

SPRINGSTED INCORPORATED MUNICIPAL CONSULTANTS

SUITE 813 OSBORN BUILDING • SAINT PAUL, MINNESOTA 55102 • (612) 227-8318

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

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President, Rauenhorst Corporation, Minneapolis

Bernard P. Friel, Vice President
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Richard C. Hawk, Secretary
Executive Director, Minnesota Higher Education Coordinating Commission

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Member, Deparcq, Anderson, Perl & Hunegs, Lawyers, Minneapolis

Michael Sieben
Lawyer, McMenomy, Hertogs and Gluegel, Lawyers, Hastings
(Will resign prior to January 1, 1973 to take seat in Minnesota Legislature.)

Dr. Joseph E. LaBelle — Executive Director

Faegre & Benson, Minneapolis — Counsel

No dealer, broker, salesman or other person has been authorized by the Minnesota Higher Education Facilities Authority, or the Institution, to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Certain information contained herein has been obtained from the Institution and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Minnesota Higher Education Facilities Authority. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

For additional information or assistance in bidding please contact Springsted Incorporated
Suite 813, Osborn Building, St. Paul, Minnesota 55102 — 612/227-8318

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OFFICIAL NOTICE OF BOND SALE

\$1,610,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY FIRST MORTGAGE REVENUE BONDS SERIES F (COLLEGE OF SAINT BENEDICT)

Bids will be received Tuesday, January 23, 1973, 11:00 A.M., CST, at the Authority's Offices, Metro Square Building, St. Paul, Minnesota, for award at 3:00 P.M. of the same day on the following terms:

DATE AND INTEREST

The Bonds will be dated March 1, 1973. Interest will be payable September 1, 1973, and each March 1, and September 1, thereafter.

TYPE AND PURPOSE

The Bonds will be negotiable coupon, special obligations of the Authority, payable solely, and only, out of Project revenues and other income, charges and moneys to be produced and received, including rentals under the Lease between the Authority and the College, relative to the ownership and operation of the Project for which the proceeds of this issue will be used, and the Reserve Accounts established thereto. The Bonds will be issued in denominations of \$5,000 each and may be registrable as to principal, or principal and interest, according to the terms of the Mortgage Trust Indenture relative to the issue. The Bonds are being issued to: (1) construct an apartment-type student housing facility to provide housing for approximately 120 students, (2) construct an indoor swimming pool addition to the physical education building, (3) remodel and improve the home economics department facility in St. Gertrude Hall and (4) remodel and improve the dining facility in St. Gertrude Hall, each with appurtenant equipment, furnishings, utilities and site improvements, at the College of Saint Benedict, and for the establishment of certain reserves relative to the issue.

MATURITIES AND REDEMPTION

March 1, in the years and amounts as follows:

\$20,000 1974	\$55,000 1984	\$ 95,000 1993
\$25,000 1975-77	\$60,000 1985-86	\$100,000 1994
\$30,000 1978	\$65,000 1987	\$105,000 1995
\$40,000 1979	\$70,000 1988	\$110,000 1996
\$45,000 1980-81	\$75,000 1989	\$120,000 1997
\$50,000 1982-83	\$80,000 1990	\$ 90,000 1998
	\$85,000 1991-92	

All dates are inclusive.

At the option of the Issuer all Bonds maturing on or after March 1, 1989, shall be subject to prior payment in inverse order of serial numbers on March 1, 1988, and any interest payment date thereafter, at a price of par and accrued interest, except that all Bonds are subject to redemption at par and accrued interest on any interest payment date, as a whole, but not in part, in case of damage, destruction or taking of the Project to the extent provided in Section 6.15 of the Mortgage Trust Indenture and in case of the Institution's exercise of its option of purchase pursuant to Section 10.02 of the Lease.

GRANT AGREEMENT

Grant Agreements will be entered into with the United States of America, Department of Housing and Urban Development, and Department of Health, Education and Welfare, pursuant to which the Government will provide annual interest subsidies to support and to be pledged to debt service payments on the Bonds, as more fully described in the Official Statement.

PAYING AGENT AND TRUSTEE

The paying agent may be named by the Successful Bidder, subject to the Authority's approval, which may be assumed unless

the Bidder is notified to the contrary within 48 hours after the Authority has received notice of the Bidder's selection. The College will pay the charges of the paying agent customarily made by it to similar users of its services. An alternate paying agent may be named subject to the consent of the Authority and provided that there shall be no additional expense to the Authority or the College by reason thereof.

Prior to the receipt of bids the College, with the consent of the Authority, will name a Trustee with whom the Authority will enter into a Mortgage Trust Indenture relative to this issue. Upon request to the office of the Authority's Executive Director, the name of the Trustee will be available on or before January 18, 1973.

DELIVERY

Within 40 days after award, subject to the unqualified approving legal opinion of Messrs. Faegre and Benson of Minneapolis, Minnesota, and customary closing papers, including a statement of non-litigation. Bond printing and legal opinion will be paid for by the Issuer. Delivery will be at a place of the Purchaser's choice. Payment must be made in Federal Funds, or equivalent immediately available funds, on day of delivery. Legal opinion will be printed on the Bonds.

TYPE OF BID

Sealed bids for not less than \$1,580,000 and accrued interest on the principal sum of \$1,610,000 from the date of the Bonds to date of delivery must be filed with the undersigned prior to time of sale, together with a certified or cashier's check in the amount of \$32,200, payable to the order of the Minnesota Higher Education Facilities Authority, to be forfeited as damages but without limitation of the rights of the Issuer to additional damages if the bidder fails to comply with the accepted bid.

RATES

All rates must be in integral multiples of 5/100th or 1/8th of 1%. All Bonds of the same maturity must bear a single rate from date of issue to maturity. The interest rate for any maturity shall be not less than that of any prior maturity and no interest rate shall exceed any other interest rate by more than 2% per annum. Additional coupons may not be used.

AWARD

Award will be made on the basis of lowest dollar interest cost; determined by the addition of any discount to, and the deduction of any premium from, the total interest on all Bonds from their date to their stated maturity. The Issuer reserves the right to reject any and all bids, to waive informalities and to adjourn the sale.

Dated December 12, 1972

**BY ORDER OF THE MINNESOTA HIGHER EDUCATION
FACILITIES AUTHORITY**

/s/ Richard C. Hawk
Secretary

\$1,610,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
FIRST MORTGAGE REVENUE BONDS SERIES F (COLLEGE OF SAINT BENEDICT)

SALE: January 23, 1973 (Tues.), at 11:00 A.M., CST

Bids delivered to Springsted Incorporated by 10:00 A.M., CST, the day of the sale, will be carried to the sale.

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>BOND YEARS</u>	<u>CUMULATIVE BOND YEARS</u>
1974	\$ 20,000	20	20 _____
1975	25,000	50	70 _____
1976	25,000	75	145 _____
1977	25,000	100	245 _____
1978	30,000	150	395 _____
1979	40,000	240	635 _____
1980	45,000	315	950 _____
1981	45,000	360	1310 _____
1982	50,000	450	1760 _____
1983	50,000	500	2260 _____
1984	55,000	605	2865 _____
1985	60,000	720	3585 _____
1986	60,000	780	4365 _____
1987	65,000	910	5275 _____
1988	70,000	1050	6325 _____
1989	75,000 C	1200	7525 _____
1990	80,000 C	1360	8885 _____
1991	85,000 C	1530	10415 _____
1992	85,000 C	1615	12030 _____
1993	95,000 C	1900	13930 _____
1994	100,000 C	2100	16030 _____
1995	105,000 C	2310	18340 _____
1996	110,000 C	2530	20870 _____
1997	120,000 C	2880	23750 _____
1998	90,000 C	2250	26000 _____

AVERAGE MATURITY: 16.15 Years
DATED: March 1, 1973
INTEREST: September 1, 1973, and each March 1, and September 1, thereafter.
MATURE: March 1, 1974-98, inclusive.
REDEMPTION (C): Bonds maturing March 1, 1989-98, inclusive, are callable commencing March 1, 1988, at par; except if called pursuant to Section 6.15 of the Mortgage Trust Indenture or Section 10.02 of the Lease.

OFFICIAL STATEMENT

RELATING TO

\$1,610,000

**FIRST MORTGAGE REVENUE BONDS SERIES F
(COLLEGE OF SAINT BENEDICT)**

NOTE: As a part of this Official Statement is the Common Official Statement relating to these Bonds and also to the:

**\$ 520,000 First Mortgage Revenue Bonds Series D
(College of St. Scholastica, Inc.)**

**\$1,030,000 First Mortgage Revenue Bonds Series E
(Gustavus Adolphus College)**

The Common Official Statement contains information relating to each of the three offerings and was mailed in the same envelope as this Official Statement.

If there is sufficient interest expressed, an informational meeting will be held at the offices of the Authority, Suite 278 Metro Square Building at a date and time to be determined. Persons wishing to attend such a meeting are requested to please advise either the Executive Director, Dr. Joseph E. LaBelle, 612/296-4690 or Springsted Incorporated, 612/227-8318, prior to Saturday, January 13, 1973. The details of the meeting, if one is to be held, will be given those making such a request on Monday, January 15, 1973.

A Standard & Poor rating will be requested for these Bonds. Those wishing to know the rating assigned are requested to call either the Executive Director or Springsted Incorporated. Two of the previous issues of the Authority, Augsburg and St. Marys Colleges, were rated "BBB" by Standard & Poor. The third, Bethel, was not rated because of its early stage of development.

NOTE: Northern City National Bank, Duluth, Minnesota has been named Trustee for the Bonds.

THE PROJECT

Four facilities are included in the Project:

	<u>Estimated Total Cost</u>	<u>College Share</u>
1. 30 two-bedroom, furnished apartments with kitchen, each housing four students for a total of 120.	\$ 733,000	\$ 733,000
2. Renovation of dining facilities	\$ 180,000	\$ 180,000
3. Renovation of Home Economics Department	\$ 216,130	\$ 153,760
4. Construction of an indoor swimming pool addition to the Physical Education Building	\$ 545,000	\$ 390,000
Total	\$1,674,130	\$1,456,760

The housing project is now completed and fully occupied.

The dining renovations, including air conditioning, fire protection and improvement of kitchen facilities, are 40% completed and will be fully so in about a year.

The home economics renovation is in the same building as the dining facilities. It is underway and will be completed by the fall of 1973. The United States Government, Department of Health, Education and Welfare has given the College a Title I Grant of \$62,370 as well as an interest subsidy grant.

Bids for the pool have just been taken. The College has been given a Title I Grant of \$155,000 from the United States Government, Department of Health and Welfare for construction of this facility in addition to an interest subsidy grant.

SECURITY

Full faith and credit of the College (See discussion, post, page 6, under "Cash Flow" [Note: following par. 6]).

Gross revenues of the Project Housing estimated to be \$74,140

A first lien on the first 8% of all general tuition fees received (\$117,061.20 of fees received 1971-72)

First lien mortgage on the Project.

Assignment of two Interest Subsidy Grants from the United States, Department of Housing and Urban Development, expected to be in the total approximate sum of \$21,829. (See discussion of "Interest Subsidy Grants", post, page 5.)

Assignment of two Interest Subsidy Grants from the United States, Department of Health, Education and Welfare, expected to be in the total approximate sum of \$9,386. (See discussion of "Interest Subsidy Grants", post, page 5.)

Series Debt Reserve Account in the sum of \$85,216 funded at closing from Bond proceeds.

Repair and Replacement Reserve Account of \$50,000 to be created by annual deposits of \$10,000 commencing March 1, 1974.

\$124,081 estimated to be in the General Bond Reserve Account. (See discussion, post, under "Bond Proceeds Budget" [footnote 4].)

BOND PROCEEDS BUDGET

Construction:		
Pool	\$390,000	
Student Housing, including		
\$50,000 furnishings	733,000	
Dining Facilities	180,000	
Home Economics facilities	153,760	\$1,456,760
Fees of Authority, Legal and Fiscal		16,720
Discount Allowance		30,000
Debt Service Reserves:		
Series Debt Reserve Account	\$ 85,216 ¹	
General Bond Reserve Account	21,304 ²	106,520
Total:		<u>\$1,610,000</u>

¹ This sum will be deposited in the Series Debt Reserve Account at closing and will be available for debt service of these Bonds only.

² This sum will be deposited by the Authority in the General Bond Reserve Account to be available for debt service of all Bonds of the Authority for which a contribution has been made to the General Bond Reserve Account. To date the following contributions will have been made for the Bonds indicated by the time of the award of these Bonds:

\$2,200,000 First Mortgage Revenue Bonds Series A (Augsburg College) ¹	\$ 31,743.60
\$1,935,000 First Mortgage Revenue Bonds Series B (Bethel College) ²	34,082.00
\$ 595,000 First Mortgage Revenue Bonds Series C (St. Marys College) ³	9,000.00
	<hr/>
	\$ 74,825.60

¹Final maturity 2012.

²Final maturity 1997.

³Final maturity 1998.

Assuming award of the following issues on January 23, 1973, the amounts shown will be added to the General Bond Reserve Account:

\$ 520,000 First Mortgage Revenue Bonds Series D (College of St. Scholastica, Inc.) ¹	\$ 8,643.40
\$1,030,000 First Mortgage Revenue Bonds Series E (Gustavus Adolphus College) ²	19,308.00
\$1,610,000 First Mortgage Revenue Bonds Series F (College of Saint Benedict) ³	21,304.00
	<hr/>
Sub-Total	\$ 49,255.40
Grant Total	\$124,081.00

¹Final maturity 1997.

²Final maturity 1993.

³Final maturity 1998.

Interest earnings from the funds in this Account will remain in it to be available for debt service, except when withdrawn for payment of debt service or returned to a participating Institution. (See discussion under "Investments" in Common Official Statement, for this issue, page 5.) Assuming an annual rate of 4%, investments will yield \$4,963.24 yearly on the basis of the expected current amount of this Account.

REPAIR AND REPLACEMENT RESERVE ACCOUNT

Commencing March 1, 1974 and continuing through March 1, 1978 the College will deposit \$10,000 annually for a total of \$50,000 to the Repair and Replacement Reserve Account. Funds in this account will be pledged to debt service if needed but extraordinary repair and replacement is a second priority.

INTEREST SUBSIDY GRANTS

The United States of America, Department of Housing and Urban Development and Department of Health, Education and Welfare have each approved two interest subsidy grants for the Project and the Bonds. Prior to delivery of the Bonds, Grant Agreements will be entered into by which the Government will guarantee payment of the Grants for as long as the Bonds are outstanding, or 40 years, whichever is the lesser period, in a total sum estimated to be \$31,215 annually regardless of actual debt service requirements for a specific year. The actual sum of the Grant payments will be the difference between the average annual debt service costs of \$1,208,600 of the Bonds, (the amount of the Project cost approved by the Government) and the average annual debt service of a like number of Bonds sold at par at an annual interest rate of 3%. The Grant payments will be made to the Trustee semi-annually on or before debt service due dates. They will be used only for debt service on the Bonds. The Government has the right to reduce the amount of the Grant if the Approved Project Cost upon completion of the Project is determined by the Government to be less than the estimated cost upon which the stipulated amount of the Grant was based.

If the difference between the average annual debt service based on the actual net interest cost on the Bonds and that based on a rate of 3% is less than \$31,215, the annual total Grants will be less by an appropriate amount. The Government has in fact made fund reservations of \$47,080 for these Bonds which is based on an assumption of taxable Bonds. Because the Bonds will be tax-exempt a different formula will apply which will produce the estimated lower figure of \$31,215. Assurances have been received that if the rate on the Bonds is greater than the assumed market rate in the Government's formula the Government will give serious consideration to a request by the College and Authority, which they intend to make, for an increase accordingly.

CASH FLOW

Deposits of pledged revenues will be made in the following order of priority:

1. Bond and Interest Sinking Fund Account

Each year, during the period March 1 – August 25, the College will make monthly deposits of gross receipts of the Project Housing plus the first 8% of general tuition receipts until the sum in this Account is equal to the interest due on September 1, plus one-half of the principal due the next March 1; during the period September 1 – February 23, the College will make monthly deposits of gross receipts of the Project Housing plus the first 8% of general tuition receipts until the sum in this Account is equal to the interest due the next March 1, plus the full amount of the principal also due the next March 1.

2. Operation and Maintenance Account

This Account will be operational only if the Trustee or Authority takes possession of the Project. In this event, gross revenues of the Project, after first being used to fulfill the requirements of the Bond and Interest Sinking Fund Account, will be used for payment of current expenses of the Project.

3. General Bond Reserve Account

This Account will be funded from Bond proceeds at closing; payments to it of gross revenues of the Project will be only in the event of withdrawals for debt service.

4. Series Debt Reserve Account

This Account, too, will be funded from Bond proceeds at closing, and payments to it of gross revenues of the Project Housing will be only in the event of withdrawals for debt service.

5. Repair and Replacement Reserve Account

Commencing March 1, 1974, the College will make five annual deposits of \$10,000 each until a total of \$50,000 is in the Account. Deposits of additional amounts from gross revenues of the Project will be made only to replace withdrawals for debt service or extraordinary repairs or maintenance.

6. Redemption Account

There are no required payments of gross revenues of the Project to this Account.

NOTE: In addition to the pledge of gross revenues of the Project Housing, the College will pledge to make payments from its general funds or any other moneys legally available to it. It will further covenant and agree to charge tuition fees, rentals and charges which, together with other funds, shall provide moneys sufficient at all times: (i) to pay such rentals and payments required by the Lease, and (ii) to pay all other obligations of the College as they shall become due.

ESTIMATED DEBT SERVICE

On the basis of a net effective interest rate of 6.00% the average annual debt service will be:

	\$126,800
Less estimated HUD and HEW Interest Subsidy Grants	31,215
Net	<u>\$ 95,585</u>

In addition to debt service the College will pay \$10,000 annually, commencing March 1, 1974, for five years into the Repair and Replacement Reserve Account and will have an annual Authority fee of \$2,012.50, payable in advance, commencing March 1, 1973, as well as Trustee and Paying Agent fees.

ESTIMATED REVENUES OF HOUSING FACILITY

120 students, \$585 per nine-month term, 95% occupancy	\$66,690
Summer and Special Rentals	7,450
Total	<u>\$74,140</u>

Expenditures:

Utilities	\$18,000	
Maintenance	2,125	
Ground Maintenance	3,750	
Insurance	5,000	
Salaries, Administration	12,500	41,375
Net:		<u>\$32,765*</u>

* Gross Revenues are pledged for debt service. Net operating profit estimates are shown for information only.

HISTORY OF GENERAL TUITION FEES

<u>Year</u>	<u>Total</u>	<u>8%</u>
1971-72	\$1,463,265	\$117,061.20*
1970-71	1,030,585	82,446.80
1969-70	797,766	63,821.28
1968-69	712,201	56,976.08
1967-68	585,365	46,829.20
1966-67	556,453	44,516.24
1965-66	521,106	41,688.48

* 2.8 times 1965-66.

COVERAGE

Assuming a net average annual net debt service of \$95,585, after deduction of the estimated Interest Subsidy Grants of \$31,215, coverages will be:

Gross Revenues and Pledged Tuition	(\$191,201 estimated)	2.00 times ¹
Debt Service Reserves:		
Series Debt Reserve Account	(\$ 85,216)	.89 times ²
General Bond Reserve Account	(\$ 21,304)*	.22 times ²
Repair and Replacement Reserve	(\$ 50,000)	.52 times ²
Total Reserves:	(\$156,520)	1.64 times ²
General Bond Reserve Account	(\$124,081 anticipated) ³	1.30 times ²

*Contribution by these Bonds.

¹Times estimated average annual net debt service annually.

²Times one year's estimated average annual net debt service.

³Times one year's estimated average annual net debt service. This will be pledged ratably with all other participating Authority Bonds issued or to be issued. It is expected these outstanding Bonds of the Authority will total \$7,890,000 at the closing for the Bonds.

PARITY WITH EXISTING DEBT

The Bonds will be on a parity with any other pledge of the College's full faith and credit. They will be subject to:

1. A first lien mortgage on Aurora Hall, Regina Hall, Corona Hall and Mary Hall Commons to the Northwestern National Bank of Minneapolis as Trustee for the holders of \$2,216,000 of the College of Saint Benedict Dormitory and Auxiliary Facilities Bonds, Series A, B and C, issued in 1972 and purchased by the United States of America with the rate of 3½% for the \$576,000 Series A bonds and 3% for the \$1,075,000 Series B and \$565,000 Series C bonds.

The Series A bonds refunded the balance of a \$650,000 issue of 1962 while the Series B refunded the balance of a \$1,085,000 1969 issue. Series C was for new construction.

Prior to delivery of the Bonds for the Project a release will be obtained from any covenants of said Series A, B and C bonds which may restrict the pledge of revenues of the Project as a first lien for debt service of the Bonds.

- a. A pledge of net revenues derived from the operation of Aurora Hall, Regina Hall, Corona Hall and Mary Hall Commons to said Trustee for said Bonds.

Obligations other than current accounts payable for which the College's full faith and credit are pledged are:

1. A 5½% note payable to the Sisters of the Order of St. Benedict which as of June 30, 1972 was \$892,500. This is for interim financing and is expected to be reduced to about \$250,000 when the proceeds of the Bonds are received. The Sisters in turn have a like note against a \$1,000,000 line of credit with the Northwestern National Bank of Minneapolis, North American Office. The balance of the note, after its reduction by Bond proceeds will be handled on a roll-over basis, as needed, and is expected to be periodically reduced to zero from current funds.
2. A 5% note to the Sisters of the Order of St. Benedict which, as of June 30, 1972, was \$958,100. Originally \$1,288,160 on its date of July 1, 1966, it is due in its full amount 15 years from its date. However, the College is annually paying \$82,500 of principal plus interest. This note funds the College's half of the cost of the Benedicta Art Center.
3. Restricted funds.

ADDITIONAL PARITY BONDS

The Authority may issue additional parity Bonds to provide funds to complete the Project and, with the consent of the holders of at least 65% of the outstanding Bonds, issue additional parity Bonds for improvements, alterations, repairs or replacement of the Project.

THE COLLEGE

Originally founded circa 1863 by the Sisters of Saint Benedict as an Academy the College of Saint Benedict took on college stature in 1913. It is now separately incorporated with its affairs under a Board of Trustees including both Benedictine Sisters and laymen. Dr. Stanley J. Izerda became the first lay president in 1968.

Saint Benedict is a college for women.

The College and nearby St. John's University have developed an increasingly close cooperation. More than 900 of the students of the two schools attended classes on both campuses.

Annual tuition for full-time students is \$1,800. Room rentals range from \$350 a year for a triple room to \$585 per person for apartments.

The College offers the degrees of Bachelor of Arts and Bachelor of Science. Majors are offered in 29 fields of study.

Although for the year 1970-71 there were students from 34 countries and states, the predominant majority are Minnesota residents.

Enrollments past, present and projected are:

1967-68	512
1968-69	545
1969-70	589
1970-71	736
1971-72	927
1972-73	1,086
1973-74	1,150*
1974-75	1,200*
1975-76	1,225*
1976-77	1,250*

*Projected

The College has the following buildings:

<u>Description</u>	<u>Date Built</u>	<u>Book Value</u>
Student Residence:		
Mary Hall Commons — College center, 1 story brick and granite	1955	
Aurora Hall — College dorm, basement, 1 and 3 stories, brick — 192 students	1955	\$1,124,058
Regina Hall — College dorm, basement, 1 and 3 stories, brick — 150 students	1963	737,828
Corona Hall — College dorm, basement, 3 stories, brick — 196 students	1969	1,162,633
Apartments — 1971, student housing — 96 students	1971	500,000
		<hr/>
		\$3,524,519
Administration:		
Saint Gertrude's Hall — College hall, basement four stories, brick	1898	\$ 226,681

Other — Classrooms, Library, etc.:

Saint Theresa's Hall — College hall, full basement, four stories, brick	1913	\$ 208,183
Gymnasium — College gym, one and two stories, brick faced	1961	163,317
Benedicta Arts Center — partial basement, 1 and 4 stories, brick	1964	<u>2,977,679</u>
		<u>\$3,349,179</u>

Grand Total of All Buildings: \$7,100,379

All of these are owned by the College which also leases some facilities from the Benedictine Sisters.

HOUSING NEEDS

With the construction of the housing of the Project the College has a designed capacity for 762 in College-owned standard facilities but is currently housing 850. About 76 students are living in housing classified as substandard (a 1914 dormitory). Less than 90 live with parents. The rest reside elsewhere off-campus. The College is following a policy of under-providing for its total housing needs in order not to overbuild.

As a temporary measure the College is now using twenty-three mobile homes. It intends to continue use of these and its substandard housing in the 1914 dormitory for another five years before adding further permanent new housing.

Following are excerpts taken from "Report On Audit Year Ended June 30, 1972" by Fitzgerald & Sydejko, Certified Public Accountants, Minneapolis. The excerpts have been reproduced as they appear in the Audit without change except that page numbers have been supplied to correlate with other pages of the Official Statement.

FITZGERALD & SYDEJKO
CERTIFIED PUBLIC ACCOUNTANTS
WESLEY TEMPLE BUILDING
MINNEAPOLIS, MINNESOTA 55403

Board of Trustees
College of St. Benedict
St. Joseph, Minnesota

An examination has been made of the accounts and records of the College of St. Benedict, St. Joseph, Minnesota, for the year ended June 30, 1972. The financial statements were prepared in accordance with generally recognized standards of reporting for colleges and universities.

Fund balances (exclusive of Restricted Funds) increased \$293,011 as shown in the following schedule:

Net Revenue for year	\$ 43,870
Gifts to Plant Funds	22,859
Income from debt retirement reserves	4,346
Equipment and capital improvements from current general funds	121,778
Debt retirement from current general funds	<u>122,440</u>
	315,293
Less: write-off of deferred development costs	<u>22,282</u>
Total	<u>\$293,011</u>

Federal funds of \$173,941 were added to the National Defense Student Loan Funds and Student Nurse Loan Funds. The College contribution was \$19,397. Endowment and similar funds increased \$17,199.

The College of St. Benedict was indebted on the following obligations at June 30, 1972:

3-3 1/2%	H.U.D. College of St. Benedict Dormitory and Auxiliary Facilities Bonds, Series A and B, dated April 1, 1969; Series A, 3 1/2% bonds over a 33 year period in varying amounts, final maturity, 2002; Series B, 3% bonds over a 50 year period in varying amounts, final maturity, 2019	\$1,651,000
5 1/2%	Notes payable to the Sisters of the Order of St. Benedict	892,500
5%	Note to the Sisters of the Order of St. Benedict	958,160
	Current Fund obligation to St. Benedict's Convent	95,895

A comprehensive review was made of the assets, liabilities, reserves and fund balances at June 30, 1972 and numerous tests were made of operations, transactions and accounting procedures to the extent deemed necessary to check the general accuracy of the records but no detailed audit was made of the transactions. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying financial statements present fairly the financial position of the College of St. Benedict, St. Joseph, Minnesota, at June 30, 1972 and the results of its operations for the fiscal year then ended in conformity with generally accepted accounting principles maintained on a basis consistent with that of the preceding year.

October 13, 1972

Fitzgerald & Sydejko

College of St. Benedict
Balance Sheets as at June 30, 1972 and June 30, 1971
Assets

	<u>1972</u>	<u>1971</u>
<u>Current Funds</u>		
Unrestricted:		
Cash in Banks and on Hand	\$ 9,121	\$ 8,155
Investments	12,029	4,304
Accounts Receivable-net of reserve for doubtful accounts of \$25,000	113,696	50,229
United Student Aid Deposit	9,000	9,000
 Inventories	51,129	28,769
Prepaid Expenses	16,827	35,941
Due from Scholarship Fund	1,304	1,304
Due from Plant Fund	<u>306,060</u>	<u>283,914</u>
 Total General Current Funds	519,166	421,616
 Restricted:		
Due from Unrestricted Current Funds	<u>86,584</u>	<u>56,800</u>
 Total Current Funds	<u>\$605,750</u>	<u>\$478,416</u>
 <u>Loan Funds</u>		
Cash	\$ 21,274	\$ 14,567
Student Notes Receivable	551,873	384,254
Deferred Loan Costs	<u>73,738</u>	<u>54,696</u>
 Total Loan Funds	<u>\$646,885</u>	<u>\$453,517</u>
 <u>Endowment and Similar Funds</u>		
Cash	\$ 2,160	\$ 13,054
Investments (Market Value - \$254,175)	234,380	206,287
 Total Endowment and Similar Funds	<u>\$236,540</u>	<u>\$219,341</u>
 <u>Agency Funds</u>		
Cash	<u>\$ 6,417</u>	<u>\$ 5,438</u>

College of St. Benedict
Balance Sheets as at June 30, 1972 and June 30, 1971
Liabilities and Funds

	<u>1972</u>	<u>1971</u>
<u>Current Funds</u>		
Unrestricted:		
Note Payable	\$ -	\$ 60,000
Accounts Payable	68,703	60,615
Accrued Interest Payable	13,105	13,265
Accrued Salaries and Wages	23,720	22,806
Student Deposits and Credit Balances	155,111	86,822
 Deferred Income	 26,384	 46,165
Due to Restricted Current Funds	86,584	56,800
Convent of St. Benedict	95,895	69,349
Fund Balances	<u>49,664</u>	<u>5,794</u>
 Total General Current Funds	 519,166	 421,616
 Restricted:		
Fund Balances	<u>86,584</u>	<u>56,800</u>
 Total Current Funds	 <u>\$605,750</u>	 <u>\$478,416</u>
 <u>Loan Funds</u>		
National Defense Student Loan Fund	\$611,176	\$441,908
Student Nursing Program	33,280	9,280
Student Loan Funds	<u>2,429</u>	<u>2,329</u>
 Total Loan Funds	 <u>\$646,885</u>	 <u>\$453,517</u>
 <u>Endowment and Similar Funds</u>		
Due to Current Funds	\$ 1,304	\$ 1,304
Reserve for Scholarships	96,031	86,516
Reserve for Ford Foundation Grant	156,707	156,707
Net Gain/Loss from Investment Transactions	<u>(17,502)</u>	<u>(25,186)</u>
 Total Endowment and Similar Funds	 <u>\$236,540</u>	 <u>\$219,341</u>
 <u>Agency Funds</u>		
Fund Balances	<u>\$ 6,417</u>	<u>\$ 5,438</u>

College of St. Benedict
Balance Sheets as at June 30, 1972 and June 30, 1971
Assets

	<u>1972</u>	<u>1971</u>
<u>Plant Funds</u>		
Unexpended:		
Development Fund:		
Cash	\$ -	\$ 7,525
Account Receivable	-	512
Investments	-	500
Deferred Expense	-	22,282
Total	-	30,819
Funds for Retirement of Indebtedness:		
Cash	1,456	2,483
U. S. Treasury Bonds	114,459	89,146
Total	115,915	91,629
Invested in Plant:		
Land	6,700	6,700
Land Improvements	23,675	23,675
Buildings	6,772,768	6,574,035
Furniture and Equipment	829,872	770,557
Utilities Distribution System	84,662	84,662
Deferred Construction Costs	39,318	45,927
Buildings under Construction	960,211	-
Total	8,717,206	7,505,556
Total Plant Funds	<u>\$8,833,121</u>	<u>\$7,628,004</u>

College of St. Benedict
Balance Sheets as at June 30, 1972 and June 30, 1971
Liabilities and Funds

	<u>1972</u>	<u>1971</u>
<u>Plant Funds</u>		
Unexpended:		
Development Fund:		
Fund Balances	\$ -	\$ 30,819
	<hr/>	<hr/>
Total	<hr/> -	<hr/> 30,819
Funds for Retirement of Indebtedness:		
Refunding Bonds Payable	115,915	91,629
	<hr/>	<hr/>
Total	<hr/> 115,915	<hr/> 91,629
Invested in Plant:		
Notes Payable	892,500	-
Accounts Payable	143,830	-
Refunding Bonds Payable, H.U.D., Series A & B	1,535,085	1,579,371
Due to Current Funds	306,060	283,914
Due to Sisters of the Order of St. Benedict	958,160	1,040,660
	<hr/> 3,835,635	<hr/> 2,903,945
Gifts Invested in Plant	163,921	132,525
Invested in Plant	4,717,650	4,469,086
	<hr/> 4,881,571	<hr/> 4,601,611
Total	<hr/> 8,717,206	<hr/> 7,505,556
Total	<hr/> \$8,833,121	<hr/> \$7,628,004

College of St. Benedict
Statement of Changes in Fund Balances
Unrestricted Current Funds
Years Ended June 30, 1972 and June 30, 1971

<u>Balance, July 1, 1970</u>	\$(52,523)
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Additions:

Current Revenue and Expenditures:

Current Revenue

Educational and General	\$1,816,894		
Student Aid	183,268		
Auxiliary Enterprises	<u>618,972</u>	\$2,619,134	

Current Expenditures

Educational and General	1,680,314		
Student Aid	335,346		
Auxiliary Enterprises	<u>545,157</u>	<u>2,560,817</u>	<u>58,317</u>

<u>Balance, June 30, 1971</u>	5,794
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Additions:

Current Revenue and Expenditures:

Current Revenue

Educational and General	2,537,083		
Student Aid	271,432		
Auxiliary Enterprises	<u>646,353</u>	3,454,868	

Current Expenditures

Educational and General	2,041,193		
Student Aid	559,933		
Auxiliary Enterprises	727,372		
Debt Retirement	<u>82,500</u>	<u>3,410,998</u>	<u>43,870</u>

<u>Balance, June 30, 1972</u>	<u>\$ 49,664</u>
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College of St. Benedict
Statement of Changes in Fund Balances
Funds for Retirement of Indebtedness
Years Ended June 30, 1972 and June 30, 1971

<u>Balance, July 1, 1970</u>		\$ 79,060
<u>Additions</u>		
Transfers from Auxiliary Enterprises		72,000
Interest on Investments		<u>3,979</u>
		155,039
<u>Deductions</u>		
Principal Payments	\$10,000	
Bond Interest Paid	<u>53,410</u>	<u>63,410</u>
<u>Balance, June 30, 1971</u>		91,629
<u>Additions</u>		
Transfer from Auxiliary Enterprises		93,000
Interest on Investments		<u>4,346</u>
		188,975
<u>Deductions</u>		
Principal Payments	20,000	
Bond Interest Paid	<u>53,060</u>	<u>73,060</u>
<u>Balance, June 30, 1972</u>		<u>\$115,915</u>

College of St. Benedict
Statement of Changes in Net Investment in Plant
Years Ended June 30, 1972 and June 30, 1971

	<u>Unexpended Funds</u>	<u>Invested in Plant</u>	<u>Total</u>
<u>Balance, July 1, 1970</u>	\$22,619	\$4,513,942	\$4,536,561
<u>Additions</u>			
Gifts received	8,200	8,000	16,200
Principal payments from Current Funds on mortgage bonds	-	18,590	18,590
Interest on Bond and Sinking Fund investments	-	3,979	3,979
Capital Outlay from Current Funds	<u>-</u>	<u>57,100</u>	<u>57,100</u>
<u>Balance, June 30, 1971</u>	30,819	4,601,611	4,632,430
<u>Additions</u>			
Gifts received	-	22,859	22,859
To close Unexpended Funds	(30,819)	30,819	-
To write off deferred development costs	-	(22,282)	(22,282)
Principal payments from Current Funds on mortgage bonds	-	39,940	39,940
Interest on Bond and Sinking Fund investment	-	4,346	4,346
Capital Outlay from Current Funds	-	121,778	121,778
Principal payment from Current Funds on Benedicta Art Center	<u>-</u>	<u>82,500</u>	<u>82,500</u>
<u>Balance, June 30, 1972</u>	<u>\$ -</u>	<u>\$4,881,571</u>	<u>\$4,881,571</u>

College of St. Benedict
Statement of Changes in Financial Position
Current Funds and Plant Funds
Year Ended June 30, 1972

Sources of Funds

Net Revenue for year	\$ 43,870	
Gifts to Plant Funds	22,859	
Debt retirement from current operations	122,440	
Capital improvements from current operations	121,778	
Interest on debt retirement reserves	<u>4,346</u>	\$ 315,293
Increase in notes payable to Sisters of the Order of St. Benedict		832,500
Decrease in cash		6,559
Decrease in prepaid expenses		41,396
Increase in accounts payable and accrued expenses		182,456
Increase in student deposits and deferred income		<u>48,508</u>
Total		<u>\$1,426,712</u>

Use of Funds

Increase in investments	\$ 7,225
Increase in accounts receivable	62,955
Increase in inventories	22,360
Additions to fixed properties	1,211,650
Decrease in other obligations to Sisters of the Order of St. Benedict	55,954
Payment on bonds payable	20,000
Increase in sinking funds investments	24,286
Write-off of deferred development expense	<u>22,282</u>
Total	<u>\$1,426,712</u>

College of St. Benedict
Restricted Fund Balances
As At June 30, 1972

Minnesota College Fund Association - Bush Foundation	\$11,996
Hill Foundation Grant	25,558
Escrow Account - Roofing Contract	2,000
Designated Scholarship	100
National Science Foundation	1,212
Common Fund Endowment	<u>45,718</u>
Total	<u>\$86,584</u>

College of St. Benedict
Buildings
As At June 30, 1972

<u>Bldg.</u> <u>No.</u>	<u>Description</u>	<u>Balance</u> <u>7-1-71</u>	<u>Additions</u>	<u>Balance</u> <u>6-30-72</u>
102	St. Cecelia's Hall	\$ 61,779	\$ 21,410	\$ 83,189
103	St. Gertrude's Hall	233,596	32,552	266,148
104	St. Teresa's Hall	217,364	1,659	219,023
	Mary Hall	2,918,282	6,455	2,924,737
136	Gymnasium	163,317	-	163,317
	Benedicta Art Center	2,979,697	386	2,980,083
	Mobile Homes	<u>-</u>	<u>136,271</u>	<u>136,271</u>
	Total	<u>\$6,574,035</u>	<u>\$198,733</u>	<u>\$6,772,768</u>

College of St. Benedict
Equipment
As At June 30, 1972

<u>Bldg. No.</u>	<u>Description</u>	<u>Balance 7-1-71</u>	<u>Additions</u>	<u>Balance 6-30-72</u>
102	St. Cecelia's Hall	\$ 73,657	\$ 5,699	\$ 79,356
103	St. Gertrude's Hall	140,737	12,916	153,653
104	St. Teresa's Hall	53,733	7,883	61,616
109	Novitiate	5,071	-	5,071
113	Loretto Hall	16,682	372	17,054
	Bookstore	2,485	3,094	5,579
	Mary Hall	118,566	836	119,402
	Benedicta Art Center	138,547	1,840	140,387
	Library Books	193,559	15,063	208,622
	Autos & Bus	22,667	11,612	34,279
136	Gymnasium	<u>4,853</u>	<u>-</u>	<u>4,853</u>
	Total	<u>\$770,557</u>	<u>\$59,315</u>	<u>\$829,872</u>

College of St. Benedict
Comparative Statement of Current Fund Revenue
Years Ended June 30, 1972 and June 30, 1971

	Revenue		Increase (Decrease)
	Year Ended <u>6-30-72</u>	<u>6-30-71</u>	
<u>Educational and General</u>			
Student Fees	\$1,463,265	\$1,030,585	\$432,680
Endowment Income	10,161	6,113	4,048
Gifts and Grants	765,492	559,601	205,891
Restricted Grants	35,577	11,498	24,079
Sponsored Programs	93,806	69,201	24,605
Sales and Services of Educational Departments	5,323	9,422	(4,099)
Benedicta Art Center	37,523	34,298	3,225
Other Sources	<u>125,936</u>	<u>96,176</u>	<u>29,760</u>
Total Educational and General	<u>2,537,083</u>	<u>1,816,894</u>	<u>720,189</u>
<u>Student Aid</u>	<u>271,432</u>	<u>183,268</u>	<u>88,164</u>
<u>Auxiliary Enterprises</u>			
Residence Halls	305,493	246,973	58,520
Dining Hall	192,191	283,679	(91,488)
Other Auxiliary Enterprises	<u>148,669</u>	<u>88,320</u>	<u>60,349</u>
Total Auxiliary Enterprises	<u>646,353</u>	<u>618,972</u>	<u>27,381</u>
<u>Total Revenue</u>	<u>\$3,454,868</u>	<u>\$2,619,134</u>	<u>\$835,734</u>

College of St. Benedict
Comparative Statement of Current Funds Expenditures
Years Ended June 30, 1972 and June 30, 1971

	Expenditures		Increase (Decrease)
	Year Ended 6-30-72	6-30-71	
<u>Educational and General</u>			
Instruction	\$ 919,967	\$ 702,754	\$217,213
Restricted Grants	35,693	11,498	24,195
Sponsored Programs	89,805	73,761	16,044
Educational Media	16,398	11,417	4,981
Library	74,131	57,233	16,898
Operation and Maintenance of Physical Plant	209,849	186,934	22,915
Student Services	146,389	129,221	17,168
General Administration	141,158	148,506	(7,348)
General Institutional Offices	131,163	111,390	19,773
General Institutional Expenses	168,532	152,936	15,596
Benedicta Art Center	<u>108,108</u>	<u>94,664</u>	<u>13,444</u>
Total Educational and General	<u>2,041,193</u>	<u>1,680,314</u>	<u>360,879</u>
<u>Student Aid</u>	<u>559,933</u>	<u>335,346</u>	<u>224,587</u>
<u>Auxiliary Enterprises</u>			
Residence Halls	317,750	252,149	65,601
Dining Hall	262,456	213,869	48,587
Other Auxiliary Enterprises	<u>147,166</u>	<u>79,139</u>	<u>68,027</u>
Total Auxiliary Enterprises	<u>727,372</u>	<u>545,157</u>	<u>182,215</u>
<u>Debt Retirement - Benedicta Art Center</u>	<u>82,500</u>	<u>-</u>	<u>82,500</u>
<u>Total Expenditures</u>	<u>\$3,410,998</u>	<u>\$2,560,817</u>	<u>\$850,181</u>

College of St. Benedict
Detail of Current Revenue
Years Ended June 30, 1972 and June 30, 1971
Educational and General

	<u>1972</u>	<u>1971</u>
<u>Student Fees</u>		
Tuition	\$1,380,170	\$ 959,084
Art	3,330	3,320
Activity Fee	42,540	35,404
Application Fee	5,960	5,110
Workshop Fee	-	304
Chemistry	-	1,040
Biology	910	-
Music Lessons and Practice	10,000	8,342
Home Economics - Needlecraft	640	1,070
Music Supplies	742	182
Registration	7,421	8,328
Graduation and Placement	3,189	2,659
Student Teaching Fee	7,495	5,030
Library	858	344
Sundry	<u>10</u>	<u>368</u>
Total	<u>\$1,463,265</u>	<u>\$1,030,585</u>

Endowment Income

Interest Income	\$ 3,799	\$ 2,409
Income from Ford Foundation Grant	<u>6,362</u>	<u>3,704</u>
Total	<u>\$ 10,161</u>	<u>\$ 6,113</u>

College of St. Benedict
Detail of Current Revenue
Years Ended June 30, 1972 and June 30, 1971
Educational and General

	<u>1972</u>	<u>1971</u>
<u>Gifts and Grants</u>		
Permanent Grants from Churches and Boards:		
Contributed Services - College	\$398,063	\$392,346
Other Gifts:		
Minnesota College Fund Association	48,555	27,246
Unrestricted Gifts	69,861	77,269
Federal Grant - Institutional Coordination	1,090	47,820
U. S. Government Grants - Library	-	2,500
Nursing Grant	141,748	10,593
Other Gifts and Grants	3,550	1,827
Minnesota Contract Program	<u>102,625</u>	<u>-</u>
Total	<u>\$765,492</u>	<u>\$559,601</u>
 <u>Restricted Grants</u>		
Co-Institutional Studies	\$ 199	
Avon Grant - Art Department	3,000	
Hill Science Foundation	6,147	
Teacher Aide Training	<u>26,231</u>	
Total	<u>\$ 35,577</u>	
 <u>Sponsored Programs</u>		
Hill Foundation Grant - Tri-College		
East Asian Area Studies	\$ 6,348	
Hill Foundation - Summer Music Festival	78,026	
Corrections Assistants Program	5,216	
Central Minnesota PSC	<u>4,216</u>	
Total	<u>\$ 93,806</u>	

College of St. Benedict
Detail of Current Revenue
Years Ended June 30, 1972 and June 30, 1971
Educational and General

	<u>1972</u>	<u>1971</u>
Sales and Services of Educational Departments		
Art Studio	\$ 155	\$ 4,940
Opera	871	1,247
Play Production	3,673	2,887
Sundry	<u>624</u>	<u>348</u>
Total	<u>\$ 5,323</u>	<u>\$ 9,422</u>
<u>Benedicta Art Center</u>		
Rent	\$14,599	\$ 8,478
Minnesota Orchestra	13,652	11,246
Road Shows	7,632	7,049
St. Paul Chamber	-	1,939
Film Lectures	1,275	2,519
Miscellaneous Sales	365	67
Grants	<u>-</u>	<u>3,000</u>
Total	<u>\$37,523</u>	<u>\$34,298</u>

College of St. Benedict
Detail of Current Revenue
Years Ended June 30, 1972 and June 30, 1971
Educational and General

	<u>1972</u>	<u>1971</u>
<u>Other Sources</u>		
Teaching Salaries Donated	\$ 88,047	\$ 88,002
Interest Received	6,296	69
Music - Outside Students	1,821	511
EOG	2,968	2,350
Publications and Lectures	588	122
Modern Dance	-	728
Sundry	8,813	477
Work Study - Administrative Costs	1,368	1,347
NDEA Administrative Costs	<u>16,035</u>	<u>2,570</u>
Total	<u>\$125,936</u>	<u>\$ 96,176</u>

Student Aid

Donations	\$ 18,207	\$ 22,771
Educational Opportunity Grants	99,315	78,450
Work Study Program	58,242	47,172
Minnesota Scholarships	76,750	34,875
Nursing Scholarships	<u>18,918</u>	<u>-</u>
Total	<u>\$271,432</u>	<u>\$183,268</u>

College of St. Benedict
Statement of Auxiliary Enterprises
Years Ended June 30, 1972 and June 30, 1971

Residence Halls

	1971 Total	1972 Total	Mary Hall	Other Residence Halls	Mobile Homes	Apartments
<u>Revenue</u>	<u>\$246,973</u>	<u>\$305,493</u>	<u>\$217,972</u>	<u>\$37,113</u>	<u>\$29,935</u>	<u>\$20,473</u>
<u>Expenses</u>						
Salaries and Wages	30,686	33,246	31,683	1,563	-	-
Sisters' Services	13,398	16,702	16,702	-	-	-
Student Wages	18,959	23,429	23,378	51	-	-
Supplies & Other Expense	12,427	20,254	9,606	9,804	844	-
Repairs	8,141	14,047	11,808	987	383	869
Utilities & Services	77,891	95,971	64,547	9,382	5,576	16,466
Interest	53,323	52,900	52,900	-	-	-
Administration Expense - College	<u>12,000</u>	<u>13,970</u>	<u>9,550</u>	<u>1,375</u>	<u>1,185</u>	<u>1,860</u>
Total Expenses	<u>226,825</u>	<u>270,519</u>	<u>220,174</u>	<u>23,162</u>	<u>7,988</u>	<u>19,195</u>
Net Revenue	20,148	34,974	(2,202)	13,951	21,947	1,278
Capital Improvements	6,734	7,291	7,291	-	-	-
Principal Payments	<u>18,590</u>	<u>39,940</u>	<u>39,940</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Expenditures over Revenue	<u>\$ (5,176)</u>	<u>\$ (12,257)</u>	<u>\$ (49,433)</u>	<u>\$13,951</u>	<u>\$21,947</u>	<u>\$ 1,278</u>

College of St. Benedict
Statement of Auxiliary Enterprises
Years Ended June 30, 1972 and June 30, 1971
Dining Hall

	<u>1972</u>	<u>1971</u>
<u>Revenue</u>		
Board - Students	\$140,240	\$263,780
Other Revenue	<u>51,951</u>	<u>19,899</u>
Total Revenue	<u>192,191</u>	<u>283,679</u>
<u>Expenses</u>		
Salaries and Wages	35,265	22,360
Sisters' Services	9,597	9,682
Student Wages	20,001	17,134
Supplies & Other Expense	4,537	3,733
Equipment Replacement	12,608	2,219
Repairs	1,007	716
Food	141,948	140,654
Laundry	5,032	880
Utilities	4,000	2,510
Trucking	600	500
Dishes and Utensils	617	1,749
Administration Expense	5,600	10,000
Insurance	490	1,050
Allocated to High School	(7,186)	(11,920)
Fringe Benefits	<u>2,140</u>	<u>3,565</u>
Total Expenses	<u>236,256</u>	<u>204,832</u>
Net Revenue	(44,065)	78,847
Capital Improvement	<u>26,200</u>	<u>9,037</u>
Excess of Revenue/(Expenditures)	<u>\$(70,265)</u>	<u>\$ 69,810</u>

NOTE: In August of this year the College issued Series C of its Dormitory and Auxiliary Facilities Bonds issued in 1972 in the sum of \$565,000, bearing interest at 3½% and maturing 1975-2012. The Series was purchased by the United States Government.

LITIGATION

The College reports that there is no litigation pending or threatened relating to it, which in its opinion will impair its right to enter into a Lease with the Authority or will affect the security of the Bonds.

**Common Official Statement
Relating to**

**Minnesota Higher Education
Facilities Authority**

\$520,000

**First Mortgage Revenue Bonds
Series D (College of St. Scholastica, Inc.)**

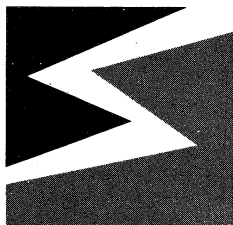
\$1,030,000

**First Mortgage Revenue Bonds
Series E (Gustavus Adolphus College)**

\$1,610,000

**First Mortgage Revenue Bonds
Series F (College of Saint Benedict)**

SALE: January 23, 1973, at 11:00 A.M., CST



SPRINGSTED INCORPORATED MUNICIPAL CONSULTANTS

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No dealer, broker, salesman or other person has been authorized by the Minnesota Higher Education Facilities Authority, or the Institution, to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Certain information contained herein has been obtained from the Institution and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Minnesota Higher Education Facilities Authority. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

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OFFICIAL STATEMENT

The information contained in this Official Statement is applicable to each of the following offerings by the Minnesota Higher Education Facilities Authority:

\$520,000 First Mortgage Revenue Bonds Series D
 (College of St. Scholastica, Inc.)

\$1,030,000 First Mortgage Revenue Bonds Series E
 (Gustavus Adolphus College)

\$1,610,000 First Mortgage Revenue Bonds Series F
 (College of Saint Benedict)

This Statement constitutes a part of each of the individual Official Statements for these offerings which were included in the envelope in which this Statement was mailed.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971, for the purpose of assisting institutions of higher education of the State in the construction and financing of projects. The Authority consists of six members appointed by the Governor with the advice and consent of the Senate and a seventh member who is the Executive Director of the Minnesota Higher Education Coordinating Commission and is the Secretary of the Authority.

The Authority was given power to issue bonds in an amount not to exceed a total of \$45 million. However, it is expected that the 1973 Session of the Legislature will be asked to increase this amount. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. They do not in any manner represent or constitute a debt or pledge of the faith and credit of the State of Minnesota.

In the opinion of Bond Counsel the interest paid by the Authority to bond holders is exempt from Federal and Minnesota State income taxes (other than Minnesota corporate franchise taxes measured by income) under present laws and rulings.

By the provisions of Chapter 868 "... neither the authority nor its agent shall be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by the authority or its agent under the provisions of this act or upon the income therefrom ..."

Educational institutions of the State eligible for assistance by the Authority are non-profit educational institutions authorized to provide a program of education beyond the high school level. Sectarian institutions are not eligible for assistance, however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

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

A Project for which bonds are issued by the Authority becomes the property of the Authority — as long as bonds of the Authority issued for the Project remain outstanding and thereafter subject to repurchase options. The Project is then leased by the Authority to the Institution for operation. The revenues which are the primary security for the Bonds are provided according to the terms of the Lease between the Authority and the Institution. Prior to delivery of an issue the Authority enters into a Mortgage Trust Indenture with a Trustee who administers the funds which are the security for the payment of the Bonds, except the funds of the General Bond Reserve Account which are under the supervision of the Authority.

While the Authority retains broad powers to oversee planning and construction, it is current policy to permit the Institution broad flexibility with respect to these matters.

The Authority, at the request of the Institution, may make direct application for an interest subsidy grant pursuant to the College Housing Loan Program administered by the United States Department of Housing and Urban Development or under Title III of the Higher Education Facilities Act administered by the United States Office of Education. The Authority may also be assigned the Institution's rights under an application made by the Institution.

The Authority is financed solely from fees paid by the Institutions for whom Bonds are issued. At the time of issuance and from Bond proceeds the Authority is paid one-third of one percent of the principal amount of the Issue. Thereafter, commencing as of the date of issue and payable in advance, but not from Bond proceeds or Funds of the issue, the Authority receives an annual fee of one-eighth of one percent of the original principal amount of the Bonds for their life.

The staff of the Authority currently consists of its Executive Director, Dr. Joseph E. LaBelle and a secretary.

Bond issuance costs, including fees of Bond Counsel, the Fiscal Consultant and Trustee are paid by the Institution. The fees of Bond Counsel and the Fiscal Consultant come from Bond proceeds.

As a general policy the Authority requires that the proceeds of the Bonds include a sum not less than one year's debt service, after deduction of any interest subsidy grants, for the creation of debt service reserves. Of this sum 80% is deposited with the Trustee in a Series Reserve Account; the remaining 20% is deposited by the Authority in a General Bond Reserve Account pledged to the payment of all Bonds issued by the Authority for which such a deposit has been made.

The Authority has sold the following bonds:

AUTHORITY DEBT

\$2,200,000			First Mortgage Revenue Bonds		
			Series A (Augsburg College)		
			1975-2012		
4.00%	1975-76		4.75%	1982	5.25% 1988
4.10%	1977		4.90%	1983	5.30% 1989-90
4.25%	1978		5.00%	1984	5.40% 1991-95
4.40%	1979		5.10%	1985	5.50% 1996-2000
4.50%	1980		5.20%	1986-87	5.60% 2001-12
4.60%	1981				

Net Effective Rate: 5.59%

\$1,935,000

First Mortgage Revenue Bonds
Series B (Bethel College)

1974-1997

4.00% 1974	4.60% 1980	5.20% 1986-87
4.10% 1975	4.70% 1981	5.25% 1988-89
4.20% 1976	4.80% 1982	5.30% 1990-91
4.30% 1977	4.90% 1983	5.40% 1992-93
4.40% 1978	5.00% 1984	5.50% 1994-95
4.50% 1979	5.10% 1985	5.60% 1996-97

Net Effective Rate: 5.46%

\$595,000

First Mortgage Revenue Bonds
Series C (St. Marys College)

1976-1998

4.20% 1976	4.80% 1982	5.25% 1988-89
4.30% 1977	4.90% 1983	5.30% 1990-91
4.40% 1978	5.00% 1984	5.40% 1992-93
4.50% 1979	5.10% 1985	5.50% 1994-95
4.60% 1980	5.20% 1986-87	5.60% 1996-98
4.70% 1981		

Net Effective Rate: 5.48%

INVESTMENTS

By the provisions of Section 5.07 of the Mortgage Trust Indenture the Trustee shall, upon request by the Authorized Institution Representative or the Authority, invest moneys on deposit in the:

- Bond and Interest Sinking Fund Account
- Debt Service Reserve Account
- Repair and Replacement Reserve Account
- Redemption Account

Investments for these Accounts may be in any of these:

- Direct obligations of, or obligations fully guaranteed by, the United States of America

- Certificates of Deposit insured by or secured by obligations of the United States

- Securities issued by the following agencies of the United States:

- Federal Home Loan Banks
 - Federal Intermediate Credit Banks
 - Federal Land Banks
 - Banks for Cooperatives
 - Federal National Mortgage Association

In those situations where there is an Interest Subsidy Grant, Section 4.04 of the Indenture limits investment of funds in the Construction Account to:

- Direct Obligations of the United States of America, or
- Certificates of Deposit or Time Deposits secured by direct obligations of the United States of America

If an Interest Subsidy Grant is not involved then Construction Account moneys may be invested in the same manner as the funds of the other Accounts. Paragraph 2c of the General Bond Resolution permits the Authority to invest moneys in the General Bond Reserve Account in:

- Direct Obligations of the United States of America
- Certificates of Deposit or Time Deposits secured by direct obligations of the United States of America
- Such other securities as are eligible for investment of public funds of the State of Minnesota or of municipalities of the State.

All investments are limited by arbitrage provisions of the Internal Revenue Code and regulations thereunder.

Yields from funds invested by the Trustee may be used for abatement of Base Rent payments, but those from investment of the General Bond Reserve Account cannot. They will remain in the General Bond Reserve Account, except that at such time as the Bonds for an Institution have been fully retired and all amounts required to be paid by the Institution have been paid the Authority will rebate to the Institution its proportionate share of both its original contribution, less a proportionate charge for unrecovered advances, and earnings of the General Bond Reserve Account in proportion to its contribution. In the event that the amount in the Reserve at any time exceeds the total sum of all debt service, for which the funds of the Account are pledged, in each subsequent year such excess may also be rebated proportionately.

CASH FLOW

As Required:

First: To the Bond and Interest Sinking Fund Account

Second: To the General Bond Reserve Account

Third: To the Series Debt Reserve Account

Fourth: To the Repair and Replacement Reserve Account

Fifth: To the Redemption Account

Except, that in the event the Authority or Trustee takes possession of the Project by reason of the Institution's default the second priority will be to an Operation and Maintenance Account for payment of current expenses of the Project. In this event the priority of each of the other Accounts except that of the Bond and Interest Sinking Fund Account will be one step lower than stated above.

FUNDS AND ACCOUNTS

1. Construction Account — The Trustee will pay costs of the Project from it.
2. Revenue Fund Account — All pledged revenues will be deposited in this account.
 - a. Bond and Interest Sinking Fund Account If there is Capitalized Interest in the Bond Proceeds Budget the full budgeted amount, without regard to actual interest costs, will be placed in this Account from Bond proceeds at closing. Thereafter, pledged revenues will be deposited monthly in the Account until

there is a sufficient sum for payment of the interest next due, plus: during the 6-month period immediately following the last previous principal payment a sum equal to one half of the principal next due, and during the 6-month period immediately preceding the next principal due date, the balance needed for payment of the principal next due.

- b. Debt Service Reserve Account For payment of principal and interest the full amount stated in the Bond Proceeds Budget will be placed in this Account from Bond proceeds at closing.
 - c. Repair and Replacement Reserve This Account will be for debt service and extraordinary repair. It will be created over a period of time from revenues other than Bond Proceeds.
 - d. Operation and Maintenance Account No payments will be made to this Account so long as the College shall pay the Base Rent. But, in the event the Authority or Trustee assumes operation of the Project, revenues remaining after debt service will be paid into it to meet operational costs.
 - e. Redemption Account Any revenues received which are not otherwise committed will be paid into this Account. Funds in it will be available to maintain required balances in other Accounts and to redeem Bonds. No specific amounts are required.
3. General Bond Reserve Account — This Account will be maintained by the Authority for debt service, if needed, for any Bonds of the Authority for which a deposit has been made in the Account. The amount stated in the Bond Proceeds Budget will be placed in this Account at closing from Bond proceeds. No Institution is responsible to replenish this Account except for withdrawals on its account.

Following is a summary of certain provisions of the Agreement, Deed, Lease, Mortgage Trust Indenture and the General and Series Bond Resolutions, which provisions are not referred to elsewhere in either this Official Statement or the separate Official Statements for the respective Bonds of which this Statement is a part. Reference is made to the specific Sections of the respective documents. Copies of the full text of these documents will be furnished upon request.

AGREEMENTS AND SECURITY

Agreement

The Authority and the College have entered into an Agreement dated November 28, 1972 (the "Agreement"). Attached to the Agreement as exhibits are the forms, subject to completion, of the Deed, the Lease, the Indenture, the General Bond Resolution and the Series Resolution described below, as well as the Official Statement, a Financing Statement for filing under the Uniform Commercial Code and a Schedule of Closing Documents. By the Agreement, the College represents among other things that the Application previously filed by the College and approved by the Authority is true and complete in all respects. In the Application materials and in the Lease, the College represents, and the Authority has found, that the College is a non-profit institution of higher education eligible for financial assistance under Chapter 868, Minnesota Laws of 1971, that the Project is eligible for financing under the Act, and that the College is nonsectarian and does not discriminate in its admission policies or programs on account of religion, race, color, creed or national origin.

The Agreement provides for the award of sale of the Project Bonds by the Authority, in its discretion, provided the College concurs or does not object before the award is made; the execution of the closing documents; the issuance and sale of additional parity lien bonds, in the discretion of the Authority, if necessary to pay additional Project costs; for the completion of Project construction pursuant to construction contracts previously made by the College as agent of the Authority, with approved changes, and for operation of the Project by the College under the Lease and as agent of the Authority pursuant to the Act. Under the Agreement, the College agrees to register or qualify the Bonds under the securities act of any state other than Minnesota, or to cooperate in the registration or qualification, at the request and expense of the underwriters. By the Agreement, the College assigns to the Authority its interest in the Project construction contracts and, as applicable to the specific Series, the gross revenues of the Project, the Leased Equipment, a percentage of tuition fees and interest subsidy payments from the United States under the Grant Agreement, or any combination of these.

Deed

At or prior to closing, the College will execute, deliver and record a warranty deed conveying the Project and site thereof, and appurtenant easements, to the Authority. At

closing, the final opinion of counsel for the College, will state among other things that title to the Project and site thereof is vested in the Authority, subject only to the Lease and the Indenture and Permitted Encumbrances (as that term is defined in the Lease and Indenture).

Lease

At or prior to closing, the Authority as lessor and the College as lessee will execute and deliver a Lease for a lease term expiring at the last Bond maturity date. The Lease is intended to be a net lease of the Project, including the Project building, site, and Leased Equipment, under which the College will pay as Base Rent (Section 4.01) at the office of the Trustee a sum equal to principal and interest on the Bonds plus amounts required to restore the Debt Service Reserve and to create and maintain the Repair and Replacement Reserve and such amounts, if any, as may be required to pay Bond principal or interest in certain cases of damage, destruction, condemnation and other contingencies. In order to assure that such payments of Base Rent will be paid when due, the College has agreed to deposit the gross revenues and/or pledged tuition fees of the Project with the Trustee each month until the required amounts shall be on deposit. The College has also agreed to pay, as Additional Rent (Section 4.03) the annual fee of the Authority, fees and expenses of the Trustee and paying agent, and any taxes, special assessments or other governmental charges against the Project.

At the conclusion of the Lease Term (Section 10.03), the College has the option to repurchase the Project for a consideration provided that full payment of the Bonds or provision for payment has been made as well as Additional Rent. During the Lease Term, the College has the option to purchase unimproved parts of the Leased Premises at the per acre value determined by an independent appraiser and upon the further conditions provided by the Lease (Section 10.04), to remove or make substitutions for Leased Equipment (Section 5.07), and to make Building improvements upon certain conditions (Section 5.04). In the event of damage or destruction to the Building by fire, or other casualty, the College has agreed to rebuild or repair the Building unless it exercises its option not to repair or rebuild (if more than six months is required to complete the restoration and return the Project to normal use or if cost of restoration exceeds by more than \$100,000 the Net Proceeds of insurance) and to retire all the Bonds (Sections 6.01, 10.02) and similarly to replace or restore the Building in cases of partial condemnation by eminent domain or to retire all the Bonds if all or substantially all the Project (as that term is defined) or temporary use for more than six months is taken in the Proceeding (Sections 6.02, 10.02), or if it cannot rebuild or repair. If as a result of change of law or certain legal actions, the Lease becomes void or unenforceable or impossible of performance, or if unreasonable burdens or excessive liabilities (including new taxes) are imposed, the College is given the right to repurchase the Project by retiring all the Bonds (Section 10.02). In such cases where the College has the right to retire the Bonds during the Lease Term, and repurchases the Project, it must also pay all unpaid Additional Rent plus the specified option price (Section 10.02). Upon repurchase, the conveyance to the College will reserve a covenant and condition that the College shall not use the property for sectarian purposes

or discriminate on account of race or religion in the use of the property (Section 10.05). If the Net Proceeds of insurance or condemnation exceed \$100,000, the Net Proceeds must be deposited with the Trustee to be used for restoration or to retire the Bonds, as appropriate (Sections 6.01, 6.02).

In the Lease, the College makes further covenants and agreements as indicated by the following Section headings:

(Article III Construction of the Project; Issuance of the Bonds)

- 3.01 Agreement to Construct the Building on the Leased Premises
- 3.03 Disbursements from the Construction Account
- 3.06 Institution Required to Pay Construction and Equipment Costs in Event Construction Account Insufficient
- 3.08 Remedies to be Pursued Against Contractors and Subcontractors and Their Sureties

(Article IV Rent, Prepayment)

- 4.05 Rent a General Obligation; Security Therefor

(Article V Use, Maintenance, Charges and Insurance)

- 5.01 Use of Leased Premises
- 5.03 Maintenance of Project by Institution
- 5.05 Liens
- 5.09 Fire and Extended Coverage Insurance
- 5.10 Boiler Insurance
- 5.13 Public Liability Insurance (5.12 – Series E)
- 5.14 Workmen’s Compensation Coverage (5.13 – Series E)
- 5.15 Performance Payment Bonds (5.14 – Series E)

(Article VII Special Covenants)

- 7.02 Institution to Maintain its Existence and Accreditation, Conditions Under Which Exceptions Permitted

- 7.05 Annual Statement
- 7.08 Federal Income Tax Status
- 7.09 Institution to Maintain Furnishings and Movable Equipment
- 7.11 Against Discrimination
- 7.12 Institution to be Nonsectarian
- 7.13 Observe Regulations of the Authority and the State
- 7.15 Maintain List of Bondholders
- 7.16 Observance of Indenture Covenants and Terms
- 7.17 Observe Grant Agreement (in those situations only in which there is an Interest Subsidy Grant) and Federal Regulations

In the event of default by the College, the Authority and Trustee may accelerate the due date of all installments of Base Rent, may repossess the Project, may terminate the Lease and operate and relet, holding the College liable for any deficiency, or pursue any other legal remedies available (Sections 9.01, 9.02). The security interest in Leased Equipment is subject to foreclosure under applicable provisions of the Uniform Commercial Code (Section 9.07). In event of default, among other things, the College agrees to pay attorney's fees and expenses (Section 9.04), to waive appraisal and similar rights (Section 9.06), and to continue furnishing heat and utilities not otherwise available (Section 9.09).

A short form of Lease will be executed and recorded in the real estate records of the county where the Project is located, describing the property, length of term and the College's purchase options, incorporating by reference other provisions of the Lease (Section 11.09). The full Lease will be kept on file at the offices of the Authority and Trustee, available for inspection.

Indenture

At or prior to closing, the Authority will execute, deliver and record a Mortgage Trust Indenture to the Trustee to secure the Bonds. By the Granting Clauses, the Authority will mortgage, pledge and assign to the Trustee a first lien on the Project land and buildings, Leased Equipment, Grant Agreement (if applicable), the Lease (except for the Authority's rights to Additional Rent), Project net revenues, Accounts, funds and investments. Under the Indenture and corresponding provisions of the Lease, except for capitalized interest and debt service reserves, all Bond proceeds are to be deposited in the Construction Account (Section 4.01), to be disbursed by the Trustee for Project cost payments or reimbursements (Section 4.02), pursuant to certification of the Authorized Authority Representative, Authorized Institution Representative, and/or Project Supervisor, as specified (Section 4.03).

All revenues and income of the Project realized by the Authority must be deposited in the Revenue Fund Account (Section 5.01) and applied in order to the Bond and Interest Sinking Fund Account for Bond principal and interest (Section 5.02), to the Operation and Maintenance Account to pay operating expenses if the College is in default under the Lease (Section 5.03), to the Debt Service Reserve Account if necessary to restore the Debt Service Reserve (Section 5.04), to the Repair and Replacement Reserve Account to create and restore the Repair and Replacement Reserve (Section 5.05) and to the Redemption Account to redeem or purchase outstanding Bonds if all other Account balances are in the required amounts (Section 5.06). Funds in the Debt Service Reserve Account, Repair and Replacement Reserve Account and Redemption Account are required to be used, if necessary, to pay Bond principal and interest when due. Funds in those Accounts and the Bond and Interest Sinking Fund Account may be invested (Section 5.07). All investments will be limited as necessary as to amount or yield under the arbitrage provisions of Section 103(d) (1) of the Internal Revenue Code of 1954 and regulations thereunder.

In the Indenture, the Authority covenants to pay the Bonds from Project Revenues and Income (Section 6.01), to pay lawful charges imposed on the Project (Section 6.05), to complete and operate and maintain the Project (Sections 6.06, 6.07), not to sell or encumber the Project (Section 6.09), to establish rental rates and regulations for Project operations (Section 6.11), to maintain insurance (Sections 6.12 to 6.14), to repair and reconstruct in event of damage or condemnation (Section 6.15), to maintain proper books and records and submit an annual report to the Trustee (Section 6.17), and to observe those and all other covenants and terms set forth in the Indenture and Bonds (Section 6.19). Under the Act, however, and in the Indenture it is agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds in performing any of the conditions, covenants or requirements of the Indenture, from any funds other than Revenues and Income of the Project or Bond proceeds or (to the extent provided in the General Bond Resolution) from the General Bond Reserve Account, and the Authority shall incur no liability for failure to perform any such conditions, covenants and requirements for lack of funds provided the Authority shall have furnished the Trustee a Certificate and an Opinion of Counsel (Section 6.19).

In event of default, as defined (Section 7.01), the Trustee is authorized to accelerate the maturity of the Bonds (Section 7.02), sue to enforce the Indenture's covenants in its discretion or at direction of holders of 25% of the outstanding Bonds (Section 7.03), enter and operate the Project (Sections 7.04, 7.05), obtain appointment of a receiver (Section 7.06) and apply for a court order to hold a mortgage foreclosure sale (Section 7.07). Holders of a majority in amount of outstanding Bonds have the right to direct the proceedings by the Trustee, in accordance with law and the Indenture (Section 7.18) upon indemnifying the Trustee (Sections 7.02, 7.19, 8.06), suits by Bondholders being limited unless the Trustee has been requested and has failed to act (Section 7.19). Defaults (except payment of Bond principal) may be waived, if all interest in arrears has been paid, upon approval of holders of 51% of outstanding Bonds (Section 7.20).

The Trustee has no responsibility to use its own funds under the Indenture (Sections 8.01, 8.04) but it and the Authority may make advances, at 8% (Section 8.12, Lease Section 9.05), which are given priority of payment. The responsibilities of the Trustee prior to a known 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 (Sections 8.01, 8.07). 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 (Section 8.15). Provision is made for succession or replacement of the Trustee by another corporate Trustee with a place of business in Minnesota and minimum capital and surplus of \$1,000,000 (Section 8.16), in event of merger (Section 8.17), resignation or removal by holders of a majority of outstanding Bonds (Section 8.18) or, in event of disability, by the Authority or a court (Section 8.19).

Provisions are made for technical amendments of the Lease and the Indenture with the consent of the Trustee (Sections 6.08, 11.01) and in other cases with the consent of the holders of 65% of outstanding Bonds (Section 6.08, 11.04), provided that the maturity dates, rates of interest, lien priority and equality cannot be changed without the consent of all Bondholders. Additional Bonds can be issued, on a parity with the Bonds, if necessary to complete the Project or, with the consent of the holders of 65% of outstanding Bonds, to provide for Project improvements, alterations, repair or replacement (Section 2.10). Bondholder approval or action may be given in writing (Section 9.01) or at a meeting (Section 9.04).

General Bond Resolution; Series Resolution

At its meeting held October 31, 1972, the Authority adopted a General Bond Resolution establishing a General Bond Reserve Account in a qualified bank or banks (par. 2a) to provide additional security for the Authority's bonds to be issued, from time to time, including the Bonds (par. 1). Under the General Bond Resolution there must be deposited into the General Bond Reserve Account 20% of the probable net average annual debt service requirements of each issue of bonds to be secured by the General Bond Reserve Account (after deducting amounts of annual debt service to be paid by the Government under the Grant Agreement, if any), together with the moneys received by the Authority as consideration for the exercise of lease options, as other net proceeds of sale of Project facilities, or as excess net revenues of Project operations and certain other funds except to the extent such moneys and funds are pledged to the Trustee under a particular indenture or are otherwise restricted (par. 2b). Such moneys may be invested in authorized securities, but limited as to amount and yield of investment so that none of the outstanding bonds of the Authority shall be deemed "arbitrage bonds" under the Internal Revenue Code (par. 2c). When an Institution has provided for the payment of its Bonds, it is entitled to a rebate of its contributions to the General Bond Reserve Account from Bond proceeds, together with its share of investment earnings, less a proportionate charge for unrecovered advances made to pay principal or interest on any bonds secured by the General Bond Reserve Account (par. 2e). In the event the funds and investments in the General Bond Reserve Account exceed the amount of principal and interest secured by the Account to come due in any year, the excess may be withdrawn and rebated to the Authority and the Institutions (par. 2f).

Whenever the principal of or interest on any bonds secured by the General Bond Reserve Account (including the Bonds) shall become due, the Authority pledges to the several trustees for the bondholders (including the Trustee) that it will advance from the General Bond Reserve Account amounts sufficient to pay such principal and interest (par. 2d). For such purpose, principal becomes due only at its stated maturity date, whether or not accelerated by call for redemption or event of default, unless the Authority determines, in its discretion, to make the advance prior to the scheduled maturity date. All advances bear interest and are given priority of payment (par. 2d, Indenture Section 5.08, Lease Section 4.01). Neither the Trustee nor the Bondholders have any right to possession or to direct investment or to foreclose any security interest in the General Bond Reserve Account, but only to require advances and observance of the covenants of the General Bond Resolution (par. 2d). Accounting and other determinations by the Authority are binding on the Institution, Trustee and each Bondholder unless made unreasonably or in bad faith or as a result of mistake of fact or mathematical error (par. 2g), including determinations made in a Series Resolution as to the meeting of conditions precedent for the ratable pledge of the General Bond Reserve Account to a series of Authority Bonds (par. 3).

The General Bond Resolution may be amended to cure ambiguities or formal defects or with the consent of the holders of 65% in amount of each series of Authority bonds outstanding and secured by the Account (par. 4). Special series Bonds may be issued by the Authority, in its discretion, not secured or governed by the provisions of the General Bond Resolution (par. 5).

The Series Resolution, to be adopted when the sale of the Bonds is awarded, will provide for the award, the execution and delivery of the Bonds and closing documents, for the amount of Bond proceeds to be deposited with the Authority in the General Bond Reserve Account (20% of the probable net average annual debt service requirement) and with the Trustee in the Bond and Interest Sinking Fund Account for capitalized interest and the Debt Service Reserve Account (80% of the probable net average annual debt service requirement). It specifically pledges the General Bond Reserve Account to the Bonds ratably with other bonds issued or which may be issued and makes the findings required by the General Bond Resolution.

NOTE: References to the "Grant Agreement" in this Statement apply only to the \$520,000 First Mortgage Revenue Bonds Series D (College of St. Scholastica, Inc.) and the \$1,610,000 First Mortgage Revenue Bonds Series E (College of Saint Benedict). There is no Interest Subsidy Grant involved in the \$1,030,000 First Mortgage Revenue Bonds Series F (Gustavus Adolphus College).

PARITY BONDS

The Authority may issue additional Bonds to provide funds to complete the Project which will be on a parity with this issue. In the event of such issuance additional Base Rentals and related provisions will be required. Additional parity Bonds may also be issued to provide for improvement, alteration, repair or replacement of the Project with the consent of the holders of 65% of outstanding Bonds.

REGISTRATION OF BONDS

Bonds may be registered as to principal only, or as to both principal and interest. If a Bond is registered as to both principal and interest it may be reconverted into a Coupon Bond at the request and expense of the registered owner.

LEGAL OPINION

The issuance and sale of the Bonds shall be subject to the delivery of the approving legal opinion of Messrs. Faegre & Benson as Bond Counsel to the Authority, the Institution, the Trustee and the purchaser of the Bonds to the effects that (i) the Authority has authority under the Act to issue the Bonds, to acquire and lease the Project to the Institution and to execute and deliver the Indenture to secure the Bonds, (ii) the Bonds, the Deed, the Lease and the Indenture have been duly authorized by all necessary proceedings and duly executed and delivered, (iii) the Bonds, the Lease and the Indenture are valid and binding instruments in accordance with their terms, (iv) the Indenture provides a valid and direct first mortgage lien on the Project subject only to the Lease and encumbrances permitted by the Indenture, (v) the Grant Agreement, if any, is the valid and binding obligation of the United States of America to provide interest subsidy on the Bonds, (vi) the Bonds are further secured by the General Bond Reserve Account established by the Authority by its General Bond Resolution dated October 31, 1972 in a parity with bonds of other series as provided in the General Bond Resolution and (vii) the interest on the Bonds is exempt from federal and Minnesota state income taxes (other than Minnesota corporate franchise taxes measured by income) under present laws and rulings.