts degree and is accredited by the North Central Association of Colleges and Secondary Schools and the National Council for Accreditation of Teacher Education. The College is also registered with the Minnesota Higher Education Coordinating Board in accordance with Minnesota Statutes.

Governance

The College is governed by the Board of Trustees which consists of not less than 30 nor more than 33 members. Currently there are 28 elected members. The President of the College is also a full voting member of the Board of Trustees. The Board elects its own members. Board members serve three-year overlapping terms.

Mary Lee Dayton	Community Volunteer, Minneapolis, Minnesota
Richard E. Eichhorn	President & CEO, CPT Corporation Champlin, Minnesota
William W. George	President & CEO, Medtronic, Incorporated Minneapolis, Minnesota
Kenneth O. Gilmore	Editorial Consultant, Mount Kisco, New York
Paula Turner Grasso	Community Volunteer, Winnetka, Illinois
Peter A. Heegaard	Managing Principal, Norwest Capital Advisers Minneapolis, Minnesota
Timothy A. Hultquist	Managing Director, Morgan Stanley International London, England
Heinz F. Hutter	President & COO, Cargill, Incorporated Minneapolis, Minnesota
Doyle E. Larson	Chairman & CEO, Centurion Enterprises San Antonio, Texas
Mark F. Lindsay	Associate, Cohen, Milstein, Hausfeld & Toll Washington, D.C.
Margaret W. Marvin	Warroad, Minnesota
The Rev. Dr. Donald Meisel	Senior Minister, Westminster Presbyterian Church Minneapolis, Minnesota
Joan Adams Mondale	Arts Advocate, Minneapolis, Minnesota
David A. Ranheim	Partner, Dorsey & Whitney, Minneapolis, Minnesota
Sharon Sayles Belton	City Council President, Minneapolis, Minnesota
Ella C. Slade	The Music Room, Inc., Saint Paul, Minnesota
Mark A. Vander Ploeg	Director, Salomon Brothers, San Francisco, California
Mary W. Vaughan	Community Volunteer, Minneapolis, Minnesota
F. T. Weyerhaeuser	Chairman of the Board, Clearwater Management Company, Saint Paul, Minnesota
Ghulam M. Yousafzai	Managing Director, Spinzar Industries, Ltd. Peshawar, Pakistan

The President

Dr. Robert M. Gavin, Jr. was appointed President of Macalester College in 1984. He served as Provost of Haverford College, Haverford, Pennsylvania, from 1980 to 1984, and had been associated with Haverford College since 1966, serving as a member of the chemistry faculty in addition to taking on successive responsibilities as chairman of the department, director of computing and Provost.

President Gavin received a B.A. degree from St. John's University, Collegeville, Minnesota, in 1962 and a Ph.D. in physical chemistry from Iowa State University in 1966. He has had visiting academic appointments at James Frank Institute at the University of Chicago and at the University of California, Berkeley, department of chemistry.

Treasurer of the College

Paul J. Aslanian is Treasurer of the College and has been chief financial officer of Macalester College since 1975. As the College's chief financial officer, he is responsible to the President for coordinating the construction and control of the College's budget, cash management, physical plant, financial aid, non-faculty personnel, off-campus properties, and the business office. He staffs the President's Advisory Committee on Long Range Planning and Budgeting as well as the Trustee committees on audit, finance, investment and South Africa investments. Mr. Aslanian is a trustee of the Common Fund, chair of the Common Fund's Cash Management Committee, and past director of the National Association of College and University Business Officers. A Certified Public Accountant, he earned B.A. and M.B.A. degrees from the University of Washington and is a member of the faculty of the Economics Department.

Other Members of the President's Staff

Dr. Elizabeth S. Ivey, Provost
Mr. David H. Griffith, Vice President for Development
Dr. Edward A. DeCarbo, Dean of Students
Mr. William M. Shain, Dean of Admissions

Campus and Buildings

The College campus occupies approximately 45 acres in a residential neighborhood five miles west of downtown St. Paul. There are 26 buildings on the main campus. The oldest is Old Main, which was built in 1885, and the most recent is DeWitt Wallace Library, which was completed in 1988.

The College owns and maintains 11 other buildings adjacent to campus which are used for a variety of functions ranging from administrative to an international student center to language residence houses.

The following is a brief description of the College campus buildings grouped by category. The year in parenthesis indicates the year of building construction.

Academic Buildings

Athletic Facilities - The athletic facilities are comprised of three interconnected buildings: the Gymnasium (1923), the Field House (1955), and the Natatorium (1983), a six-lane 25-meter swimming pool. Additionally, the Stadium (1964) can accommodate 4,000 spectators for football, soccer and track events.

Carnegie Hall (1909) - Completely renovated in 1990, Carnegie Hall houses the departments of Anthropology, Economics, Geography, Political Science and Sociology.

Janet Wallace Fine Arts Center (1965) - The five-building Janet Wallace Fine Arts Center provides facilities for the Art Department, Humanities, Music and Theatre, with a central core building connecting the other four buildings. A two-story addition and remodeling of the Humanities wing is currently underway, financed in part from a portion of the proceeds of the Bonds.

DeWitt Wallace Library (1988) - State of the art library having a collection of approximately 450,000 books and bound periodicals. The $15 million building was paid for entirely from gifts and grants.

Old Main (1885) - The oldest building on campus will undergo renovation during 1992-93, and when completed will contain the departments of Education, History, Philosophy and Religion.

Olin Hall (1961) - One of two science buildings on campus, Olin Hall houses the departments of Chemistry, Math/Computer Science, Physics/Astronomy. Olin also includes a 262-seat lecture hall/auditorium.

Rice Hall (1970) - The departments of Biology, Geology and Psychology occupy the space in this second science building on campus, which adjoins Olin Hall.

<u>Administrative Support Buildings</u>

Kagin Dining Commons (1962) - Central dining facilities for campus student residents.

Student Union (1950) - The College campus community center that provides space for the Grille and the campus Post Office, as well as offices for Campus Programs, Career Development, Residential Life, and the student-run newspaper, radio station, and student government offices.

Weyerhaeuser Chapel (1969) - This building functions not only as a chapel, but also as a gathering place for lectures and meetings.

Weyerhaeuser Hall (1941) - Originally constructed as the library, this building was completely remodeled in 1989 to provide support facilities for the College's administration.

Winton Health Center (1952) - This building houses the health service as well as psychological counseling services.

<u>Residence Halls</u>

Bigelow Hall (1946) - 65 rooms, housing 117 students.

Dayton Hall (1956) - 61 rooms, housing 113 residents.

Doty Hall (1962) - 87 rooms, housing 152 students.

Dupre Hall (1962) - 192 rooms, housing 271 students.

Kirk Hall (1926) - 97 rooms, housing 154 students.

Stadium (1964) - In addition to its athletic role, there are 11 student rooms which house 21 residents.

Turck Hall (1956) - 72 rooms, housing 139 students.

Wallace Hall (1906) - 69 rooms, for 145 students.

37 Macalester - Small apartment building adjacent to campus, which was remodeled in 1986 to house 26 students.

Language Houses - Four houses near campus for language programs, housing 31 students.

Academic Information

Macalester College follows the four-one-four academic calendar of two 14-week terms during the academic year, separated by a one-month interim term in January. The normal student course load is considered to be four courses for credit during each of the fall and spring terms and one course or project during the interim term. The Bachelor of Arts degree is awarded in 35 departmental and interdepartmental programs. Programs leading to licensure for pre-kindergarten, kindergarten, elementary and secondary teaching are offered by the education department in cooperation with other departments of the College.

Macalester expects its applicants to have completed a secondary school curriculum consisting of: four years of English; three years of history or social science; three years of mathematics; three years of laboratory science; three years of a foreign language; and to have taken honors or advanced courses available to them. The College uses no minimum grade point average as a threshold for admission; freshmen candidates are required to take either the SAT test of the College Entrance Examination Board or the ACT test of the American College Testing program.

Student Body

The actual and estimated full-time equivalent (FTE) enrollment by program is:

		Total FTE	Total Head Count
Actual:	1985	1,613	1,703
	1986	1,679	1,768
	1987	1,744	1,827
	1988	1,760	1,847
	1989	1,780	1,855
	1990	1,780	1,853
	1991	1,776	1,858
Estimated:*	1992	1,775	
	1993	1,775	
	1994	1,775	
	1995	1,775	
	1996	1,775	

* *Estimates are those of the College management and are based on a policy of the Board of Trustees, recently reaffirmed, to hold total enrollment at or below the current level, which is essentially the capacity of the College campus. However, events and circumstances frequently do not occur as expected, and actual enrollment levels may vary materially from those estimated.*

Geographical Distribution, Fall Term 1991

Place of Origin	Number of Students
Minnesota	500
Wisconsin	125
New York	91
Illinois	89
Massachusetts	84
California	54
Iowa	54
Ohio	43
Washington	40
Michigan	37
Other States	567
Foreign Countries	174
Total	1,858

Undergraduate Student Retention

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

Fall Semester	New Freshmen	Percent of Students Returning			Percent of Graduates	
		2nd Year	3rd Year	4th Year	4 Years	By 5th Year
1983	388	87%	72%	70%	51%	70%
1984	400	86	77	75	57	71
1985	402	87	79	75	53	70
1986	452	91	81	77	61	73
1987	442	89	80	77	61	
1988	435	91	83	82		
1989	424	90	82			
1990	431	93				

Freshmen Applications, Admissions and Enrollments

Fall Semester	# Applications Received	# of Offers of Admission	Percent Admitted	Freshmen Enrolled	Percent of Admitted Enrolled	Mean Composite SAT Scores
1987	2,196	1,112	51%	442	40%	1,218
1988	2,458	1,251	50	435	35	1,218
1989	2,314	1,299	56	424	33	1,225
1990	2,331	1,312	56	431	33	1,220
1991	2,360	1,361	58	403	30	1,230
1992	2,749	1,453				

Tuition, Fees, Room and Board

The College meets the cost of educational programs primarily through tuition and fees. The following table lists the schedule of fees charged full-time undergraduate students from the academic years 1987-88 through 1992-93.

	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
Tuition and Fees*	$ 9,736	$10,508	$11,542	$12,471	$13,331	$14,125
Room	1,580	1,706	1,820	1,930	2,064	2,188
Full Board	1,470	1,586	1,680	1,784	1,906	2,020
Total	$12,786	$13,800	$15,042	$16,185	$17,301	$18,333

* *Certain other fees may be charged depending on activity or course of study.*

1991-92 Undergraduate Tuition, Fees, Room and Board Comparison

The following table compares the College's charges for tuition, fees, room and board to selected private four-year colleges. The colleges are listed in order of total cost.

	Tuition & Fees	Room & Board	Total
Swarthmore College	$16,633	$5,520	$22,153
Williams College	16,785	5,210	21,995
Bowdoin College	16,380	5,590	21,970
Wellesley College	16,281	5,657	21,938
Smith College	15,777	6,100	21,877
Wesleyan College (Connecticut)	16,830	4,990	21,820
Amherst College	16,955	4,600	21,555
Haverford College	16,150	5,400	21,550
Reed College	16,700	4,640	21,340
Pomona College	14,930	6,150	21,080
Occidental College	14,784	5,217	20,001
Carleton College	16,296	3,324	19,620
Lawrence College	14,685	3,363	18,048
Grinnell College	13,742	3,868	17,610
Colorado College	13,778	3,530	17,308
Macalester College	**13,331**	**3,970**	**17,301**
St. Olaf College	12,080	3,345	15,425

Faculty and Staff

The teaching student-faculty ratio for 1991-92 is 12 to 1. There are no religious or denominational prerequisites or any participatory religious requirements for faculty membership. The College subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

The College employs 125 full-time and 66 part-time teaching faculty. The total faculty payroll for Fiscal Year 1991-92 was approximately $7,300,000 plus benefits.

Salaries of Full-Time Instructional Faculty

Academic Rank	Number of Faculty	Average Total Compensation*
Professor	52	$74,233
Associate Professor	32	57,539
Assistant Professor	36	41,910
Instructor	5	37,476

* *Includes salary, life and health insurance, pension, long-term disability, unemployment insurance and workers compensation insurance.*

Of the full-time faculty, 114 hold Ph.D's or the highest degree in their field. Approximately 62% are tenured.

Collective Bargaining Units

The International Union of Operating Engineers, Local 70, AFL-CIO, St. Paul, Minnesota represents employees in two collective bargaining agreements at the College. The maintenance unit, composed of 44 employees, represents custodians, groundspersons, and skilled crafts positions. The engineer unit, composed of eight employees, represents maintenance and operating engineers. The two current agreements both expire on August 31, 1993. These are the only two bargaining units at the College.

Pension Plans

The College provides pension benefits to substantially all employees. Certain academic and non-academic personnel are covered under a contributory plan. A plan covering union employees is funded by deposits with trustees based on a fixed rate of contribution per hour worked. The College has no liability for these pension plans once deposits are made to the administrators. The College has an unfunded pension plan which supplements retirement benefits of certain professional and staff employees not fully covered by other plans. The unfunded liability under the supplemental plan at May 31, 1991 was approximately $145,000.

Total pension expense for the year ended May 31, 1991 was $736,463 including $31,103 paid under the unfunded supplemental plan.

Financial Aid

Approximately 72% of the current student body receives some form of financial aid. The average total financial aid to Macalester students, which includes Macalester awards and State and federal aids, has remained relatively constant as a percent of total costs over the past five years, ranging between 49% and 54%. No assurance can be given that federal and State student financial aid will continue to be funded at current levels. Following is a five-year history of financial aid awarded to students of the College. This table does not include non-need based aid such as SELF and PLUS loans.

	1987-88	1988-89	1989-90	1990-91	Estimated 1991-92
Grants	$4,515,000	$4,901,000	$5,491,500	$6,311,000	$ 7,165,000
Loans	1,526,000	1,742,000	1,859,000	1,977,000	2,021,000
Work-Study	1,016,000	1,141,000	1,096,000	1,149,000	1,342,000
Total	$7,057,000	$7,784,000	$8,446,500	$9,437,000	$10,528,000
Percent of Full-Time Students Receiving Aid	75%	75%	72%	72%	72%
Average Award Per Recipient	$5,514	$6,006	$6,779	$7,538	$8,443

The DeWitt Wallace Fund for Macalester College

The DeWitt Wallace Fund for Macalester College ("the Wallace Fund") is a New York nonprofit corporation which was formed in 1981 as a tax-exempt supporting organization under Section 509(a)(3) of the Internal Revenue Code exclusively for the purpose of supporting the College. It was funded with gifts of stock of The Reader's Digest Association, Inc. ("Reader's Digest"). In furtherance of its purpose, the Wallace Fund may expend its assets and income in support of or to benefit the College or make distributions of assets and income to the College to support College programs and activities. The Wallace Fund is governed by a board consisting of six directors, two of whom are required to be the President of the College and the Chair or a past Chair of the College's Board of Trustees. Currently, the governing board of the Wallace Fund consists of the President of the College, three past Chairs of the College's Board of Trustees, one of whom continues to serve as a Trustee of the College and chairs the College's Investment Committee, and two directors of Reader's Digest.

As of May 31, 1991, the market value of the net assets of the Wallace Fund totaled $319,809,782 (see Note 2 to the Financial Statements of the College included in Appendix V of this Official Statement). As of December 31, 1991, the market value of the net assets of the Wallace Fund was approximately $402 million.

During fiscal years 1982 through 1989, the College received the dividends from the Reader's Digest stock held by the Wallace Fund. In February 1990, the stock of Reader's Digest began being publicly traded, thus establishing a market and a market value for the Wallace Fund assets. Beginning with the fiscal year of the College ended May 31, 1990, the assets of the Wallace Fund were reported on the College's balance sheet, although legal title to the assets remains with the Wallace Fund and the assets also appear on the balance sheet of the Wallace Fund. As of December 31, 1991, approximately 28% in principal amount of the Wallace Fund assets were held in diversified investments managed by the College, with the remainder of the assets invested in Reader's Digest stock.

The College's 1992-93 budget includes $11,400,000 in anticipated distributions from the Wallace Fund. Distributions for fiscal year 1991-92 totaled $8,875,000. The President of the College has regularly requested, and the governing board of the Wallace Fund has routinely agreed to, restrictions on the annual distribution which require that the distribution be used for such purposes as student aid, operations, faculty salaries, recruiting expenses, capital improvements and other purposes which relieve the College of the need to expend its unrestricted funds for those purposes. As a result, unrestricted funds of the College which would otherwise be required for such purposes are freed up for other purposes, including the payment of indebtedness. Because of the makeup of the governing board of the Wallace Fund, and because the Wallace Fund exists exclusively for the support of the College, the

College expects that distributions will continue in the future to be made to the College in a similar manner. It is possible, however, that the governing board of the Wallace Fund could make expenditures in support of or to benefit the College, or make distributions to the College, for purposes which do not result in freeing up unrestricted funds of the College.

Endowment and Similar Funds

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

Year Ended May 31	Wallace Fund	Endowment	Quasi-Endowment	Annuity and Life Income
1987	--	$39,977,678	$ 7,525,762	$3,679,267
1988	--	40,951,411	8,006,315	3,916,844
1989	--	42,623,335	8,538,570	4,011,654
1990	$251,784,608	47,883,598	10,611,321	4,102,313
1991	251,784,608	57,599,717	14,370,048	4,998,173

According to a survey conducted by the National Association of College and University Business Officers (NACUBO), the College ranked 30th among 395 higher education institutions and foundations reporting on the total market value of total endowment assets at the end of Fiscal Year 1991 and is the highest ranked in that list of any independent liberal arts college.

Market Value of Endowment Assets

Following is the combined market value of the College's endowment assets (including the Wallace Fund assets for Fiscal Years 1990 and 1991 and excluding annuities and life income) as of May 31 for the past five fiscal years. (See page V-10.)

Fiscal Year	Endowment Market Value
1991	$394,618,267
1990	320,126,685
1989	59,473,271
1988	52,001,214
1987	53,682,492

Gifts and Grants

Gifts and grants revenues, exclusive of distributions from the Wallace Fund, received by fund for the past five years as reported in the annual financial statements of the College have been:

Year Ended	Current Funds		Loan	Endowment	Deferred	Plant
May 31	Unrestricted	Restricted	Funds	Funds	Gift Funds	Funds
1987	$1,296,136	$ 777,048	$236	$ 393,170	$ 223,051	$1,765,118
1988	2,581,212	796,037	-	324,388	5,000	2,896,857
1989	2,378,418	1,788,657	300	418,485	121,409	880,912
1990	2,201,282	1,039,852		478,598	90,571	422,069
1991	2,186,969	1,239,971		2,623,477	1,232,121	799,598

Financial Statements

The College's fiscal year ends on May 31 of each year. Financial records are maintained on the fund accounting system and financial statements have been prepared on the accrual basis of accounting. Appendix V sets forth the financial statements of the College for the year ended May 31, 1991, which statements have been examined by KPMG Peat Marwick. KPMG Peat Marwick expresses no opinion on the contents this Official Statement.

Budget Stabilization

Since 1985, the College has maintained a designated fund balance of $1,203,813 within the Unrestricted Current Fund as an income stabilization fund for the purpose of providing a budget balancing reserve for future years. The College intends to continue such a practice.

Summaries of Current Funds Revenues, Expenditures and Other Changes

The following three tables set forth summaries of revenues, expenditures and other changes for the College's Unrestricted Current Fund, and the total Unrestricted and Restricted Current Funds for the past five Fiscal Years each from the College's audited financial statements and actual revenues and expenditures for the Current Funds for the Fiscal Year 1991/92 through April 30, 1992 and estimated revenues and expenditures for the balance of such Fiscal Year. These tables should be read in conjunction with the financial statements found in Appendix V.

MACALESTER COLLEGE
SUMMARY STATEMENT OF UNRESTRICTED CURRENT FUND
REVENUES, EXPENDITURES AND OTHER CHANGES

For the Years Ended May 31,

	1987	1988	1989	1990	1991
REVENUES:					
Tuition and fees	$14,760,799	$16,888,773	$18,444,855	$20,616,943	$22,189,320
Private Gifts, Grants and Contracts	1,296,136	2,581,212	2,378,418	2,201,282	2,186,969
Endowment Income	607,625	649,079	684,736	619,228	661,004
Investment Income	402,181	409,114	500,538	538,446	450,144
Realized Net Gains (Losses) on Investments	357,879	2,315	(10,091)	(2,493)	(4,196)
Sales and Services of Aux. Enterprises	3,347,302	3,569,581	3,854,876	4,151,462	4,720,360
Other Sources	456,065	211,472	199,681	167,428	104,965
Matured Annuity	8,381	3,773	54,936	38,319	25,398
Total Revenue	21,236,368	24,315,319	26,107,949	28,330,615	30,333,964
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and General					
Instruction	6,305,874	6,969,573	7,554,557	8,288,068	9,353,374
Research	189	–	–	–	–
Public Service	100,689	131,614	145,932	175,235	164,769
Academic Support	937,322	1,207,254	1,474,568	1,710,319	1,599,023
Student Services	2,585,015	2,654,230	2,995,071	3,143,301	3,434,460
Institutional Support	2,638,666	3,250,081	3,483,692	3,495,741	3,848,974
Operation and Maintenance	1,617,041	1,900,589	2,026,269	2,183,136	2,146,304
Student Aid, Scholarships and Prizes	1,722,756	1,356,474	2,169,718	1,861,757	1,960,400
Educational and General Expenditures	15,907,552	17,469,815	19,849,807	20,857,557	22,507,304
Mandatory Transfers for:					
Endowment	200,000	–	–	150,000	40,251
Prior Year Gift Redesignation		–	–	(14,532)	–
Principal and Interest	588,138	719,309	717,685	717,686	453,688
Total Educational and General	16,695,690	18,189,124	20,567,492	21,710,711	23,001,243
Auxiliary Enterprises					
Expenditures	2,776,988	2,927,294	3,096,836	3,378,182	3,802,929
Mandatory Transfers for					
Principal and Interest	240,066	237,764	235,934	243,209	207,120
Renewals and Replacements	38,802	38,802	38,802	38,802	38,802
Total Auxiliary Enterprises	3,055,856	3,203,860	3,371,572	3,660,193	4,048,851
Total Expenditures and Mandatory Transfers	19,751,546	21,392,984	23,939,064	25,370,904	27,050,094
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):					
Transfers to Plant Fund	(1,452,426)	(2,634,086)	(2,209,390)	(2,171,672)	(2,242,226)
Transfers To Quasi-Endowment Funds	(18,442)	(14,763)	(14,911)	(1,017,203)	(1,062,005)
NET INCREASE (DECREASE) IN FUND BALANCE	13,954	273,486	(55,416)	(229,164)	(20,361)
FUND BALANCE–BEGINNING OF YEAR	1,241,232	1,255,186	1,528,672	1,473,256	1,244,092
FUND BALANCE–END OF YEAR	$1,255,186	$1,528,672	$1,473,256	$1,244,092	$1,223,731

Source: Audited financial statements of the College

MACALESTER COLLEGE
SUMMARY STATEMENT OF UNRESTRICTED AND RESTRICTED CURRENT FUNDS
REVENUES, EXPENDITURES AND OTHER CHANGES

For the Years Ended May 31,

	1987	1988	1989	1990	1991
REVENUES:					
Tuition and fees	$14,770,699	$16,922,652	$18,444,855	$20,631,674	$22,207,571
Federal Grants and Contracts	967,470	1,023,600	1,230,546	1,342,703	1,236,413
State Grants and Contracts	41,675	37,518	43,040	79,905	82,075
Private Gifts, Grants and Contracts	1,907,660	3,275,295	3,425,383	3,388,183	3,521,491
Endowment Income	3,862,413	5,021,413	4,894,525	5,732,220	7,134,993
Investment Income	446,110	464,539	626,253	656,725	521,666
Realized Net Gains (Losses) on Investments	357,879	2,315	(10,091)	(2,493)	(4,196)
Sales and Services of Aux. Enterprises	3,356,172	3,578,376	3,864,437	4,158,874	4,727,279
Matured Life Income	8,381	3,773	54,936	38,319	25,398
Other Sources	546,976	311,780	283,601	277,900	211,525
Total Revenue	26,265,435	30,641,261	32,857,485	36,304,010	39,664,215
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and General					
Instruction	7,482,815	8,573,716	9,692,677	10,608,009	11,828,541
Research	164,181	166,864	320,097	506,326	379,003
Public Service	146,906	233,275	204,846	223,009	251,876
Academic Support	1,309,256	1,478,415	1,841,295	1,975,227	2,077,964
Student Services	2,907,734	3,126,636	3,435,503	3,687,644	4,231,481
Institutional Support	2,772,319	3,414,689	3,634,636	3,666,667	4,032,545
Operation and Maintenance	1,652,290	1,900,589	2,043,804	2,231,594	2,241,122
Student Aid, Scholarships and Prizes	4,439,169	4,869,242	5,323,630	5,902,595	6,661,350
Educational and General Expenditures	20,874,670	23,763,426	26,496,488	28,801,071	31,703,882
Mandatory Transfers for:					
Endowment	224,961	15,618	57,280	153,874	62,510
Prinicpal and Interest	588,138	719,309	717,685	717,686	453,688
Total Educational and General	21,687,769	24,498,353	27,271,453	29,672,631	32,220,080
Auxiliary Enterprises					
Expenditures	2,813,976	2,944,007	3,142,411	3,389,657	3,914,343
Mandatory Tranfers for					
Principal and Interest	240,066	237,764	235,934	243,209	207,120
Renewals and Replacements	38,802	38,802	38,802	38,802	38,802
Total Auxiliary Enterprises	3,092,844	3,220,573	3,417,147	3,671,668	4,160,265
Total Expenditures and Mandatory Transfers	24,780,613	27,718,926	30,688,600	33,344,299	36,380,345
OTHER TRANSFERS AND ADDITIONS (DEDUCTIONS):					
Excess of Restricted Additions					
Over Expenditures	883,964	53,276	1,406,935	793,604	2,229,044
Transfers to Plant Fund	(1,458,226)	(2,640,886)	(2,216,971)	(2,171,672)	(2,242,226)
Transfers To Quasi-Endowment Funds	(561,742)	(480,553)	(532,255)	(1,620,669)	(3,336,419)
NET INCREASE (DECREASE) IN FUND BALANCES	348,818	(145,828)	826,594	(39,026)	(65,731)
FUND BALANCES-BEGINNING OF YEAR	3,656,000	4,004,818	3,858,990	4,685,584	4,646,558
FUND BALANCES-END OF YEAR	$4,004,818	$3,858,990	$4,685,584	$4,646,558	$4,580,827

Source: Audited financial statements of the College

MACALESTER COLLEGE
CURRENT FUNDS
COMPARATIVE STATEMENT OF INCOME AND EXPENDITURES
FOR THE 11 MONTHS ENDED APRIL 30, 1992
(UNAUDITED)

	BUDGET 1991–92	ACTUAL 4–30–92	ANTICIPATED 5–31–92
INCOME			
Tuition Income	$23,764,464	$23,556,173	$23,547,000
Endowment Income	6,824,471	5,960,891	7,177,762
Government Grants	555,000	600,163	601,000
Gifts and Grants	1,675,000	1,112,011	1,400,000
Indirect Exp. Credits	115,000	34,691	115,000
Organized Activity	43,000	23,291	32,000
Other Income	439,000	412,125	561,500
Auxiliary Enterprises	4,598,876	4,499,250	4,529,000
TOTAL OPERATING INCOME	38,014,811	36,198,595	37,963,262
EXPENDITURES			
Instructional	11,337,051	9,879,563	10,960,051
Public Service	232,905	209,161	232,905
Academic Support	2,135,874	1,847,715	2,160,874
Student Services	4,143,713	3,672,078	4,168,713
Institutional Support	4,619,041	4,253,807	4,559,041
Physical Plant	2,875,929	2,365,882	2,795,929
Staff Benefits	782,234	522,088	777,648
Financial Aid	6,900,122	7,230,514	7,265,000
Auxiliary Enterprises	3,865,699	3,233,289	3,862,703
	36,892,568	33,214,097	36,782,864
Repair, Equipment and Maintenance	1,122,243	665,554	1,072,242
TOTAL OPERATING EXPENDITURES	38,014,811	33,879,651	37,855,106
OPERATING NET	$0	$2,318,944	$108,156

Source: Macalester College

Long-Term Debt of the College

As of May 31, 1992, the College's total long-term debt outstanding, adjusted to include the Series Three-J Bonds, but excluding the Series Two-J Bonds to be refunded is $17,659,167.22.

1. $800,000 Macalester College Dormitory Bonds of 1956 at 2-3/4%; purchased by U.S. Department of Housing and Urban Development; final maturity due November 1, 1996; $149,000 is outstanding. The bonds are secured by mortgage liens on and a security interest in the revenues of four residence halls.

2. $2,850,000 Macalester College Dormitory Bonds of 1962 at 3-3/8%; purchased by U.S. Department of Housing and Urban Development; final maturity due May 1, 2002; $1,130,000 is outstanding. The bonds are secured by mortgage liens on and a security interest in revenues of three residence halls and the dining room facilities; the College is required to annually transfer $30,000 to a repair and replacement reserve.

3. Two College Housing Program loans purchased by the U.S. Department of Housing and Urban Development. The first of such loans, obtained in 1979, was in the original principal amount of $198,200 and is secured by a pledge of the gross revenues of Macalester College Stadium (the "Stadium") and a mortgage on the Stadium, the furniture, furnishings and equipment therein and a portion of the track and field facilities to be included in the Project. The second of such loans, obtained in August of 1980, was in the original principal amount of $682,000 and is secured by a second mortgage on the same mortgaged property and a pledge of the first $36,879.15 of revenues derived from annual student tuition. The principal balance outstanding at May 31, 1992 under both loans is $710,167.22. Both loans bear interest at 3% annum, and the aggregate annual debt service for both loans is $38,044.00.

4. $5,075,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-J (Macalester College), dated December 1, 1985, at 7.45% average interest rate; final maturity due March 1, 2006. The outstanding principal of $4,875,000 is being refunded with a portion of the proceeds of the Series Three-J Bonds and will be called for redemption on September 1, 1992.

5. The Series Three-J Bonds.

Annual Debt Service By Fiscal Year and Coverage Statement

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

This table is intended merely to show the relationship of historic annual revenues of the College available for the payment of debt service to a proforma statement of combined annual debt service of the College after giving effect to the issuance of the Bonds and after retirement of the Series Two-J Bonds based on an assumed interest rate and amortization schedule with respect thereto. It is not intended and should not be considered a projection of future revenues, expenses, debt service or debt service coverage of the College. There is no assurance that the future revenues, expenses, debt service and debt service coverage of the College or the respective relationships thereof will correspond to the revenues, expenses and debt service or the respective relationships thereof shown by or reflected in the following table.

ANNUAL DEBT SERVICE BY FISCAL YEAR AND COVERAGE STATEMENT

FISCAL YEAR ENDING	DEBT SERVICE ON THE BONDS	EXISTING LONG TERM DEBT SERVICE(a)	COMBINED LONG TERM DEBT SERVICE	UCF AMOUNT AVAILABLE FOR DEBT SERVICE(b)	COVERAGE (times)
31-May-92	$0	$713,779	$713,779	$3,944,678	5.53
31-May-93	735,846	210,115	945,961	3,944,678	4.17
31-May-94	981,128	206,900	1,188,028	3,944,678	3.32
31-May-95	981,128	203,660	1,184,788	3,944,678	3.33
31-May-96	981,128	209,404	1,190,532	3,944,678	3.31
31-May-97	1,166,128	172,344	1,338,472	3,944,678	2.95
31-May-98	1,166,693	168,632	1,335,325	3,944,678	2.95
31-May-99	1,156,455	174,920	1,331,375	3,944,678	2.96
31-May-2000	1,160,925	170,870	1,331,795	3,944,678	2.96
31-May-2001	1,154,165	176,820	1,330,985	3,944,678	2.96
31-May-2002	1,161,910	172,432	1,334,342	3,944,678	2.96
31-May-2003	1,293,280	38,044	1,331,324	3,944,678	2.96
31-May-2004	1,295,860	38,044	1,333,904	3,944,678	2.96
31-May-2005	1,296,560	38,044	1,334,604	3,944,678	2.96
31-May-2006	1,295,330	38,044	1,333,374	3,944,678	2.96
31-May-2007	1,297,120	38,044	1,335,164	3,944,678	2.95
31-May-2008	1,296,565	38,044	1,334,609	3,944,678	2.96
31-May-2009	1,294,120	38,044	1,332,164	3,944,678	2.96
31-May-2010	1,294,785	38,044	1,332,829	3,944,678	2.96
31-May-2011	1,293,245	38,044	1,331,289	3,944,678	2.96
31-May-2012	1,299,500	38,044	1,337,544	3,944,678	2.95
31-May-2013	1,297,920	38,044	1,335,964	3,944,678	2.95
31-May-2014	1,293,820	38,044	1,331,864	3,944,678	2.96
31-May-2015	1,297,200	38,044	1,335,244	3,944,678	2.95
31-May-2016	1,296,640	38,044	1,334,684	3,944,678	2.96
31-May-2017	1,292,880	38,044	1,330,924	3,944,678	2.96
31-May-2018	1,295,920	38,044	1,333,964	3,944,678	2.96
31-May-2019	1,300,120	38,044	1,338,164	3,944,678	2.95
31-May-2020	1,295,160	38,044	1,333,204	3,944,678	2.96
31-May-2021	1,296,360	0	1,296,360	3,944,678	3.04
31-May-2022	1,298,080	0	1,298,080	3,944,678	3.04
Totals	$36,565,968	$3,264,668	$39,830,636		

(a) Excludes Series Two-J Bonds refinanced with proceeds of the Bonds.

(b) Amount available for Debt Service (Unrestricted Current Fund), based on fiscal year 1990-91 audited financial report of the College:

Unrestricted Current Fund ("UCF") Revenues:	$30,333,964
Less UCF Expenditures & Mandatory Transfers:	27,050,094
Excess of UCF Revenues over UCF Expenditures and Mandatory Transfers:	$3,283,870
Add: Mandatory Transfers for Debt Service:	660,808
Amount Available for Debt Service:	$3,944,678

PROPOSED FORM OF LEGAL OPINION

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

$15,670,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Three-J
(Macalester College)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue Bonds, Series Three-J (Macalester College), in the aggregate principal amount of $15,670,000 (the "Bonds"), dated June 1, 1992, in the denomination of $5,000 each and integral multiples thereof, maturing on March 1 in the years and amounts and bearing interest at the basic rates per annum as follows:

March 1 of the Year	Amount	Basic Interest Rate	March 1 of the Year	Amount	Basic Interest Rate
1997	$185,000	5.10%	2004	$405,000	6.00%
1998	195,000	5.25%	2005	430,000	6.10%
1999	195,000	5.40%	2006	455,000	6.20%
2000	210,000	5.60%	2007	485,000	6.30%
2001	215,000	5.70%	2014	4,355,000	6.30%
2002	235,000	5.80%	2022	7,925,000	6.40%
2003	380,000	5.90%			

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds. The Bonds due in the years 2014 and 2022 shall be redeemed through operation of the mandatory Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account provided for in the Indenture, as defined below. Interest on the Bonds is payable on each March 1 and September 1, commencing March 1, 1993. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the principal corporate trust office of First Trust National Association, in St. Paul, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to Macalester College, a Minnesota nonprofit corporation and institution of higher education having its main campus in the City of St. Paul, Minnesota (the "College"), in order to finance the costs of refunding certain outstanding revenue bonds and a project consisting of the improving, furnishing and equipping of buildings and track and field facilities on the campus of the College, with appurtenant site improvements, and acquisition and installation of equipment (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College, the Trust Indenture (the "Indenture") between the Authority and the Trustee, all dated as of June 1, 1992, the opinion of Moore, Costello & Hart, as counsel to the College, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Moore, Costello & Hart, as to the Loan Agreement having been duly authorized and executed and being binding upon the College, as to the corporate organization, good standing and powers of the College, and their opinion as to title to the Campus Site (as defined in the Loan Agreement and Indenture) without examining the records of the College or original title records or abstracts of title.

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

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

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

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

3. The Bonds are secured by the assignment of the loan repayments payable by the College under the Loan Agreement, to the Trustee in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, by the pledge of the funds and investments held by the Trustee under the Indenture.

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

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

Dated at Minneapolis, Minnesota, ________________, 1992.

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APPENDIX III

DEFINITION OF CERTAIN TERMS

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

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

Authority: The Minnesota Higher Education Facilities Authority.

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

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

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

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

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

Bonds: Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-J (Macalester College) and any Additional Bonds then outstanding.

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

Bond Resolution: The Series Resolution of the Authority adopted on June 17, 1992, authorizing the Series Three-J Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

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

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

Campus Site: The real property constituting the main campus of the College in St. Paul, Minnesota, as described in Exhibit D to the Loan Agreement.

College or Institution: Macalester College, a Minnesota nonprofit corporation and institution of higher education, its successors and assigns.

Construction Account: The account established under the Indenture for the deposit of certain Bond proceeds and other funds to be used for the payment of Project Costs.

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

Escrow Account: The account established under the Escrow Agreement for the refunding of the Series Two-J Bonds.

Escrow Agreement: The Escrow Agreement dated as of the Issue Date among the Series Two-J Trustee, the Trustee, the Authority and the College.

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

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

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

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

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

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

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

Issue: The Bonds.

Issue Date: The date on which the Series Three-J Bonds are delivered to the original purchasers thereof upon original issuance.

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

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

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

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

Project: The Project consists of (a) the remodeling, furnishing and equipping of the Humanities wing of the Fine Arts Center and the construction of a two floor addition thereto for housing computer and audio visual facilities, (b) the renovation, furnishing and equipping of Old Main, an office and classroom facility, (c) the acquisition and installation of a telecommunications network for voice data and video, including a new telephone switch, (d) the acquisition and installation of a keyless identification system, and (e) renovation and improvement of a track and field facilities; all including appurtenant site improvements, all to be owned and operated by the College and located on the main campus of the College in St. Paul, Minnesota.

Project Buildings: The Gymnasium, the Student Union, the Natatorium, the Humanities Wing of the Fine Arts Center, Old Main, and any other building constructed or improved with proceeds of the Series Two-J Bonds or the Bonds.

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

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Series Two-J Bonds or the Bonds, including investment earnings, and installed and located in or as part of the Project Buildings or elsewhere as part of the Series Two-J Project or the Project.

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

Project Site: The land on which the Project Buildings are to be located or otherwise to be improved as part of the Project and the site of the track and field facilities to be renovated and improved as part of the Project, described in the Loan Agreement.

Redemption Account: The Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the required reserve in the Reserve Account, and (iii) to redeem or prepay outstanding Bonds or to purchase outstanding Bonds for redemption and cancellation. Moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

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

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

Reserve Requirement: (i) If no Additional Bonds are outstanding, the lesser of $1,300,120, (the initial deposit on the Issue Date), the maximum principal of and interest on the Series Three-J Bonds payable in any remaining Bond Year or 10% of the proceeds (par value less any original issue discount according to the reoffering scale) received on the Issue Date or (ii) if Additional bonds are outstanding, the sum of (A) the amount set forth in subsection (i) plus (B) the lesser of the maximum amount principal of and interest on Additional Bonds payable in any Bond Year or 10% of the proceeds (par value less any original issue discount according to the reoffering scale) received from the issuance and sale of the Additional Bonds.

Series Three-J Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-J (Macalester College).

Series Two-J Bonds: The Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-J (Macalester College) dated December 1, 1985 in the original principal amount of $5,075,000.

Series Two-J Project: The renovation, furnishing and equipping of gymnasium facilities (including the addition of handball courts) and the student union and the acquisition, construction, furnishing and equipping of a natatorium, all located on the main campus of the College in St. Paul, Minnesota.

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

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

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

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The College represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than June 30, 1994 subject only to "force majeure," as provided in the Loan Agreement, provided that the College may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the College, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax-exempt status of interest on the Bonds. The College agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account.

Loan Repayments

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

(a) at least 10 Business Days prior to each March 1 and September 1, commencing March 1, 1993, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest, or as principal and interest, on the Series Three-J Bonds on the next succeeding interest payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

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

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

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

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

(f) at least 10 Business Days prior to each March 1, commencing March 1, 2008, into the Sinking Fund Subaccount of the Bond and Interest Sinking Fund, a sum which will be equal to the amount, if any, as shall be necessary and sufficient to redeem on the next succeeding March 1, at par plus accrued interest, the amount of the Series Three-J Bonds specified in Section 5.01 of the Indenture.

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

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

Use of Project Facilities

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

Maintenance of Project Facilities

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

Title to Property and Liens

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

Taxes and Other Governmental Charges

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

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

Insurance

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

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

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

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

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

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

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $100,000, the College will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss resulting from such damage or destruction exceeds $100,000, the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement.

If the Bonds are redeemed in part, the available Net Proceeds (or, if less, the pro rata portion as more fully set forth in Section 5.08(c) of the Loan Agreement) in respect of any Project Building or Project Equipment which the College elects not to repair, rebuild or restore shall be used for redemption or purchase of outstanding Bonds.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to one or more of the Project Buildings or other College building containing any portion of the Project Equipment, and site thereof or the site of the track and field facilities to be renovated and improved as part of the Project, shall be taken in any proceeding involving the exercise of the right of eminent domain, the College shall either redeem the Bonds in whole or in part or rebuild or restore such facilities, as more fully provided in the Loan Agreement.

Removal or Release of Project Equipment and Building Equipment

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

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

(b) the College may release any equipment from the definition of Project Equipment (with or without the physical removal thereof) without substitution therefor, provided that the College pays a sum equal to the then value of such Project Equipment as determined by an Independent Engineer selected by the College, to the Trustee for deposit in the Redemption Fund for the redemption and prepayment of the Three-J Bonds; provided that if the depreciated book value of any item of equipment so removed was less than $25,000, such removal without substitution and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an Independent Engineer upon such showing by the College as may be satisfactory to the Trustee; and

(c) the College may remove any Building Equipment without substitution therefor provided that such removal will not materially impair the character or revenue producing significance of the Project Facilities.

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

Indemnification

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

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

Existence and Accreditation of College and Institution

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

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

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

College To Be Nonsectarian

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

Federal Income Tax Status

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

Determination of Taxability

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

Other Covenants

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

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

Events of Default

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

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

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

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

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

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

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

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

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

Remedies on Default

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

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

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

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

Amendments

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

THE INDENTURE

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

Granting Clauses

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

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

(b) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be established and maintained under Article V of the Indenture, (ii) moneys and investments in the Construction Account (but not the Escrow Account) not paid out for Project Costs, and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto and all proceeds and products of and accessions to any thereof; and

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

Accounts

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

Additional Bonds

Provided certain conditions more fully described in the Indenture have been met, the Authority may in its discretion and with the consent of the College issue Additional Bonds, to be secured on a parity with the Series Three-J Bonds, (i) to provide funds to complete the Project, or (ii) to refund all or any series or portion of series of the then outstanding Bonds, or (iii) to provide funds for improvements to or alterations, repairs or replacement of the Project Facilities or (iv) for another project or projects, as defined in and authorized by the Act.

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

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

Remedies

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

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

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

Concerning the Trustee

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

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the College shall:

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

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

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

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

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

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

Supplemental Indentures

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

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

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

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

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

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

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

Amendments to the Loan Agreement

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

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

Registration

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

MACALESTER COLLEGE

Financial Statements

May 31, 1991

KPMG Peat Marwick

Certified Public Accountants

4200 Norwest Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Board of Trustees
Macalester College:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Macalester College at May 31, 1991, and the changes in fund balances and the current funds revenues, expenditures and other changes for the year then ended in conformity with generally accepted accounting principles.

As discussed in note 1 to the financial statements, the College adopted the provisions of Statement of Financial Accounting Standards No. 93, Recognition of Depreciation by Not-for-Profit Organizations, which requires the recording of depreciation of long lived tangible assets.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

KPMG Peat Marwick

August 9, 1991

MACALESTER COLLEGE

Balance Sheet
May 31, 1991
with comparative figures at May 31, 1990

Assets		1991	1990
Current funds:			
Cash and cash equivalents	$	385,802	-
Investments (approximately 85% money market fund & 15% stocks & bonds), at cost which approximates market		8,129,687	6,788,604
Matching gift receivable		1,000,000	-
Notes and accounts receivable, net of allowance for doubtful receivables of $144,133 ($132,610 in 1990)		1,546,785	1,497,695
Accrued investment income		1,393,223	581,051
Prepaid expenses		132,657	122,290
Due from plant fund		1,830,864	1,966,864
Total current funds	$	14,419,018	10,956,504
Loan funds:			
Cash	$	297,558	176,599
Investment in intermediate cash fund, at cost which approximates market		1,566,012	1,446,861
Notes and accounts receivable, net of allowance for doubtful receivables of $384,624 ($328,699 in 1990)		2,849,625	2,677,432
Accrued investment income		18,234	20,422
Total loan funds	$	4,731,429	4,321,314
High Winds funds (note 7):			
Real estate contracts & accounts receivable	$	170,737	170,730
Real estate, at cost		2,096,184	2,122,184
Due from other funds		740,803	598,031
Total High Winds funds	$	3,007,724	2,890,945
Endowments and similar funds:			
Cash, principally short-term notes	$	-	520,305
Investments, at cost (note 3)		73,943,267	61,450,159
Accrued investment income		72,769	80,247
Due from other funds		3,287,830	903,598
Net assets owned by DeWitt Wallace Fund for Macalester College (note 3)		251,784,608	251,784,608
Total endowment & similar funds	$	329,088,474	314,738,917
Plant funds (note 6):			
Cash	$	77,957	383,826
Investments in U.S. Government securities, at cost which approximates market		1,103,483	734,322
Investment property		30,000	30,000
Mortgage and other receivables		2,169	2,050
Debt financing costs		143,289	153,158
Due from other funds		1,921,826	1,099,731
Investment in plant:			
Land and land improvements		1,224,111	1,222,227
Buildings		48,846,225	44,526,822
Furniture and equipment		1,290,604	1,110,179
Accumulated depreciation (note 1)		(11,487,199)	(10,407,996)
Total net investment in plant		39,873,741	36,451,232
Total plant funds	$	43,152,465	38,854,319

Liabilities and Fund Balances		1991	1990
Current funds:			
Accounts payable and accrued expenses	$	4,033,293	3,716,791
Student deposits		315,272	259,728
Due to other funds		5,489,626	2,333,427
Funds balances:			
Unrestricted:			
Undesignated		19,918	40,279
Designated		1,203,813	1,203,813
Restricted		3,357,096	3,402,466
Total fund balances		4,580,827	4,646,558
Total current funds	$	14,419,018	10,956,504
Loan funds:			
Due to other funds	$	460,573	267,933
Fund balances - restricted:			
U.S. Government grants refundable		2,123,931	2,012,709
College funds		2,146,925	2,040,672
Total fund balances		4,270,856	4,053,381
Total loan funds	$	4,731,429	4,321,314
High Winds funds (note 7):			
Accounts payable	$	0	9,000
Rental deposits		16,338	15,329
Fund balance - restricted		2,991,386	2,866,616
Total High Winds funds	$	3,007,724	2,890,945
Endowments and similar funds:			
Contracts payable	$	335,928	357,077
Fund balances of:			
DeWitt Wallace Fund for Macalester College (note 2)		251,784,608	251,784,608
Macalester College:			
Endowment and term endowment		57,599,717	47,883,598
Quasi-endowment:			
Unrestricted		7,752,851	6,268,538
Restricted		6,617,197	4,342,783
Annuity		392,342	395,663
Life Income		4,605,831	3,706,650
Subtotal-Macalester College		76,967,938	62,597,232
Total combined fund balances		76,967,938	62,597,232
Total endowment & similar funds	$	329,088,474	314,738,917
Plant funds (note 6):			
Accounts payable and accrued expenses	$	173,960	129,192
Due to current funds		1,830,864	1,966,864
Bonds, mortgages and note payable		7,099,233	7,333,131
Accrued interest payable		106,672	106,672
Fund balances:			
Unrestricted - unexpended		403,400	655,606
Restricted - unexpended:			
Donor		1,059,219	40,872
Debt reserve		445,560	381,482
Net investment in plant (note 1)		32,033,557	28,240,500
Total fund balances		33,941,736	29,318,460
Total plant funds	$	43,152,465	38,854,319

MACALESTER COLLEGE

Statement of Changes in Fund Balances
Year ended May 31, 1991

	Current Funds					Endowment Funds					Plant Funds		
	Unrestricted										Unexpended		
	Undesignated	Designated	Restricted	Loan Funds	High Winds Fund	True and term	Quasi	DeWitt Wallace Fund for Macalester College	Annuity Funds	Life Income Funds	Unrestricted	Restricted	Net investment in plant
Revenue and other additions:													
Unrestricted current fund revenues $	30,333,964	-	-	-	-	-	-	-	-	-	-	-	-
Federal grants and contracts - restricted	-	-	1,294,753	154,777	-	-	-	-	-	-	-	-	-
State grants and contracts	-	-	82,075	-	-	-	-	-	-	-	-	-	-
Private gifts, grants and contracts - restricted	-	-	1,239,971	-	-	2,623,477	-	-	-	1,232,121	6,900	793,058	-
Endowment income - restricted	-	-	8,739,244	2,191	-	-	-	-	-	-	-	4,163,842	-
Sales and service of auxiliary enterprises - restricted	-	-	6,919	-	408,159	-	-	-	-	-	-	-	-
Other sources	-	-	124,811	3,571	-	-	-	-	-	-	2,383	100,000	-
Investment income - restricted	-	-	71,522	126,511	43,380	-	-	-	10,433	-	-	96,223	-
Realized gains (losses) on investments - restricted	-	-	-	-	-	6,570,542	-	-	253	141,655	12,063	-	
Interest on loans receivable - restricted	-	-	-	62,796	14,522	-	-	-	-	-	-	-	-
Expended for plant facilities (including $28,799 charged to current funds)	-	-	-	-	-	-	-	-	-	-	-	-	4,646,114
Retirement of indebtedness	-	-	-	-	-	-	-	-	-	-	-	-	369,899
Matured annuity & life income funds	-	-	-	-	-	459,590	-	-	-	-	-	-	-
Total revenues and other additions	30,333,964	0	11,559,295	349,846	466,061	9,653,609	0	0	10,686	1,373,776	21,346	5,153,123	5,016,013
Expenditures and other deductions:													
Educational and general	22,507,304	-	9,196,578	-	-	-	-	-	-	-	-	-	-
Auxiliary enterprises	3,802,929	-	111,414	-	341,291	-	-	-	-	-	-	-	-
Loan cancellations	-	-	-	5,468	-	-	-	-	-	-	-	-	-
Administrative and collection costs	-	-	-	126,903	-	-	-	-	-	3,681	84,870	-	89,629
Expended for plant facilities	-	-	-	-	-	-	-	-	-	-	1,943,402	3,791,827	-
Depreciation expense (note 1)	-	-	-	-	-	-	-	-	-	-	-	-	1,133,327
Matured life income and annuity	-	-	-	-	-	-	-	-	14,007	470,914	-	-	-
Interest on indebtedness	-	-	-	-	-	-	-	-	-	-	116,000	557,781	
Retirement of indebtedness	-	-	-	-	-	-	-	-	-	-	136,000	233,898	
Total expenditures and other deductions	26,310,233	0	9,307,992	132,371	341,291	0	0	0	14,007	474,595	2,280,272	4,583,506	1,222,956
Transfer among funds - additions (deductions):													
Mandatory:													
Transfers to endowment	-	-	(22,259)	-	-	62,510	-	-	-	-	-	-	-
Principal and interest	(660,808)	-	-	-	-	-	-	-	-	-	-	660,808	
Renewals and replacements	(38,802)	-	-	-	-	-	-	-	-	-	-	38,802	
Prior year gift redesignation	-	-	-	-	-	-	-	-	-	-	(235,506)	235,506	
Nonmandatory:													
To plant for capital improvements	(2,242,226)	-	-	-	-	-	-	-	-	-	2,242,226	-	
To quasi-endowment (note 4)	(1,102,256)	-	(2,274,414)	-	-	-	3,758,727	-	-	-	-	(422,308)	-
Total transfers	(4,044,092)	0	(2,296,673)	0	0	62,510	3,758,727	0	0	0	2,006,720	512,808	0
Net increase (decrease) for the year	(20,361)	0	(45,370)	217,475	124,770	9,716,119	3,758,727	0	(3,321)	899,181	(252,206)	1,082,425	3,793,057
Fund balances at beginning of year	40,279	1,203,813	3,402,466	4,053,381	2,866,616	47,883,598	10,611,321	251,784,608	395,663	3,706,650	655,606	422,354	28,240,500
Fund balances at end of year $	19,918	1,203,813	3,357,096	4,270,856	2,991,386	57,599,717	14,370,048	251,784,608	392,342	4,605,831	403,400	1,504,779	32,033,557

MACALESTER COLLEGE

Statement of Current Funds Revenues, Expenditures and Other Changes
Year ended May 31, 1991
with comparative figures for the year ended May 31, 1990

	1991 Unrestricted Undesignated	1991 Unrestricted Designated	1991 Restricted	1991 Total	1990 Total
Revenues:					
Tuition and fees (note 6)	$ 22,189,320	-	18,251	22,207,571	20,631,674
Federal grants and contracts	-	-	1,236,413	1,236,413	1,342,703
State grants and contracts	-	-	82,075	82,075	79,905
Private gifts, grants and contracts	2,186,969	-	1,334,522	3,521,491	3,388,183
Endowment income	661,004	-	6,473,989	7,134,993	5,732,220
Investment income	450,144	-	71,522	521,666	656,725
Realized net gains (losses) on investments	(4,196)	-	-	(4,196)	(2,493)
Sales and services of auxiliary enterprises	4,720,360	-	6,919	4,727,279	4,158,874
Other sources	104,965	-	106,560	211,525	277,900
Matured life income	25,398	-	-	25,398	38,319
Total revenues	30,333,964	-	9,330,251	39,664,215	36,304,010
Expenditures and mandatory transfers:					
Educational and general:					
Instruction	9,353,374	-	2,475,167	11,828,541	10,608,009
Research	-	-	379,003	379,003	506,326
Public service	164,769	-	87,107	251,876	223,009
Academic support	1,599,023	-	478,941	2,077,964	1,975,227
Student services	3,434,460	-	797,021	4,231,481	3,687,644
Institutional support	3,848,974	-	183,571	4,032,545	3,666,667
Operation and maintenance of plant	2,146,304	-	94,818	2,241,122	2,231,594
Student aid, scholarships and prizes	1,960,400	-	4,700,950	6,661,350	5,902,595
Educational and general expenditures	22,507,304	-	9,196,578	31,703,882	28,801,071
Mandatory transfers for:					
Endowment	40,251	-	22,259	62,510	153,874
Principal and interest	453,688	-	-	453,688	717,686
Total educational and general	23,001,243	-	9,218,837	32,220,080	29,672,631
Auxiliary enterprises:					
Expenditures	3,802,929	-	111,414	3,914,343	3,389,657
Mandatory transfer for:					
Principal and interest	207,120	-	-	207,120	243,209
Renewals and replacements	38,802	-	-	38,802	38,802
Total auxiliary enterprises	4,048,851	-	111,414	4,160,265	3,671,668
Total expenditures & mandatory transfers	27,050,094	-	9,330,251	36,380,345	33,344,299
Other transfers and additions (deductions):					
Excess of restricted additions over expenditures	-	-	2,229,044	2,229,044	793,604
Transfers to plant funds	(2,242,226)	-	-	(2,242,226)	(2,171,672)
Transfers to quasi-endowment funds	(1,062,005)	-	(2,274,414)	(3,336,419)	(1,620,669)
Net increase (decrease) in fund balance	$ (20,361)	-	(45,370)	(65,731)	(39,026)

(1) Summary of Significant Accounting Policies

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

Accrual Basis

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

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

Fund Accounting

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

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

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Term endowment funds are similar to endowment funds except that, upon the passage of a stated period of time, or the happening of a particular event, all or a part of the principal may be expended. Quasi-endowment funds have been established by the governing board for the same purpose as endowment funds; however, any portion of quasi-endowment funds may be utilized.

Fund Accounting, Continued

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

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

Designated Fund

The Board of Trustees of the College has designated $1,203,813 of current unrestricted funds as an income stabilization fund which is intended to provide a spending reserve for future time periods.

Investment in Plant

Land, buildings and equipment are stated at cost at date of acquisition or fair market value at date of gift.

Change in Accounting for Depreciation

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

In addition to recording depreciation, the College made certain adjustments to its accounting records to reflect the results of a capitalization policy change. The College now capitalizes $100,000 or more of improvements and additions to buildings and $10,000 or more of individual equipment additions.

Accordingly, a retroactive change in net investment in plant as of May 31, 1990, has been made as follows:

Net investment in plant, as previously reported	$50,249,852
Adjustments:	
To record accumulated depreciation related to prior years	(10,407,996)
To record plant asset capitalization adjustments	(11,601,356)
Net investment in plant, as restated	$28,240,500

(1) Summary of Significant Accounting Policies, Continued

Change in Accounting for Depreciation, Continued

The College depreciates on a straight-line basis with no salvage value. Buildings and improvements are depreciated over a 40 year life (existing buildings over 40 years plus age of building at May 31, 1990) and equipment over a 5 year life.

Federal Income Taxes

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

Reclassification

Certain amounts in the 1990 financial statements have been reclassified to conform to the 1991 presentation. These charges had no effect on fund balances.

(2) DeWitt Wallace Fund for Macalester College

The above-named fund was established for the benefit of Macalester College in 1980. It is governed by an independent Board of Directors, two of whom are representatives of the Reader's Digest Association, Inc., two of whom are the representatives of Macalester College, and two of whom are independent directors. It is a separate New York Not-for-Profit Corporation which has been classified by the Internal Revenue Service as a supporting organization under Section 509(a)(3) and recognized as tax exempt under Section 501(c)(3).

As of May 31, 1991, the market value of the net assets of this fund totaled $319,809,782 ($317,190,133 principal, $969,938 of reinvested dividends and interest and $1,649,711 undistributed income). Income from the fund is paid over annually to support College programs as may be agreed upon by the College and the Directors of the fund. Grants made by the fund to the College from 1982 to 1991 total $21,630,524. This sum includes a grant of $7,250,000 for the fiscal year ended May 31, 1991.

By agreement dated May 24, 1990, the fund delegated to the College investment responsibility for $47,909,656 of the fund's principal. Pursuant to this agreement, the fund purchased 3,763,739 unitized shares of the College's Endowment Fund for investment purposes.

(3) Investments - Endowments and Similar Funds (including the DeWitt Wallace Fund for Macalester College)

Investments are stated at cost, adjusted where appropriate for amortization of premiums and accrual of discounts. Investments received by gift are stated at market value at the date of acquisition. Quoted market values of investments of the endowment and similar funds at May 31, 1991 (with comparative values at May 31, 1990) were as follows:

Investments - Endowments and Similar Funds (including the DeWitt Wallace Fund for Macalester College), Continued

	1991	1990
Macalester College		
Cash equivalents	$ 5,390,267	58,209,232
Common stocks	35,196,463	36,343,813
Preferred stocks	4,448,550	2,312,848
Corporate bonds	20,661,933	5,006,204
U.S. Government obligations	64,653,541	18,567,900
Other	2,009,261	1,070,667
Subtotal market	$132,360,015	121,510,664
Less units of Macalester endowment held by DeWitt Wallace Fund for Macalester College	(50,353,641)	(47,909,656)
Total market	$ 82,006,374	73,601,008
Total cost	$ 73,943,267	61,450,159
DeWitt Wallace Fund for Macalester College		
Common stock	$267,646,264	203,874,952
Units in the Macalester College endowment	50,353,641	47,909,656
Total market	$317,999,905	251,784,608
Total cost	$251,784,608	251,784,608

Included in the market value of preferred stocks at May 31, 1991, is $4,448,550 relating to 87,503 shares of The Reader's Digest Association, Inc. preferred stock which is not publicly traded. Additionally, the College has agreed not to sell such shares of stock without first offering the shares to The Reader's Digest Association, Inc.

Included in the market value of common stocks of the DeWitt Wallace Fund for Macalester College at May 31, 1991, is $267,646,264 relating to 7,729,856 non-voting shares of The Reader's Digest Association, Inc. In June of 1991, a secondary public offering resulted in the sale of 1,772,546 shares, with net proceeds of $57,111,432 subsequently invested in short term investment funds.

4) Valuation and Performance of Endowments and Quasi-Endowment Funds (including the DeWitt Wallace Fund for Macalester College

The majority of the assets of the endowment funds have been placed in an investment pool, on a market value basis, with each individual fund within the pool subscribing to or disposing of units on the basis of the market value per unit at the beginning of the fiscal quarter within which the transaction takes place.

Since 1983, the College has followed an endowment spending policy that requires endowment income over a predetermined level (excess endowment earnings) to be transferred to quasi-endowment fund balance. Each year the Board of Trustees sets a spending rate which is used to allocate endowment income under the terms of the endowments. For the year ended May 31, 1991, a spending rate approximating 6.0% was used based upon a sixteen-quarter moving average of investment market value. Endowment income is shown at actual earnings on the Statement of Changes in Fund Balances.

Earnings of $2,336,419 in excess of the spending rate for the year ended May 31, 1991 ($62,005 of unrestricted funds and $2,274,414 of restricted funds) have been transferred from current funds to quasi-endowment.

Additional information pertaining to market values and earnings of the pooled endowment funds is included in Schedule 1.

5) Pledges

At May 31, 1991, the College had pledges outstanding from individuals, corporations and foundations totalling approximately $4,505,426. These gifts will be reflected in the financial statements of the College when received.

6) Plant Funds

Bonds, mortgages and notes payable of the plant funds at May 31, 1991 consist of the following:

Macalester College Dormitory Bonds of 1956 2-3/4%, final series due November 1, 1996 (original amount $800,000)	$ 178,000
Macalester College Dormitory Bonds of 1962 3-3/8%, final series due May 1, 2002 (original amount $2,850,000)	1,220,000
College Housing Program Mortgages at 3%, due in semi-annual installments of $19,022 including interest, through 2020 (original amount $880,200)	726,233
Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds of 1985, 8.45% average, final series due 2006 (original amount $5,075,000)	4,975,000
	$7,099,233

Plant Funds, Continued

To secure the required annual principal and interest payments on the 1962 bonds, the College has: (a) granted a mortgage lien and pledged the revenue from certain dormitories and dining room facilities (the aggregate carrying value of such pledged facilities approximated $4,347,000 at May 31, 1991) and (b) met the sinking fund requirements of the bond indentures by depositing with a trustee certain Wallace Endowment Fund securities having a carrying value of $452,445. The 1962 indenture also requires the College to transfer $30,000 annually to a repair and replacement reserve.

The College is involved in the College Housing Program of the Department of Housing and Urban Development. The funds received under this program have been used to rehabilitate student dormitories and dining areas. The mortgages under this program are secured by a lien on the College's stadium carried at approximately $652,000 and by pledges of gross stadium and tuition revenues.

During the year ended May 31, 1987, the Plant Fund borrowed $1,067,699 from Current Funds to finance renovations associated with the vacation of East Old Main. The interfund loan bears an interest rate equivalent to the average current funds investment income rate, and is interim financing until permanent funding is received. The balance as of May 31, 1991 is $921,699. A second interfund loan was made during the year ended May 31, 1988 from Current Funds to Plant Fund, for interim financing of Old Main renovations. The loan is non-interest bearing, in the amount of $309,316. A third interfund loan was made during the years ended May 31, 1989 and 1990, again from Current Funds to Plant Fund, for interim financing of administrative computing equipment and software acquisitions. The loan is in the amount of $599,849 and bears an interest rate equivalent to the average current funds investment income rate. In addition to the above interfund loans, certain Plant Fund construction projects, carried negative cash balances on an interim basis. Interest costs were assessed, and the corresponding income recognized in the Current Fund.

Total interest costs on plant funds debt aggregated $673,781 ($175,455 due to interfund borrowing) during the year ended May 31, 1991.

Annual debt commitments (principal) at May 31, 1991, are as follows:

Fiscal year ending May 31.	Amount
1992	235,066
1993	246,862
1994	273,371
1995	274,896
1996	310,436
after 1996	5,758,602
	$7,099,233

(7) High Winds Fund

The High Winds fund is subject to the provisions of an agreement between the College and a major benefactor which provides, among other things, for physical segregation and administration of such funds in accordance with the provisions of such agreement. The purpose of the High Winds fund is to maintain and improve the beauty, serenity and security of the area surrounding the College campus.

At May 31, 1991, the High Winds fund had real estate contracts receivable of $162,270 with interest rates ranging from 8% to 14% and maturing at various dates through the year 2020. Additionally, the High Winds fund owns 51 properties surrounding the College campus.

During the year ended May 31, 1991, the High Winds fund charged current funds approximately $104,820 for use of High Winds property.

(8) Funds Held in Trust by Others

The College is the income beneficiary of a trust with an estimated value of $6,523,000 which is controlled by independent trustees. For the year ended May 31, 1991, the College received $181,618 from this trust.

The College was also the income beneficiary of a trust containing preferred stock with a total par value of $3,986,200. Annually the trust has generated income to the College of approximately $200,000 per year if the College achieved a balanced budget in the prior year. An incentive of $202,061 is reflected in the financial statements for the year ended May 31, 1991.On November 1, 1990, the trust matured and the assets of this trust were transferred to the endowment fund of the College at a market value of $2,074,392 at date of transfer.

(9) Pension Plans

The College provides pension benefits to substantially all employees. Certain academic and non-academic personnel are covered under contributory plans with Teachers Insurance and Annuity Association and College Retirement Equities Fund. A plan covering union employees is funded by deposits with trustees based on a fixed rate of contribution per hour worked. The College has no liability for these pension plans once deposits are made to the administrators. The College has an unfunded pension plan which supplements retirement benefits of certain professional and staff employees not fully covered by other plans. The unfunded liability under the supplemental plan at May 31, 1991 was approximately $145,000.

Total pension expense for the year ended May 31, 1991 was $736,463 including $31,103 paid under the unfunded supplemental plan.

MACALESTER COLLEGE

Schedule 1

Endowment Investment Performance *
Year Ended May 31, 1991

	Pooled Funds		Nonpooled Funds		Total Endowment Funds	
	Market	Cost	Market	Cost	Market	Cost
Net assets at May 31, 1991:						
Common stock	$ 29,655,530	24,150,435	267,646,264	203,874,952	297,301,794	228,025,387
Preferred stocks	4,448,550	4,409,583	-	-	4,448,550	4,409,583
Corporate bonds	20,440,270	19,984,434	-	-	20,440,270	19,984,434
U.S. Government obligations	59,489,918	58,616,791	3,510,706	3,304,715	63,000,624	61,921,506
Real Estate	1,041,000	1,041,000	-	-	1,041,000	1,041,000
Other (including uninvested cash)	8,358,806	8,347,471	27,223	24,992	8,386,029	8,372,463
	123,434,074	116,549,714	271,184,193	207,204,659	394,618,267	323,754,373
Net assets at May 31, 1990	112,800,521		207,326,164		320,126,685	
Increase in net assets	10,633,553		63,858,029		74,491,582	
Less:						
Initial market value of additions	6,904,304		-		6,904,304	
Net gains for year	$ 3,729,249		63,858,029		67,587,278	
Net gains for the year consist of:						
Realized net gains	$ 6,570,542		-		6,570,542	
Unrealized net gains	(2,841,293)		63,858,029		61,016,736	
Total net gains for year	$ 3,729,249		63,858,029		67,587,278	
Pooled investments:						
Market value per unit, including excess endowment earnings funds:						
May 31, 1991	$ 13.38					
May 31, 1990	12.73					
Net gain per unit	$ 0.65					
Percent gain per unit	5.11%					
Total earnings, exclusive of gains	$ 7,973,581					
Less excess endowment earnings fund	2,336,419					
Total spendable earnings	$ 5,637,162					
Spendable earnings per current year average units outstanding	$ 0.62					
Spendable earnings as a percent of average current market values	4.84%					
Total performance for year (spendable earnings and net gains, including excess endowment earnings funds, as a percent of average current year market values)	9.95%					

* - Including the DeWitt Wallace Fund for Macalester College (note 2)

See accompanying auditors' report.

MACALESTER COLLEGE

Schedule 2

Revenue and Expenditures of Certain Dormitories and Dining Facilities (1)
Year Ended May 31, 1991

	1956 Dormitory Bonds					1962 Dormitory Bonds				
	Bigelow	Dayton	Turck	Wallace	Total	Doty	Dupre	Kirk	Dining	Total
Operating revenue (2)	$ 220,020	216,160	260,550	270,200	966,930	289,500	533,158	292,395	1,946,203	3,061,256
Operating expenditures (3);										
Direct charges for repair & maintenance	18,017	20,404	22,686	28,739	89,846	53,080	64,817	36,854	29,056	183,807
Contract food services	-	-	-	-	-	-	-	-	1,202,756	1,202,756
Allocated expenditures for salaries & staff benefits (4)	50,195	27,028	34,750	57,917	169,890	65,639	88,806	54,056	-	208,501
Allocated expenditures for materials, supplies and & other services (4)	119,991	59,995	79,994	140,722	400,702	149,988	210,717	129,990	89,993	580,688
Total expenditures	188,203	107,427	137,430	227,378	660,438	268,707	364,340	220,900	1,321,805	2,175,752
Excess of revenue over expenditures	$ 31,817	108,733	123,120	42,822	306,492	20,793	168,818	71,495	624,398	885,504

(1) Includes all dormitories and dining facilities financed by the 1956 and 1962 dormitory bonds, both bond issues being between Macalester College and the United States Housing and Home Finance Administrator.

(2) Operating revenue of the individual dormitories is determined by multiplying the average number of occupants by the per student rental charge.

(3) Does not include depreciation expense.

(4) Expenditures are allocated on a square footage basis.

See accompanying auditors' report

MACALESTER COLLEGE

Schedule 3

Analysis of Revenue Fund Accounts, Bond and Interest Sinking Fund Account
and Repair and Replacement Reserve Account
Year Ended May 31, 1991

	1956 Dormitory Bonds		1962 Dormitory Bonds		
	Revenue Fund Account	Bond and Interest Sinking Fund Account	Revenue Fund Account	Bond and Interest Sinking Fund Account	Repair and Replacement Reserve Account
Balance at May 31, 1990	$ -	77,220	$ -	294,484	315,924
Revenue:					
Operating revenue (Schedule 2)	966,930	-	3,061,256	-	-
Investment income	-	6,056	-	30,047	24,688
Total revenue	966,930	6,056	3,061,256	30,047	24,688
Expenditures:					
Repair and replacement expenditures	-	-	-	-	-
Operating expenditures (Schedule 2)	660,438	-	2,175,752	-	-
Debt Service:					
Principal	-	28,000	-	90,000	-
Interest	-	5,280	-	44,212	-
Total expenditures	660,438	33,280	2,175,752	134,212	-
Transfers:					
From revenue fund accounts to sinking fund accounts	(33,280)	33,280	(134,212)	134,212	-
From revenue fund account to repair and replacement reserve account	-	-	(30,000)	-	30,000
To current unrestricted fund from revenue fund accounts and sinking fund accounts	(273,212)	(6,056)	(721,292)	(30,047)	-
Total transfers	(306,492)	27,224	(885,504)	104,165	30,000
Balance at May 31, 1991*	$ -	77,220	-	294,484	370,612

*Based upon original cost of investments in the bond and interest sinking fund accounts, the College's carrying value of these two sinking fund accounts at May 31, 1991 was $452,610

See accompanying auditors' report.

MACALESTER COLLEGE

Schedule 4

Analysis of Revenue Fund Accounts, Debt Service Accounts and Repair and Replacement Reserve Accounts
Year Ended May 31, 1991

	CHMN 112 Mortgage			CHMN 122 Mortgage		
	Revenue Fund Account	Debt Service Account	Repair and Replacement Reserve Account	Revenue Fund Account	Debt Service Account	Repair and Replacement Reserve Account
Balance at May 31, 1990	$ -	5,338	17,392	-	18,439	24,380
Revenue:						
Operating revenue	43,488	-	-	21,785,014	-	-
Investment income	-	-	-	-	-	-
Total revenue	43,488	-	-	21,785,014	-	-
Expenditures:						
Repair and replacement expenditures	-	-	-	-	-	-
Operating expenditures	30,252	-	-	-	-	-
Debt Service:						
Principal	-	3,626	-	-	12,271	-
Interest	-	4,914	-	-	17,232	-
Total expenditures	30,252	8,540	-	-	29,503	-
Transfers:						
From revenue fund accounts to debt service accounts	(8,540)	8,540	-	(29,503)	29,503	
From revenue fund account to repair and replacement reserve account	(1,982)	-	1,982	(6,820)	-	6,820
To current unrestricted fund from revenue fund accounts	(2,714)	-	-	(21,748,691)	-	
From repair & replacement reserve to debt service reserve	-	-	-	-	-	-
Total transfers	(13,236)	8,540	1,982	(21,785,014)	29,503	6,820
Balance at May 31, 1991	$ -	5,338	19,374	-	18,439	31,200

See accompanying auditors' report.

MACALESTER COLLEGE

Insurance Coverage

Year ended May 31, 1991

Pursuant to covenants in the 1956 and 1962 dormitory bond indentures and the College Housing Program mortgages payable, the College is required to maintain minimum levels of insurance coverage on certain dormitories and dining facilities. These minimum levels of insurance coverage were maintained during the year ended May 31, 1991.

See accompanying auditors' report.