OFFICIAL STATEMENT DATED JULY 23, 1998

NEW ISSUE **Rating: Moody's Baa2**
(Book-Entry Only)

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" herein.)

$25,430,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Four-T
(College of Saint Benedict)

Dated Date: July 15, 1998 **Interest Due: March 1 and September 1, commencing March 1, 1999**

$9,135,000 serial bonds to mature annually on March 1 as follows:

Year	Amount	Interest Rate	Yield	Year	Amount	Interest Rate	Yield
1999	$255,000	4.50%	3.90%	2005	$1,105,000	5.00%	4.70%
2000	$510,000	4.50%	4.20%	2006	$1,160,000	5.00%	4.80%
2001	$535,000	4.50%	4.30%	2007	$1,215,000	5.00%	4.85%
2002	$555,000	4.50%	4.40%	2008	$1,280,000	4.875%	4.90%
2003	$580,000	4.50%	4.50%	2009	$1,335,000	4.90%	4.95%
2004	$605,000	5.00%	4.60%				

$2,885,000 5.10% Term Bonds due March 1, 2011 Price 99.811%
$3,190,000 5.125% Term Bonds due March 1, 2013 Price 99.125%
$10,220,000 5.35% Term Bonds due March 1, 2020 Price 99.362%

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), the Bonds are subject to redemption prior to maturity, as described herein. See "The Bonds—Prior Redemption—Optional Redemption." The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture. The Bonds will be subject to mandatory redemption in whole in the event of a Determination of Taxability, as described herein. Term Bonds maturing March 1, 2011, 2013 and 2020 are subject to mandatory redemption in installments as described herein.

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

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of the College of Saint Benedict, St. Joseph, 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 being 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 LLP, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by Hughes, Mathews, & Didier, P.A., St. Cloud, Minnesota and for the Underwriter by Oppenheimer Wolff & Donnelly LLP, St. Paul, Minnesota. The Bonds are expected to be available for delivery on or about July 30, 1998.

Dain Rauscher
Incorporated

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 and DTC, 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

Mollie N. Thibodeau, Chair	CFRE, Fund Raising Consultant, Duluth, Minnesota
James R. Miller, Vice Chair	Owner and CEO, James Miller Investment Realty Company, St. Paul, Minnesota
Dr. John S. Hoyt, Jr., Secretary	CEO, Effective Golf Course Systems, Inc., Edina, Minnesota
Dr. Kathryn Balstad Brewer	Independent Scholar; New Brighton, Minnesota; Formerly Senior Vice President With FBS Investment Services, Inc.
Jack Amundson	CPA, Partner, Larson, Allen, Weishair & Co., LLP, St. Cloud, Minnesota
Kenneth Johnson	Principal/Corporate President, the STANIUS JOHNSON architects, inc., Duluth, Minnesota
Dr. David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, St. Paul, Minnesota
Timothy Medd (Ex Officio)	Audit Supervisor, Minnesota Higher Education Services Office, St. Paul, Minnesota
Tom Martinson	Principal, City Planning & Economic Development, Minneapolis, Minnesota
Christopher A. Nelson	Attorney in Private Practice, St. Louis Park, Minnesota

J. Luther Anderson, Executive Director

Bond Counsel
Faegre & Benson LLP

Financial Advisor
Springsted Incorporated

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OFFICIAL STATEMENT

$25,430,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES FOUR-T (College of Saint Benedict)

(BOOK ENTRY ONLY)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the College of Saint Benedict (the "College"), an institution of higher education located in St. Joseph, Minnesota, in connection with the issuance of the Authority's $25,430,000 Revenue Bonds, Series Four-T (College of Saint Benedict) (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 Norwest Bank Minnesota, National Association, as trustee (the "Trustee").

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 finance (a) the construction of an approximately 10,000 square foot bookstore and student development offices within and renovation of Mary Hall Commons; (b) the relocation of the bus stop; (c) the construction of a central chilling tower; (d) renovation of the present Loft building for academic services; (e) renovation and expansion of the East Apartments; (f) renovation of first and second floors and addition of air conditioning to Gertrude Hall, each including appurtenant site improvements, owned or to be owned and operated by the College and located on the campus of the College (the "Project"); (ii) to refund, in advance of maturity, a portion of the 2005 through 2020 maturities of the Authority's Revenue Bonds, Series Three-W (College of St. Benedict) (the "Series Three-W Bonds") issued on behalf of the College and dated March 15, 1994, and (iii) to partially fund a debt service reserve and to pay certain issuance costs. See "PURPOSE OF THE ISSUE," herein, for a more detailed description of the use of Bond proceeds.

The Bonds are secured by a pledge of the Loan Repayments, which are a general obligation of the College. Under the Loan Agreement, the College agrees to provide the funds necessary to make timely payment of the Loan Repayments. See "SUMMARY OF SECURITY FOR THE BONDS" herein.

The Reserve Account will be funded in the amount of $2,070,732 from proceeds of the Bonds on the date of issuance and will be funded in an additional amount from funds to be deposited by the College on March 1, 2004 to bring the balance in the Reserve Account to the Reserve Requirement. (See "RESERVE ACCOUNT" herein.)

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

RISK FACTORS

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

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge of amounts payable 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. The Reserve Account initially will not be fully funded in the amount of the Reserve Requirement. If an Event of Default occurs, there can be no assurance that such security will be sufficient to pay the principal of, premium, if any, or interest on the Bonds.

Construction Delays

The College expects to complete and occupy the Project in time for the 2000 Fall term. Any construction delays including, but not limited to, work stoppages, shortages of materials or sufficiency of funds to complete the Project, would adversely impact the College's ability to complete the Project in time, which in turn could impair its ability to attract students.

Contamination Risk

Not as a part of the Project, but connected with it, the Order will be removing two underground fuel storage tanks located on land owned by the Order. The tanks are owned by the Order and will be removed by a qualified contractor in accordance with proper regulatory procedures. Neither the Order nor the College suspects that the tanks have leaked or have caused any environmental issues. If, upon removal, the tanks are shown to have leaked and contaminated College property, the College may be responsible for clean up and the costs associated with it. Such costs are unknown at this time, but may be significant and would have to be paid from general College funds.

Adequacy of Revenues

Payment of principal of and interest on the Bonds is intended to be made from Loan Repayments of the College. The College's ability to make Loan Repayments will be dependent on its ability to generate sufficient unrestricted revenues in excess of expenditures. Such revenues and expenditures are subject to many conditions and factors, some of which may be beyond the control of the College and may change in the future to an extent that cannot be presently determined. Certain debt of the College is secured by mortgage liens on the property financed by such debt. Certain other indebtedness of the College is secured by liens on revenues. (See "Long-Term Debt of the College," page I-13.)

Reliance on Tuition

The adequacy of College revenues will be largely dependent on the amount of future tuition revenue received by the College. Such 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 and accepting offers of admission. A number of factors, including, without limitation, levels of tuition rates and other fees, competition from other colleges, a change in the number of college-age students generally, and adverse general economic conditions could influence the number of applicants to the College.

Financial Aid

Approximately 91% of the College's students currently receive some form of financial aid covering tuition and fees or living expenses from the College and other sources. No assurance can be given that federal and state financial aid will continue to be funded at current levels or that the College will continue to fund student aid 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 is 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 constitutes no assurance as to the future sufficiency of College revenues 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 and interest on the Bonds, holders of the Bonds must look solely to the Loan Repayments to be made by the College under the Loan Agreement and the Reserve Account.

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.

Year 2000

Many currently installed computer systems and software products are coded to accept two digit entries in the date code field. These programs were designed and developed without considering the impact of the upcoming change in the century. Any computer programs that have time sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. If not corrected, these programs could fail or create erroneous results by or at the Year 2000.

The College has addressed the Year 2000 computer problems within its computer systems. All systems have either been up-graded or are in the process of being up-graded. The College believes it will be Year 2000 compliant prior to 2000. However, there can be no assurance that unforeseen problems will not occur in the future.

In addition, the College does business with significant entities which themselves may have Year 2000 problems. The College can make no evaluation of the extent of the Year 2000 problem for these entities or the actions they are taking to correct them. These can be no assurance that the Year 2000 problem with respect to entities with which the College does business will not have a material adverse effect on, or a significant cost to, the College.

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.

CONTINUING DISCLOSURE

In order to assist the Underwriter in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities Exchange Act of 1934 (the "Rule"), the College will enter into an undertaking (the "Undertaking") with the Trustee for the benefit of beneficial owners of the Bonds to provide certain financial information and operating data relating to the College to certain information repositories annually, and to provide notices of the occurrence of the eleven events enumerated in the Rule to such repositories or the Municipal Securities Rulemaking Board and to the Minnesota state information depository, if any. The specific nature of the Undertaking, as well as the information to be contained in the annual report or the notices of material events is set forth in the Continuing Disclosure Agreement to be executed by the College at the time the Bonds are delivered, a copy of which is available from the College or the Trustee. Appendix III contains a summary of the financial information and operating data to be provided annually, as well as the list of material events. The Continuing Disclosure Agreement may be amended under certain circumstances as permitted by the Rule. Furthermore, the College has reserved its right to discontinue providing information required by the Continuing Disclosure Agreement or the Rule, if a final determination is made by a court of competent jurisdiction that the Rule is invalid or otherwise unlawful, and to modify the terms of the Continuing Disclosure Agreement if a court of competent jurisdiction or the College determines that such modification is required by the Rule. The College has never failed to comply in any material respect with any previous undertakings under the Rule to provide annual reports or notices of material events. A failure by the College to comply with the Undertaking will not constitute an event of default on the Bonds (although holders will have other remedies at law or in equity). Nevertheless, such a failure must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure, or the information supplied by the College pursuant to the Undertaking, may adversely affect the transferability and liquidity of the Bonds and their market price.

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THE BONDS

The Bonds will be dated July 15, 1998 and will mature annually each March 1, commencing March 1, 1999, 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 on any principal payment date, 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, 1999.

Book Entry Only System

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc.; the American Stock Exchange, Inc.; and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

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

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

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

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee or the Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book entry system has been obtained from sources that the Authority believes to be reliable, but neither the College nor the Authority takes any responsibility for the accuracy thereof.

Prior Redemption

Mandatory Redemption

Bonds maturing on March 1, 2011, 2013 and 2020 shall be called for redemption on March 1 in the years 2010, 2012 and 2014 through 2019, 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.

2011 Term Bond		2013 Term Bond	
Year	Amount	Year	Amount
2010	$1,405,000	2012	$1,555,000
2011	1,480,000[(a)]	2013	1,635,000[(a)]

2020 Term Bonds			
Year	Amount	Year	Amount
2014	$1,715,000	2017	$1,665,000
2015	1,810,000	2018	1,750,000
2016	1,910,000	2019	670,000
		2020[(a)]	710,000

[(a)] *Stated 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 2011, 2013 and 2020, 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 canceled by the Trustee and not theretofore applied as a credit against such mandatory redemption obligations.

Optional Redemption

Bonds maturing on or after March 1, 2008 are subject to optional redemption on March 1, 2007, and on any date thereafter in whole or in part, in such order of maturity as the College shall direct and selected by random means within a maturity, in integral multiples of $5,000, at par plus accrued interest.

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

Partial Redemption

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

In the case of Bonds of denominations greater than $5,000, if less than 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.

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than 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 affected Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the Date of Taxability effective until the date on which the principal of the Bonds is paid. See “Tax Exemption” and Appendix IV, “DEFINITION OF CERTAIN TERMS.”

If a Determination of Taxability should occur, any monetary damages or loss resulting from or incident thereto shall be limited to the additional interest on the Bonds.

The College will have the option to prepay, to the extent that interest on the Bonds becomes subject to federal income taxes, the Loan, in full or in part on the next date for which due notice can be given or any date thereafter 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 comply with certain financial covenants as further provided in Section 6.14 of the Loan Agreement 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.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds	
Series Four-T Principal	$25,430,000
Series Three-W Reserve	900,637
Total Sources	$26,330,637
Uses of Funds	
Total Estimated Project Costs	$12,500,000
Escrow Account for Series Three-W Bonds	11,293,626
Costs of Issuance	466,279
Reserve Account	2,070,732
Total Uses	$26,330,637

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 ISSUE

The Project

A portion of the Bond proceeds totaling approximately $12,500,000 will finance the following building projects on the campus of the College:

- Construction of an approximately 10,000 square foot bookstore and student development offices within and renovation of Mary Hall Commons at an estimated cost of $3,741,700. Construction on Mary Hall Commons is underway and is expected to be completed by June 1, 1999.

- Relocation of the inter-campus bus stop, including road reconstruction and the construction of a warming house at an estimated cost of $96,000. This project is underway and is expected to be completed by September 1, 1998.

- Construction of a centralized chiller plant onto the present power plant at an estimated cost of $1,146,000. Construction is planned to begin in April 1999 for completion in June 1999.

- Renovation of the Loft building to house all student academic services which are currently scattered throughout the campus. The estimated cost is $1,118,600 and work is planned to commence in June 1999 for completion by September 1999.

- Renovation and expansion of East Apartments by joining the four separate buildings of the complex, renovating the apartments and increasing the number of students housed to 249, an increase of 52 beds. The estimated cost is $5,376,000 and the College plans to start construction in May 1999 for completion in September 1999.

- Renovation of and the addition of air conditioning to the first and second floors of Gertrude Hall at an estimated cost of $942,000. Renovation work is planned to begin in June 1999 and be completed in June 2000.

Estimated costs of each of the components of the Project have been based upon plans and specification prepared by an architect retained by the College. The College will be selecting contractors for certain components of the Project. The College does not expect to hire a construction manager for any of the Project components and will act as its own general contractor for certain components of the Project.

The Refunding

A portion of the Bonds, together with funds on deposit in certain funds and accounts of the Series Three-W Bonds will be deposited in an Escrow Account to provide for the refunding of a pro-rata share of the 2005 through 2020 maturities of the Series Three-W Bonds which are callable prior to maturity on March 1, 2004 at a price of par plus accrued interest.

The Series Three-W Bonds were issued to refund two series of bonds issued by the Authority on behalf of the College and to finance the acquisition, construction and equipping of Lottie Hall, a residence hall. Only that portion of the Series Three-W Bonds attributable to the financing of Lottie Hall and the refunding of one of the series of bonds is eligible for advance refunding.

At the Closing Date, Bond proceeds, together with balances in the reserve fund and other accounts held by the Series Three-W Bonds Trustee will be deposited in an Escrow Account to be established pursuant to an Escrow Agreement among the Series Three-W Bonds Trustee as Escrow Agent, the Trustee, the College and the Authority. The Escrow Account will be funded with cash and securities sufficient to provide for the defeasance of those portions of the 2005 through 2020 maturities being refunded. In accordance with the trust indenture for the Series Three-W Bonds, those amounts will no longer be considered outstanding under the indenture upon such deposit for prepayment and will be payable solely from the Escrow Account.

The portions of the principal amounts of the 2005 through 2020 maturities that will be refunded are as follows:

Year	Total Principal Series Three-W Bonds	Principal Refunded
2005	$ 640,000	$465,000
2006	675,000	490,000
2007	715,000	520,000
2008	760,000	555,000
2009	805,000	585,000
2014	4,825,000	3,520,000
2020	6,010,000	4,380,000
Total	$14,430,000	$10,515,000

Verification services necessary to ensure the adequacy of the Escrow Account to provide timely payment of the debt service for which the Escrow Account is obligated will be performed by McGladrey & Pullen, L.L.P., Certified Public Accountants.

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 not be fully funded on the date of issuance of the Bonds. The Reserve Account will be funded in the amount of $2,070,732 from proceeds of the Bonds on the date of issuance and will be funded in an additional amount from funds to be deposited by the College on March 1, 2004 to bring the balance in the Reserve Account to the Reserve Requirement.

The Bonds are secured by the pledge of the Loan Repayments and a Reserve Account. The Loan Repayments are a general obligation of the College. The College will agree pursuant to the terms of the Loan Agreement and the Indenture 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 College will also covenant that so long as the Bonds shall remain outstanding:

a. For at least two of the preceding three complete Fiscal Years, the Revenue/Expenditure Test must be met.

b. At June 30, 1997 and at the end of each Fiscal Year thereafter, the Unrestricted Net Assets-Board Designated Endowment, as reported in the College's audited financial report, shall be not less than $1,000,000. Within 120 days after the end of each Fiscal Year, the College shall furnish to the Trustee a certificate of an Authorized Institution Representative showing the Unrestricted Net Assets-Board Designated Endowment, and the amount thereof (if any), which is pledged to secure obligations of the College, or is otherwise encumbered, all as of the end of the Fiscal Year. If at the end of any Fiscal Year, the Unrestricted Net Assets-Board Designated Endowment does not equal or exceed $1,000,000, the College shall obtain (from gifts, removal of encumbrance or restriction, sale of tangible property or otherwise) and cause to be credited to the Unrestricted Net Assets-Board Designated Endowment additional unencumbered moneys or investments at least equal to the amount of the deficiency as promptly as possible, but in any event within 180 days after the close of the Fiscal Year, and shall report the same to the Trustee, but proceeds of borrowed funds or from the sale of tangible property leased back by the College for a term of more than two years or with a repurchase option shall not be included in computation of amounts eligible to cure the deficiency.

c. The College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt which does not increase the amount of the Maximum Annual Debt Service and further excepting indebtedness for capital projects for which the College has secured funds on hand or written and signed pledges of gifts in an amount equal to 80% of the estimated cost of such project), unless the average Debt Service Coverage Ratio for the last two Fiscal Years for which audited financial statements are available was at least 110% of Maximum Annual Debt Service of the sum of (A) then Outstanding Funded Debt and (B) Funded Debt thereafter incurred or proposed to be incurred; provided that if the additional Funded Debt proposed to be incurred is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for the most recent complete Fiscal Year, for purposes of this paragraph, the estimated amount of Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be incurred is to finance other College facilities and if the Board of Trustees has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, for purposes of this paragraph, there shall be added to Net Income Available for Debt Service for the two most recent complete Fiscal Years the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the College and the Trustee.

For purpose of these covenants, the following terms shall have the following meanings:

"Adjusted Increase (Decrease) in Unrestricted Net Assets" means the Increase (decrease) in Unrestricted Net Assets, as reported in the Statement of Activities section of the audited financial report of the College, adjusted to: (a) exclude depreciation expense and include (as a reduction to unrestricted net assets) the cost of current equipment acquisitions which have been funded through operations and capitalized; (b) exclude net assets released from restriction representing acquisition of land, buildings and equipment; (c) exclude extraordinary gains or losses; and (d) exclude unrealized net gains or losses on investments.

"Board-Designated Endowment" means that portion of the Unrestricted Net Assets of the College stated on the balance sheet of the College as designated by the Board of Trustees for "endowment" (other than such amounts designated as "unrestricted portion of endowment"), or, if not so stated on the balance sheet, such portion of the Unrestricted Net Assets of the College other than amounts certified to the Trustee by the chief financial officer of the College, and confirmed in writing to the Trustee by the College's auditors, to be designated by the College as (i) available for operations, (ii) reserved for future repair and replacement needs, (iii) restricted by contract (such as for payment of debt service), (iv) invested in property, plant and equipment, or (v) otherwise designated as available for current expenditure.

"Debt Service Coverage Ratio" means for any particular period, the ratio (expressed as a percentage) determined by dividing Net Income Available for Debt Service during the period by the total amount of principal of and interest on Funded Debt.

"Funded Debt" means indebtedness for borrowed money having a maturity date of more than one year from the date of creation thereof and which, under generally accepted accounting principles, is shown on the balance sheet as a liability, including obligations whenever payable if renewable pursuant to the terms thereof or of a revolving loan agreement for a period of more than one year from the date of creation thereof and including lease rental obligations which, under generally accepted accounting principles, are shown on the balance sheet as a liability.

"Maximum Annual Debt Service" means the largest total amount of principal of and interest on Funded Debt payable by the College in any future Fiscal Year during which Bonds will (if paid at their stated maturity dates or redeemed in accordance with a mandatory sinking fund schedule) be outstanding subject to the following: (i) If any part of the Funded Debt is outstanding variable rate indebtedness, the rate of interest on the variable rate indebtedness for future Fiscal Years shall be computed at the average rate of interest for the then most recent Fiscal Year or, at the election of the College, for the then current interest period; if variable rate indebtedness is proposed to be issued, the rate of interest shall be the initial variable rate as estimated by an independent management consultant, or an investment banking firm selected by the College to underwrite the sale of such variable rate indebtedness. (ii) If any part of the Funded Debt outstanding or to be issued is a guarantee by the College of indebtedness of a third person or so-called "pass-through" or "covered" indebtedness (the College having borrowed money to relend to a third person), such Funded Debt shall be excluded if the third person (whose debt is guaranteed or whose payments are expected to service the College's obligations with respect to such Funded Debt) had a Debt Service Coverage Ratio (including the amount of debt proposed to be incurred in the computation of debt service) of at least 110%. (iii) The amount of debt service with respect to "balloon indebtedness" may, at the option of the College be calculated on a level debt service basis over the period ending the Fiscal Year when the balloon is payable; as used herein, "balloon indebtedness" means Funded Debt 25% or more of the principal of which is due in any 12 month period. (iv) The amount of debt service with respect to "put" indebtedness shall be calculated at the maximum amount of principal of or interest on such indebtedness which the College may be required to purchase or redeem in any Fiscal Year; provided that if there is a written commitment from a bank or other financial institution to refinance the amount of any indebtedness which the College may be required to redeem or purchase, the debt service with respect to such put indebtedness may, at the option of the College, be calculated on the basis of the repayment schedule contemplated by such written commitment, commencing the date such commitment will (unless renewed) expire; "put" indebtedness means Funded Debt (A) which the College may be required, at the option of the holder thereof, to prepay or purchase prior to the stated maturity date thereof, in whole or in part, but if in part, in an amount 25% or more of the original principal amount thereof and (B), if subject to variable rates, is then in an interest rate reset period of more than two years. (v) There shall not be taken into account any part of the Funded Debt of the College which has been refunded, refinanced or otherwise defeased under an arrangement whereby all future payments of such indebtedness will be met from monies and investments held by an indenture trustee or escrow agent, provided that any such investments shall be direct obligations of or obligations fully guaranteed by the United States of America. (vi) If any part of such Funded Debt consists of crossover refunding debt, no part of the debt service with respect to such crossover refunding debt shall be taken into account prior to the crossover date, and after the crossover date, no part of the debt service of the refunded debt shall be taken into account. (vii) If any part of such Funded Debt is "nonrecourse" indebtedness or "subordinated" indebtedness, no part of the debt service with respect thereto shall be taken into account; "nonrecourse" indebtedness means indebtedness payable only from a limited fund and secured only by property purchased or acquired from the proceeds of such indebtedness; "subordinated" indebtedness means indebtedness the principal and interest on which are subordinated to payment of the Bonds by a written instrument of the holder, a copy of which is filed with the Trustee. (viii) The amount of any reserve fund for any Funded Debt issued or proposed to be issued may be deducted from debt service for the Fiscal Year or Years in which such Funded Debt finally matures and for payment of which the reserve fund moneys may be used without creating a default.

"Net Income Available for Debt Service" means the Adjusted Increase (Decrease) in Unrestricted Net Assets (plus interest payments on Funded Debt).

"Revenue/Expenditure Test" means the Adjusted Increase in Unrestricted Net Assets shall not be less than zero.

For purposes of (a), (b) and (c) above, all capitalized terms used but not otherwise defined in the Loan Agreement shall have the meanings provided for audits of colleges and universities, as applied by the College's auditors in the report of the College's financial statements.

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 will not be secured by the General Bond Reserve of the Authority (see "ACCOUNTS—General Bond Reserve Account").

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which certain proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. Net proceeds of $12,657,718 from the original issue and sale of the Bonds are to be deposited into the Construction Account; the amount of $2,070,732 (less than the Reserve Requirement) will be deposited into the Reserve Account, and accrued interest, if any, will be deposited in the Bond and Interest Sinking Fund Account; the amount of $10,392,989 will be deposited into the Escrow Account established for the refunded portion of the Series Three-W Bonds. 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 certain proceeds of the Bonds, except as otherwise required to be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account or the Escrow Account. In addition to such proceeds of the Bonds, by the Loan Agreement, the College has covenanted that it will provide and apply additional funds, if any, which, together with Bond proceeds, will be sufficient to provide for the payment of all Project Costs and all other costs relating to the Project. The Authority shall have no obligation to deposit any moneys in said Construction Account or apply moneys to Project Costs except proceeds of the Bonds or funds made available therefor by the College.

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

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

Project Costs shall be paid only upon written order of the Authorized Institution Representative provided that interest accruing on the Bonds during the Construction Period may be paid from the Construction Account.

Bond and Interest Sinking Fund Account and 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 transfers of amounts in other accounts, as permitted by 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 two Business Days prior to each March 1 on which a sinking fund 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 $2,070,732 which is less than the Reserve Requirement. On March 1, 2004, the College is required to deposit an amount sufficient to bring the balance to the Reserve Requirement. The Reserve Account is irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the 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 initial deposit, and after March 1, 2004, 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 initial deposit, or, after March 1, 2004, 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 shall be valued at market value. Investments in the Reserve Account shall be valued by the Trustee not less frequently than as of the first day of the calendar month next preceding March 1, 1999 and each interest payment date thereafter. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of accrued but unrealized interest on moneys or investments therein) is more than the amount of the Reserve Requirement, or more than the amount permitted 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 initial deposit, or, after March 1, 2004, the amount of the Reserve Requirement, then (unless the value of the amount on deposit exceeds the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the initial deposit or the Reserve Requirement, as the case may be, within not less than 30 days.

Interest and income in the Reserve Account shall be transferred first, to the Bond and Interest Sinking Fund Account to the extent the amount on deposit in the Bond and Interest Sinking Fund Account is less than the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, and second, to the Redemption Account any excess interest and income, 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 Construction Account, Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account shall be invested by the Trustee only in investments as authorized by 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, rated at least "AA" or "Aa;" revenue bond obligations of states and local governments insured by municipal bond insurance and rated "AAA" or "Aaa;" mutual funds or unit trusts which invest solely in the foregoing obligations of the United States Government, its agencies, state and local governments; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation; 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. A representative of the Minnesota Higher Education Services Office and the President of the Minnesota Private College Council, who is a non-voting member, are also members of the Authority.

J. Luther Anderson has been the Executive Director of the Authority since June 30, 1995. Mr. Anderson was formerly a Senior Vice President with Springsted Incorporated.

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $500 million. The Authority has had 107 issues (including refunded and retired issues) totaling $641,154,189, of which $378,987,583 (excluding the Bonds) is outstanding as of July 1, 1998. An additional $27,145,000 is authorized but unissued. 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. Under current statutory authority, public community and technical colleges in the State are also eligible for assistance, but only in financing of child-care and parking facilities. In addition, pursuant to special legislation, the Authority has twice issued bonds on behalf of a public community college for housing purposes. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

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

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

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority 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

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

UNDERWRITING

The Bonds are being purchased by Dain Rauscher Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $25,121,439.10 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $267,015 and original issue discount of $41,545.90).

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

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

RATING

Moody's Investors Service has assigned a rating of Baa2 on the Bonds. The rating will reflect only the view of such rating agency. Further information concerning the rating is available from Moody's. There is no assurance that the 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 LLP, 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 Hughes, Mathews & Didier, P.A., of St. Cloud, Minnesota; and for the Underwriter by Oppenheimer Wolff & Donnelly LLP of 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) provisions relating to the expenditure of Bond proceeds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts, (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) provisions relating to the ownership and operation of the facilities financed or refinanced by the Bonds. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State 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. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph.

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 LLP, 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 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 or foreign branch profits tax liability, or the inclusion of social security or other retirement payments in taxable income.

The dollar amount of the initial offering price to the public of the Bonds with stated maturities in 2008, 2009, 2011, 2013 and 2020 (the "Discount Bonds") is less than the principal amount of such maturities. The difference between the initial public offering price of each such Discount Bond (assuming a substantial amount of the Discount Bonds is sold at such price) and its principal amount represents original issue discount. Under existing laws, regulations, rulings and decisions, Bond Counsel is of the opinion with respect to the Discount Bonds that the amount of original issue discount constitutes tax-exempt interest to the extent that it is deemed to accrue to an owner for federal and State of Minnesota income tax purposes (other than Minnesota corporate franchise taxes measured by taxable income and the alternative minimum tax base). Original issue discount is deemed to accrue for such purposes on the basis of a constant yield to maturity taking into account semiannual compounding. The amount of original issue discount that accrues during any accrual period to a holder of a Discount Bond who acquires the Discount Bond in this offering generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes to the same extent as stated interest and will increase the holder's tax basis in such Discount Bond. Any gain realized by a holder from a sale, exchange, payment or redemption of a Discount Bond would be treated as gain from the sale or exchange of such Discount Bond.

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

Located in St. Joseph, Minnesota, the College of Saint Benedict (the "College") is one of the oldest colleges in the Upper Midwest established for the undergraduate education of women. The Sisters of the Order of St. Benedict received an educational charter in 1887; the first college-level course was offered in 1913.

The College and the Sisters of the Order of St. Benedict have been two separate corporate entities since the College was incorporated October 13, 1961. The Bonds do not represent a debt of the Sisters of the Order of St. Benedict and the Order has no legal or financial obligations to the College.

The College continues to enroll only women but also educates men through its coordinate relationship with St. John's University, a four-year undergraduate college for men, which is four miles distant from the College of Saint Benedict. The two colleges cooperate in virtually all aspects of college life. They share a single academic department, a single registrar's and admissions department and operate a combined library system, some of which is located on each campus. The academic and administrative computing services are also joint. Requirements for all major programs are the same for students for either college and students attend classes on either campus.

The College is accredited by the North Central Association of Colleges and Schools as well as by appropriate professional organizations. The College is also registered with the Minnesota Higher Education Services Office in accordance with Minnesota Statutes.

The College admits qualified women without regard to race, color, age, religion or veteran status in accordance with the requirements of federal and State law.

Governance

The College is governed by a Board of Trustees who serve three-year terms renewable twice. The current Board has 28 members. By-laws permit up to 35 members.

<u>Board of Trustees</u>

Sister Ephrem Hollermann, OSB	Prioress of the Sisters of the Order of St. Benedict, St. Joseph, Minnesota
Robert E. Humboldt*	President, Poly Foam, Inc., Lester Prairie, Minnesota
Harvey C. Jewett	President and Chief Operating Officer, The Rivett Group, L.L.C., Aberdeen, South Dakota
Mary Hubbard Kelly	Volunteer/Educator, Edina, Minnesota
Barbara Gray Koch	Volunteer, Long Lake, Minnesota
Susan E. Lester	Chief Financial Officer/Executive Vice President, U.S. Bancorp, Minneapolis, Minnesota
Harold R. Longley	Chief Executive Officer, Advantage Management Services, Ltd., Nassau, Bahamas
Mary E. Lyons*	President, College of Saint Benedict, St. Joseph, Minnesota
Linda Riley Mitchell	Chief Financial Officer and Vice President of Finance and Administration, Star Tribune, Minneapolis, Minnesota
Wenda Weekes Moore	Coordinator, Westminster Presbyterian Church, Minneapolis, Minnesota
John K. Moorhead	Executive, Moorhead Machinery and Boiler Company, Minneapolis, Minnesota
Anne Ford Nelson, Chair*	Vice President, Norwest Bank Minnesota, N.A., Saint Paul, Minnesota
Lynn M. Newman, Vice Chair	Vice President/Division Manager, Maritz Marketing Research, Inc., Bloomington, Minnesota
Rev. Michael J. O'Connell*	Rector, Basilica of Saint Mary, Minneapolis, Minnesota
Shelly Regan	President, Greater Minneapolis Chamber of Commerce, Minneapolis, Minnesota
Chriss Renier	Volunteer, Hamel, Minnesota
Dennis M. Ringsmuth	Senior Vice President/Branch Manager, Dain Rauscher, Inc., St. Cloud, Minnesota
Steven M. Rothschild, Secretary*	President/CEO, Twin Cities RISE!, Minneapolis, Minnesota
Sister Dolores Super, OSB	Director of Community Programs, Sisters of the Order of Saint Benedict, St. Joseph, Minnesota
Molly McGlynn Varley	Volunteer, Saint Paul, Minnesota
Sister Mariterese Woida, OSB	Elementary School Principal, St. Augusta, Minnesota

* *Executive Committee*

President of the College

Dr. Mary E. Lyons became President of the College of Saint Benedict on July 1, 1996.

Dr. Lyons previously served as president of California Maritime Academy in Vallejo, California, from 1990 to 1996. During her tenure, she incorporated a liberal arts core into the academy's engineering and training programs and led a successful effort to bring the academy into the California state college system.

Before becoming president of the academy, Dr. Lyons was academic dean and professor of rhetoric and homiletics at the Franciscan School of Theology, Graduate Theological Union, Berkeley, California.

Dr. Lyons received a bachelor's degree in 1971 from Sonoma State College and a master's degree in 1976 from San Jose State, both in English. She earned a doctorate in rhetoric at the University of California–Berkeley in 1983.

Throughout her career, Dr. Lyons has accumulated a number of awards, including the Thomas More-Jacques Maritain Institute Fellowship in 1981; Newhall Research Fellowship, Graduate Theological Union in 1988 and 1989; Distinguished Alumna of Sonoma State in 1992; and the University of San Francisco Medallion for scholarly achievement and community service in 1993.

Currently, Dr. Lyons is an executive committee member of the Minnesota Private College Council, a member of the U.S. Catholic Bishops Commission on Catholic Higher Education, board member on the Commission of Women in Higher Education, member of the Executive Dialog group of the St. Cloud Chamber of Commerce, member of the City of St. Cloud Mayor's Leadership Council on Race Unity, belongs to the International Women's Forum, serves on the Norwest Community Board and the Board of Directors of the Women's Coalition, is a member of the Minneapolis Club and the U.S. Naval Reserve Association.

Academic Information

The College confers the Bachelor of Science degree in dietetics, nutrition, nursing, medical technology and physical therapy. All other four-year programs lead to a Bachelor of Arts degree. In the music department, a Bachelor of Music degree is also awarded.

The College follows the four-one-four academic calendar of two, 14-week semesters, separated by a one-month interim term in January. A normal course load is considered four, 4-credit classes per semester.

The College offers an extension program in Nassau, the Bahamas, for women and men from the Bahamas wishing to complete a bachelor's degree. In fall 1997, 203 students enrolled in that program. A minimum of one semester's residency at the College in Minnesota is required for graduation under this extension program. An average of 17 Bahamian students are on the College's Minnesota campus each semester.

The libraries at the College of Saint Benedict and Saint John's University serve the combined student body with a joint staff and coordinated programs and services. Joint holdings of the two libraries are 535,390 volumes, 1,737 active periodical subscriptions, 255,201 government documents and 110,214 microforms. An Interlibrary Exchange program provides physical access to the collections of the University of Minnesota and other Minnesota libraries (MINITEX) as well as libraries in the Upper Midwest. Because of the strong computing network, students and faculty can utilize these resources from virtually any computer on campus – be it in their office, dorm room, or in one of the well-equipped public access computing areas.

Campus and Buildings

The College's campus is located on 67 acres in the City of St. Joseph. The physical facilities include 21 main campus buildings. The physical plant and contents are insured at replacement values of approximately $86,000,000. The College currently manages the campus power plant, owned and formerly managed by the Order. The management contract has been renewed indefinitely.

The oldest building on campus is St. Gertrude Hall, constructed in 1898. St. Teresa Hall and the Chapel were constructed in the 1910's. The College has completed building programs during the past 40 years with the most recent being the S.L. Haehn Campus Center which opened January 1, 1996. The Haehn Campus Center includes a dining area, non-alcoholic nightclub, a 350-person capacity meeting room/dining area, several meeting rooms on the lower level, office space for student organizations and the College athletic department, and a fieldhouse. The fieldhouse includes four basketball courts and provides recreational space, including running and walking tracks, for intramurals for students from both the College of Saint Benedict and St. John's University. A weight room is next to the fieldhouse. This complex is adjacent to Claire Lynch Gym and the swimming pool.

The Ardolf Science Center is a state-of-the-art science facility which opened in fall of 1992. The 42,857 square foot science building is divided into three separate sections: faculty offices, laboratories/curriculum support and general classrooms. The Science Center houses two departments, chemistry and nutrition, and, in that physical placement, recognizes the connection between the two disciplines. The labs have 57 fume hoods which provide increased safety, completely exchanging the air in the labs 11 to 45 times an hour.

The 54,000 square foot Clemens Library opened in the fall of 1986. The library provides study space for over 500 students and provides extensive computer and video equipment for student use. The library has particularly strong collections in the fields of literature, religion, women's studies, fine arts and nursing.

The Benedicta Arts Center was completed in 1964 and is a primary academic facility for art, music, theater and dance as well as a main cultural resource center for the region. The Arts Center contains a 1,000-seat auditorium, a 300-seat theater, two art galleries and other supporting facilities for the arts. An extensive music library is also housed in the Arts Center.

The College has the following residence halls: Brian Hall, built in 1996 for 119 students; Frank and Lottie Ardolf Hall ("Lottie Hall"), built in 1994, for 250 students; Margretta Hall, built in 1988 for 150 students; the East Apartments, built in 1975, for 196 students; the West Apartments, built in 1971, for approximately 250 students; and the Mary Hall complex, built during 1956-1969, accommodating 511 students. East Apartments will be renovated and enlarged, as a part of the Bond financing, which will increase the bed capacity to 249.

Currently, approximately 75% of the student body resides on campus. The present housing capacity is approximately 1,500 and in spring 1998 the occupancy level was 92%.

Computer Capability

The College has completed a 5-year project called Implementing Academic Technology, or "IMPACT." This project was a $10,000,000 joint endeavor with St. John's University to bring both campuses to a high degree of technological capability for computerized classroom instruction, individual study, academic support, and desk-top technology for both academic and administrative areas. Classrooms, offices and residences are networked on both campuses and the two campuses are networked to each other. All students living in the residences at the College are able to access from their residence all academic software on the campus network. Enrolled students automatically have access to the campus network. This includes a network account, an MS Exchange mailbox and access to file storage on a network server. Students have access to applications and data from all points on either campus including the residence halls. There are extensive training opportunities for students, faculty and staff members to become competent in using the technology. On the College campus, the computer facilities consist of two multimedia computer classrooms, various computer access/lab facilities and residence hall computer clusters. All areas have modern networked workstations offering the latest versions in word processing, spreadsheet, and graphical applications. Many types of discipline-specific software applications are available. In addition, all networked workstations have access to the Internet. Computer support and updates are met through the annual operating budget.

Student Body

The College's full-time equivalent (FTE) enrollment on campus, actual and projected, are:

	Fall Term	FTE
Actual:	1993	1,738
	1994	1,773
	1995	1,832
	1996	1,893
	1997	1,924
Budgeted:	1998	1,911

Additionally, the College maintains a continuing education program on campus and in the Bahamas, which, as of spring 1998, had a total head-count enrollment of 216.

Approximately 83% of the students at the College are from Minnesota. A total of 29 states and 20 foreign countries were represented during the 1997-98 academic year.

Applications, Acceptances and Enrollments

Applications, acceptances and enrollments for first-year students for the past five academic years are as follows:

	1993-94	1994-95	1995-96	1996-97	1997-98
Applications	938	969	913	930	1,005
Acceptances	864	862	830	855	926
Percent Accepted	92.1%	89.0%	90.9%	91.9%	92.1%
Enrolled	511	487	495	499	519
Percent Enrolled to Accepted	59.1%	56.5%	59.6%	58.4%	56.0%
ACT	23	24	24	24	24

Tuition and Fees

The College meets the costs of its educational programs primarily through tuition and fees. The following table lists the fees charged full-time students for the past four academic years and as adopted by the Board of Trustees for the 1998-99 academic year.

	1994-95	1995-96	1996-97	1997-98	1998-99
Tuition for First Year Student	$12,247	$12,951	$13,858	$14,620	$15,424
Room*	2,250	2,330	2,432	2,520	2,600
Board	1,971	2,040	2,111	2,185	2,261
Activity Fee	88	88	88	88	100
Campus Center Fee	-0-	50	50	50	50
Total	$16,556	$17,459	$18,539	$19,463	$20,435

* *Average room charges; may be more or less depending on residence hall and number of students per room.*

Certain other fees may be charged depending on the course of study.

Comparison of Undergraduate Charges for Minnesota Private Colleges (1997-1998)

	Tuition	Room and Board	Total
Carleton College	$21,885	$4,440	$26,325
Macalester College	18,758	5,430	24,188
St. Olaf College	16,500	4,020	20,520
Gustavus Adolphus College	16,170	4,010	20,180
Mpls. College of Art & Design	15,808	4,075	19,883
College of St. Benedict	**14,758**	**4,705**	**19,463**
University of St. Thomas	14,660	4,769	19,429
St. John's University	14,758	4,574	19,332
Augsburg College	13,996	4,986	18,982
Bethel College	13,840	4,950	18,790
College of St. Catherine	14,258	4,430	18,688
College of St. Scholastica	13,995	3,957	17,952
St. Mary's University	12,495	4,120	16,615
Concordia University (St. Paul)	11,980	4,500	16,480
Concordia College (Moorhead)	12,145	3,525	15,670
Average	$15,054	$4,456	$19,509

NOTE: Charges apply to new entering students only. Several colleges have differential tuition for upperclassmen, housing cost freezes for returning students or other policies that result in variation in costs.

Source: Minnesota Private College Council.

Financial Aid

Approximately 91% of the student body annually receives some form of financial aid. The following table is a five-year summary of financial aid received from both College and non-College sources.

	1993-94	1994-95	1995-96	1996-97	1997-98*
Grants/Scholarships:					
College	$ 4,360,058	$ 5,127,018	$ 6,048,236	$ 6,775,766	$ 7,620,522
MPCC/Special/Endowed	469,695	476,541	544,305	640,784	754,368
Tuition Waivers	432,948	441,671	472,875	545,206	692,342
Federal	1,227,034	1,170,227	1,073,021	1,135,661	1,173,614
State	2,907,315	2,682,147	2,760,541	2,726,804	2,656,499
Private	399,085	387,547	520,944	633,565	741,879
Total Grants/ Scholarships	$ 9,796,135	$10,285,151	$11,419,922	$12,457,786	$13,639,224
Loans	5,957,184	6,052,388	7,237,136	7,986,687	7,977,957
Student Employment	1,357,887	1,447,512	1,686,306	2,078,172	2,298,256
Total Financial Aid	$17,111,206	$17,785,051	$20,343,364	$22,522,645	$23,915,437
Number of Students Receiving Financial Aid	1,587	1,594	1,620	1,731	1,817

* *As of February 25, 1998.*

Faculty and Staff

The student-faculty ratio is approximately 12.5 to 1. Thirteen percent of the faculty are Sisters of the Order of St. Benedict. 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.

Total employment of the College is 359 full-time equivalent. The College employs 126 full-time faculty, 80 of whom are tenured, and 50 part-time faculty. Average salaries by full-time faculty rank are:

Rank	Number	Average Salary
Professor	23	$54,108
Associate Professor	55	$46,355
Assistant Professor	36	$36,965
Instructor	12	$32,466

Pension Plans

The College participates in one retirement plan: a Section 403(b) annuity plan sponsored by Teachers Insurance and Annuity Association ("T.I.A.A.") for faculty, administrative staff and support staff. The T.I.A.A. plan covers certain faculty, administrative and support staff employees with contributions based upon salary levels of the participants. The College's share of contributions to the plan was $802,000 in Fiscal Year 1997 and $710,000 in Fiscal Year 1996.

Capital Campaign

The College completed a campaign in the fall of 1996 of $30,566,740, exceeding the goal of $26.4 million by 15 percent. The campaign supported capital, endowment and annual funds. The College is currently planning a $16 million dollar campaign for the arts. These funds would be used to air condition and renovate the Benedicta Arts Center and provide endowments for the arts and arts curriculum.

Endowment Funds

Following is a five-year history of the ending fund balances, based on market value, of the College's Endowment and Similar Funds and Annuity Funds.

Years Ended June 30	Endowment Funds	Quasi-endowment Funds	Annuity Funds
1997*	$9,188,940	$5,176,481	$45,824
1996*	7,641,949	4,547,153	37,077
1995	6,156,137	4,001,546	37,713
1994	4,867,160	3,629,591	60,492
1993	4,768,987	4,426,400	63,442

* *Endowment includes amounts in unrestricted net assets and permanently restricted net assets.*

Gifts and Grants

Gifts and grants revenues received from federal, State and private sources for the past five years have been:

Year Ended June 30*	Unrestricted	Temporarily Restricted	Permanently Restricted
1997	$435,193	$1,809,264	$871,560
1996	702,414	1,557,402	881,418

* *Beginning in Fiscal Year 1996, the reporting for private gifts and grants was changed due to FASB requirements. See discussion below.*

Year Ended June 30	Current Unrestricted Fund	Current Restricted Fund	Endowment and Similar Funds	Annuity Funds	Plant Funds
1995	$550,228	$2,238,405	$726,000	-0-	$2,027,567
1994	715,686	2,718,076	539,836	$ 5,000	889,593
1993	619,550	2,485,184	521,314	10,000	2,330,238

Presentation of Financial Statements

For the year ended June 30, 1996, the College adopted two new Statements of Financial Accounting Standards (SFAS) issued by the Financial Accounting Standards Board. Together the new statements significantly alter the appearance and content of private college and university financial statements. These changes in presentation make it difficult to draw comparisons between the financial statement for the fiscal years ended prior to June 30, 1996, and the financial statements for 1996 and thereafter.

SFAS #116, *Accounting for Contributions Received and Contributions Made*, has two significant aspects. The first is a requirement to record certain specifically verifiable donor promises as revenues in the period the promises are received, and to reflect the promises as receivables of the College. This contrasts with the previous practice of recording contributions when the actual cash or property was received.

The second aspect of SFAS #116 is the requirement to record contributions into one of three classes of net assets: permanently restricted, temporarily restricted or unrestricted, based on the existence or absence of donor imposed restrictions.

SFAS #117, *Financial Statements for Not-for-Profit Organizations*, is intended to make financial statements of not-for-profit organizations more understandable to users of those statements, and requires that the financial statements of all not-for-profit organizations include a statement of position, a statement of activities and a statement of cash flows. Such financial statements focus on the College as a whole and present balances and transactions according to the existence or absence of donor imposed restrictions, and again classify fund balances and transactions into three classes of net assets: permanently restricted, temporarily restricted or unrestricted.

Appendix VI sets forth the financial statements of the College for the years ended June 30, 1997 and 1996, audited by Virchow, Krause & Company, LLP, Certified Public Accountants, Minneapolis, Minnesota and prepared in accordance with SFAS #116 and SFAS #117. The firm has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

Summaries of Current Funds Revenues, Expenditures and Transfers

The table on page I-10 sets forth summaries of revenues, expenditures and other changes for the College's Unrestricted Current Fund for the Fiscal Years ended June 30, 1993 through 1995. The table on page I-11 sets forth the College's statements of unrestricted activities for Fiscal Years ended June 30, 1996 and 1997.

COLLEGE OF SAINT BENEDICT
SUMMARY STATEMENT OF UNRESTRICTED CURRENT FUND
REVENUES, EXPENDITURES AND TRANSFERS

For the Years Ended June 30

	1993	1994	1995	1996	1997
REVENUES:					
Educational and general:					
Student tuition and fees	$18,791,028	$20,575,611	$22,479,287		
Gifts, grants and contracts	619,550	715,686	550,228		
Endowment income	182,204	113,884	52,957		
Other sources	1,065,829	233,199	425,647	See	
Total Educational and General	20,658,611	21,638,380	23,508,119	"Statement	
Total Auxiliary Enterprises	7,533,010	7,599,296	8,314,916	of	
TOTAL REVENUES	28,191,621	29,237,676	31,823,035	Unrestricted Activities"	
EXPENDITURES:					
Educational and general	20,181,741	21,663,088	23,973,940		
Auxiliary enterprises	6,250,152	5,426,913	5,638,942		
TOTAL EXPENDITURES	26,431,893	27,090,001	29,612,882		
Excess (deficiency) of revenues over expenditures before mandatory transfers	1,759,728	2,147,675	2,210,153		
TRANSFERS AMONG FUNDS:					
Mandatory:					
Prinicpal and interest	(963,490)	(938,798)	(1,015,169)		
Other:					
Renewals and replacements	(768,694)	(1,230,767)	(1,413,014)		
Transfer to quasi-endowment	(145,000)	(145,000)	0		
Transfer from retirement of indebtedness	0	0	0		
Reduction in inter-fund debt	0	0	0		
Endowment income appropriated (reinvested)	118,639	168,925	219,985		
Net Increase for the Year	1,183	2,035	1,955		
Beginning Fund Balance	548,344	549,527	551,562		
Ending Fund Balance	$549,527	$551,562	$553,517		

Source: College's Annual Audited Financial Statements

COLLEGE OF SAINT BENEDICT
STATEMENT OF UNRESTRICTED ACTIVITIES

For the Years Ended June 30

	1993	1994	1995	1996	1997
Changes in unrestricted net assets:					
Revenue:					
Tuition and fees				$ 24,936,363	$ 27,089,891
Less: Student aid and scholarship				(7,077,089)	(7,875,524)
Net tuition and fees				17,859,274	19,214,367
Federal grants		**See**		1,073,024	1,314,290
State grants				123,301	115,990
Private gifts and grants		**"Summary Statement of**		702,414	435,193
Other investment income				648,575	684,545
Endowment income				290,234	320,011
Net realized gains (losses) on investments				(4,809)	98,042
Net unrealized gains on investme		**Unrestricted Current Fund**		418,216	644,595
Other sources		**Revenues, Expenditures and**		196,817	746,997
Sales and service of auxiliary ente		**Other Changes"**			
Residence halls				3,565,938	3,910,130
Food service				2,374,723	2,575,019
Other auxiliaries				2,868,474	3,258,659
				30,116,181	33,317,838
Net assets released from restriction				5,286,878	4,009,760
Total Revenue, Gains and Other Support				35,403,059	37,327,598
Expenses:					
Program expenses					
Instruction				10,763,530	11,242,513
Acadenuc support				2,645,530	3,074,972
Student services				2,931,460	3,584,120
Auxiliary enterprises					
Residence halls				2,776,905	3,308,538
Food service				2,213,446	2,464,728
Other auxiliaries				2,547,087	2,710,153
Support expenses					
Institutional support				6,408,828	6,188,948
Total Expenses				30,286,786	32,573,972
Increase in unrestricted net assets				5,116,273	4,753,626
UNRESTRICTED NET ASSETS BEGINNING OF YEAR				31,306,170	36,422,443
UNRESTRICTED NET ASSETS END OF YEAR				$ 36,422,443	$ 41,176,069

Source: Audited financial statements of the College.

Budget Summaries

Below are summaries of the College's budgeted unrestricted revenue and expenses for Fiscal years 1997-98 and 1998-99.

COLLEGE OF SAINT BENEDICT

BUDGETED UNRESTRICTED REVENUE AND EXPENSES

	Revised 1997-98 Budget	Approved 1998-99 Budget
Revenue:		
Tuition and fees		
Tuition (regular year)	$ 27,456,360	$ 28,765,760
Tuition discount	(8,851,533)	(9,492,701)
Net tuition	18,604,827	19,273,059
Continuing education	96,000	96,000
Other fees	219,220	219,220
Government grants	551,501	472,126
Private gifts and grants		
Student aid-restricted	353,978	361,058
Student aid-auxiliary support	1,508,632	1,516,175
Undesignated/annual fund	467,278	476,624
Endowment income	614,841	732,214
Other sources	259,500	259,500
Unrestricted Revenue	22,675,777	23,405,976
Expenses		
Compensation	13,679,616	14,040,489
General operating	6,353,228	6,828,228
Priority initiatives	100,000	100,000
Cost containment	(100,000)	(334,260)
Repositioning/restructuring funds	60,000	60,000
International programs - increased costs	-	45,900
Student wages (E & G)	1,023,805	1,069,928
Capital acquisitions and renovations	100,000	100,000
Computing capital supplement	800,000	750,000
Adjustment factor	-	100,000
Transfer to repair and replacement	200,000	200,000
Transfer to quasi-endowment	145,000	145,000
Unrestricted Expenses	$ 22,361,649	$ 23,105,285
Net Revenue Over Expenses	$ 314,128	$ 300,691

Long-Term Debt of the College as of July 2, 1998

1. $370,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series J, dated July 1, 1974; final maturity July 1, 2002; $130,000 is outstanding. The Series J Bonds are secured by the full faith and credit of the College; a first lien on the base rents and other income of and a mortgage on the Student Center; a debt service reserve of $28,000; and the Authority's General Bond Reserve.

2. $1,680,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-U, dated September 1, 1989; final maturity September 1, 1999; $730,000 is outstanding. The Series Two-U Bonds are secured by the full faith and credit of the College; a mortgage on and security interest in the East Apartments; a first lien on the gross revenues of the East Apartments; and a debt service reserve of $168,000. The College will defease the Series Two-U Bonds on or before the Closing of the Bonds.

3. $17,475,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-W, dated March 15, 1994; final maturity March 1, 2020; $16,890,000 is outstanding. The Series Three-W Bonds are secured by the full faith and credit of the College; a first lien on the base rent and other income of the Frank and Lottie Ardolf Hall and Margretta Hall; and a debt service reserve of $1,538,137. A portion of each of the 2005 through 2020 maturities, totaling $10,515,000, is being refunded by the Bonds.

4. $3,000,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-G (College of Saint Benedict), dated July 1, 1996; final maturity March 1, 2016; $2,770,000 is outstanding. The Series Four-G Bonds are secured by the full faith and credit of the College; a security interest in the rents, charges, and fees of Brian Hall; and a debt service reserve of $257,970.

5. The Bonds.

Total of long-term debt outstanding as of July 2, 1998, adjusted to include the Series Four-T Bonds and exclude the principal of the Series Two-U Bonds and the Series Three-W Bonds being refunded, is $34,705,000.

Annual Debt Service by Fiscal year and Coverage Statement

The table on page I-14 sets forth the estimated debt service on the Bonds and debt service on the College's currently outstanding long-term debt excluding Series Two-U Bonds and the refunded debt service of the Series Three-W Bonds for each fiscal year during the term of the existing indebtedness of the College. Column 6 shows coverage of such annual debt service by the amount of College revenue that was available for debt service for the year ended June 30, 1997, as further detailed in footnote (c) of the table. Actual long-term debt of the College may increase in the future as additional capital projects are undertaken.

The table on page I-14 is intended merely to show the relationship of Fiscal Year 1997 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 defeasance of a portion of the Series Three-W Bonds and an assumed interest rate and amortization on the Bonds. The table 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.

Minnesota Higher Education Facilities Authority
Series Four-T, College of St. Benedict
Annual Debt Service by Fiscal Year and Proforma Coverage Statement

Fiscal Year Ending June 30,	Existing Long Term Debt Service (a)	Retired Series Two-U and Refunded Series Three-W Debt Service (b)	Debt Service on the Series Four-T Bonds	Combined Long Term Debt Service(c)	Amount Available for Debt Service (d)	Proforma Coverage (Times)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1998	$1,878,020	$0	$0	$1,878,020	$4,844,665	2.58
1999	1,792,513	(668,800)	1,070,504	2,194,216	4,844,665	2.21
2000	1,953,704	(1,118,800)	1,797,558	2,632,461	4,844,665	1.84
2001	1,792,646	(653,275)	1,799,608	2,938,979	4,844,665	1.65
2002	1,795,013	(653,275)	1,795,533	2,937,270	4,844,665	1.65
2003	1,788,383	(653,275)	1,795,558	2,930,665	4,844,665	1.65
2004	1,786,463	(653,275)	1,794,458	2,927,645	4,844,665	1.65
2005	1,790,363	(1,118,275)	2,264,208	2,936,295	4,844,665	1.65
2006	1,790,603	(1,115,840)	2,263,958	2,938,720	4,844,665	1.65
2007	1,787,408	(1,116,440)	2,260,958	2,931,925	4,844,665	1.65
2008	1,791,388	(1,120,240)	2,265,208	2,936,355	4,844,665	1.65
2009	1,791,938	(1,116,940)	2,257,808	2,932,805	4,844,665	1.65
2010	1,794,038	(1,121,840)	2,262,393	2,934,590	4,844,665	1.65
2011	1,791,598	(1,118,715)	2,265,738	2,938,620	4,844,665	1.65
2012	1,789,508	(1,117,795)	2,265,258	2,936,970	4,844,665	1.65
2013	1,788,208	(1,119,395)	2,265,564	2,934,376	4,844,665	1.65
2014	1,792,568	(1,118,205)	2,261,770	2,936,133	4,844,665	1.65
2015	1,791,968	(1,119,225)	2,265,018	2,937,760	4,844,665	1.65
2016	1,789,386	(1,120,675)	2,268,183	2,936,894	4,844,665	1.65
2017	1,056,413	(768,619)	1,910,998	2,198,791	4,844,665	2.20
2018	1,053,819	(770,369)	1,917,455	2,200,905	4,844,665	2.20
2019	1,058,038	(769,569)	743,830	1,032,299	4,844,665	4.69
2020	1,058,431	(771,219)	747,985	1,035,198	4,844,665	4.68
Totals:	$38,502,409	($20,904,060)	$42,539,542	$60,137,891		

(a) Includes debt service on Series Two-U and Series Three-W.

(b) The Series Three-W Bonds are to be partially refunded by the Series Four-T Bonds. The College will defease the Series Two-U Bonds on or before the Closing of the Bonds.

(c) Includes actual debt service on the Series Four-T Bonds and excludes the refunded portion of the Series Three-W Bonds and the retired Series Two-U Bonds.

(d) Calculation of Amount Available for Debt Service for Fiscal Year Ended June 30, 1997:

Increase in Unrestricted Net Assets:		$ 4,753,626
Plus:	Depreciation & Amortization	2,414,981
	Debt Service Interest	1,302,837
Less:	Net Assets released from Restriction for Land, Buildings & Equipment	(2,427,536)
	Capitalized Equipment	(554,648)
	Unrealized gains on investments	(644,595)
Amount available for debt service:		$ 4,844,665

PROPOSED FORM OF LEGAL OPINION

FAEGRE & BENSON LLP

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MINNEAPOLIS, MINNESOTA 55402-3901
TELEPHONE 612-336-3000
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$______________
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Four-T
(College of Saint Benedict)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered (initially book-entry) Revenue Bonds, Series Four-T (College of Saint Benedict), in the aggregate principal amount of $______________ (the "Bonds"), dated July 15, 1998, 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

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds and the Indenture. The Bonds due in the year 20___ 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, 1999. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds are subject to mandatory redemption. 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 Norwest Bank Minnesota, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to College of Saint Benedict, a Minnesota nonprofit corporation and institution of higher education located in the City of St.

Minneapolis Denver Des Moines London Frankfurt

Joseph, Minnesota (the "College"), in order to finance improvements and to refund certain outstanding revenue bonds. We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College and the Trust Indenture (the "Indenture") between the Authority and the Trustee each dated as of July 15, 1998, one or more opinions of Hughes, Mathews & Didier, P.A. 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 Hughes, Mathews & Didier, P.A., as to the Loan Agreement having been duly authorized and executed and being binding upon the College and as to the corporate organization, tax-exempt status, good standing and powers of the College, and as to title to the Project 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, 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, scheduled to be made in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, and by the pledge of the funds and investments held by the Trustee under the Indenture and by the pledge of funds and rights to payment held by the Trustee under the Loan Agreement.

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 purposes of the computation of "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. 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, July ____, 1998.

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APPENDIX III

INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE

Annual Reporting

The Annual Report Date will be the earlier of (a) thirty days after the Board of Trustees of the College approves and accepts the audited financial statements or (b) 270 days after the fiscal year-end, commencing with the fiscal year ended June 30, 1998. The Annual Report will contain:

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

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

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

      - Student Body
      - Applications, Acceptances and Enrollments
      - Tuition and Fees
      - Financial Aid
      - Faculty and Staff

   b. Information as to gifts, bequests and grant support for the most recent complete fiscal year, identifying major sources.

   c. Information as to any publicly-announced capital campaign, including stated goals and progress toward the goals.

Material Events to be Disclosed

The events enumerated in Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, which are to be disclosed, if material, are as follows:

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
(v) Substitution of credit or liquidity providers, or their failure to perform;
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
(vii) Modifications to rights of security holders;
(viii) The giving of notice to redeem any Bonds other than for a sinking fund redemption;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities and;
(xi) Rating changes.

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APPENDIX IV

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 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, Secretary or Executive Director or other officer authorized to act on behalf of the foregoing officer. 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 certain officers of the College or its Board of Trustees. Such certificate may designate an alternate or alternates.

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

Board of Trustees: The Board of Trustees of the College, including any Executive Committee or any other 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 Four-T (College of Saint Benedict).

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

Bond Resolution: The Series Resolution of the Authority adopted on July 15, 1998, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: (a) The period from the Issue Date to the close of business on March 1, 1999 and (b) each succeeding 12-month period ending at the close of business on March 1 of each year in which the outstanding Series Four-T Bonds, if paid at their stated maturity dates, shall be outstanding.

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 and acquired from funds other than the proceeds of the Prior Bonds or 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, or DTC or its successor as depository are not open for business.

College: College of Saint Benedict, a Minnesota nonprofit corporation, 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 includable in the computation of any alternative minimum tax is not a Determination of Taxability.

Escrow Account: The Escrow Account created under the Escrow Agreement.

Escrow Agreement: The Escrow Agreement dated as of July 15, 1998 among the Prior Bonds Trustee as the Escrow Agent, 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 July 1 in each year.

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

Ground Lease: The Ground Lease Agreement from the Sisters of the Order of Saint Benedict, as lessor, and the College, as lessee, relating to land on the main campus of the College, included as part of the Project Site, which is or will be used as educational facilities for students of the Institution.

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

Indenture: The Trust Indenture between the Authority and Norwest Bank Minnesota, National Association, as Trustee, dated as of July 15, 1998, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: College of Saint Benedict, a Minnesota institution of higher education located in St. Joseph, Minnesota and owned and operated by the College.

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

Issue: The Bonds.

Loan Agreement: The Loan Agreement between the Authority and the College dated as of July 15, 1998, as amended or supplemented from time to time.

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

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

Permitted Encumbrances: 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, (iv) mortgage liens and security interests given to secure borrowed money incurred to acquire, improve and install improvements to or tangible personal property in the Project Facilities, and (v) those additional encumbrances set forth in Exhibit C to the Loan Agreement.

Project: The Project as defined on page 1 of this Official Statement.

Project Buildings: The facilities to be acquired, improved or constructed with proceeds of the Bonds, including investment earnings, and any other building constructed or improved with proceeds of the Prior Bonds, including investment earnings.

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 Prior Bonds or the Bonds, including investment earnings.

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

Project Site: The land on which any Project Building is or is to be located or otherwise improved as part of the Project.

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 balance 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 placed Bond proceeds in the amount of $2,070,732. On March 1, 2004, the College is required to deposit an amount sufficient to bring the balance to the Reserve Requirement. Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient thereof 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: If no Additional Bonds are outstanding, the maximum amount of principal of and interest on the Bonds payable in any remaining Bond Year or (if less) 10% of the proceeds (par value less original issue discount, if any, according to the reoffering scale) received from the issuance and sale of the Bonds or (if less) 125% of the average annual debt service of the Bonds or (ii) if Additional Bonds are outstanding, the sum of (A) the amount set forth in subsection (i) plus (B) the maximum amount of principal of and interest on Additional Bonds payable in any remaining Bond Year or (if less) 10% of the proceeds (par value less original issue discount, if any, according to the reoffering scale) received from the issuance and sale of the Additional Bonds or (if less) 125% of the average annual debt service of the Additional Bonds.

Series Four-T Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-T (College of Saint Benedict).

Series Three-W Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-W (College of Saint Benedict), dated March 15, 1994 in the original principal amount of $17,475,000.

Series Three-W Indenture: The Trust Indenture dated as of March 1, 1994, between the Authority and the Series Three-W Trustee.

Series Three-W Loan Agreement: The Loan Agreement dated as of March 1, 1994, between the Authority and the College.

Series Three-W Project: (a) The acquisition, construction, furnishing and equipping of Lottie Hall for approximately 242 students; (b) the acquisition, construction, furnishing and equipping of science facility (known as Ardolf Science Center) originally financed by the Authority's Variable Rate Demand Revenue Bonds, Series Three-D (College of Saint Benedict), dated May 2, 1991; and (c) construction, furnishing and equipping of Margretta Hall, a residence hall, with appurtenant site improvements and adjacent parking; the renovation of St. Teresa Hall for faculty and administrative offices and a reception area; the installation of air conditioning in Claire Lynch Hall, a gymnasium; and the installation of a storm sewer all originally financed by the Authority's Mortgage Revenue Bonds, Series Two-Q (College of Saint Benedict), dated May 1, 1988.

Series Three-W Reserve Account: The Reserve Account created under the Series Three-W Indenture.

Series Three-W Trustee: Norwest Bank, Minnesota, National Association, or any successor Trustee under the Series Three-W Indenture.

Sinking Fund Subaccount: The Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account created under the Indenture into which the Authority shall deposit certain moneys for mandatory redemption prior to maturity of Bonds as specified in the Indenture.

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: Norwest Bank Minnesota, National Association.

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 IV, contained herein.

Construction of Project

The College represents that the acquisition, construction and installation of the Project are to be substantially completed by no later than December 31, 2000 subject only to "force majeure," as provided in the Loan Agreement. 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, or both, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the 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 and an opinion of counsel to such effects is furnished. 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 exceed the proceeds of the Bonds, including investment earnings 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 2 business days prior to each March 1 and September 1, commencing March 1, 1999, 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 Four-T 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 or mandatory redemption and prepayment of the Bonds, into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Series Four-T 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 Four-T Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

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

(f) at least 2 business days prior to each March 1, commencing March 1, 2010 into the Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account, 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 Four-T Bonds specified in 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 use 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, modifications 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, such lease, sublease or use agreement shall not be inconsistent with the Loan Agreement, the Indenture, or the Act, and the College shall remain fully obligated under the Loan Agreement as if such lease, sublease or use agreement had not been made.

Operating Expenses 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 brought 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 Facilities, with a deductible amount of up to $250,000.

(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, with a deductible amount of not more than $250,000 per occurrence, and against liability for property damage in the minimum amount for each occurrence of $100,000.

(c) Workers' compensation insurance in such amount as is customarily carried by organizations in like activities of comparable size and liability exposure to the 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, 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 $1,000,000, 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 $1,000,000, 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, the available Net Proceeds or (if less) the prorata portion in respect of any Project Building shall be used for redemption or purchase of outstanding Bonds. For purposes of the provision, "prorata portion" shall mean the following percentages of the principal amount of outstanding Bonds: 19.7% of the principal amount of outstanding Bonds in the case of Ardolf Science Center; 23.5% of the principal amount of outstanding Bonds in the case of Lottie Hall; 14.5% of the principal amount of outstanding Bonds in the case of Mary Hall Commons; and 20.8% of the principal amount of outstanding Bonds in the case of East Apartments.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to any of the Project Buildings, and site thereof, 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, restore or replace such facilities, as more fully provided in the Loan Agreement.

If the Bonds are to be redeemed, the available Net Proceeds (or if less, the prorata portion) in respect to any Project Building and site thereof which the College elects not to repair, rebuild, or restore shall be used for redemption or purchase of outstanding Bonds. For purposes of this provision, "prorata portion" shall be defined as set forth above under "Damage or Destruction."

Removal 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 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 Account; provided that if the depreciated book value of the equipment so released was less than $25,000, such release 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;

(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) and (b) above, if the depreciated book value of the Project Equipment or, in connection with (c) above, if the depreciated book value of 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 substitution, removal or release of such equipment will not materially impair the character or revenue producing significance of the Project Facilities.

Indemnification

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

The 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.

College to Maintain its Existence and Accreditation

The College agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and maintain the Institution as an institution of higher education under the laws of Minnesota and its accreditation as an institution of higher education by recognized accrediting agencies and that it will not 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 are the following: (a) if the surviving, resulting or transferee institution, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Loan Agreement and the Security Agreement, and be either a state university or college or a nonprofit corporation and a nonprofit Institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against unlawful discrimination and requiring that the institution be nonsectarian; and (b) the 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, unless the College obtains an opinion of nationally recognized bond counsel that the tax-exempt status of the Bonds will not be affected, in no event will the College 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 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 and if the effect of exceeding such amount would be to adversely affect the tax-exempt status of the Bonds.

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.

Institution to be Nonsectarian

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

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 affected 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 date for which due notice can be given or any date thereafter and the redemption price shall be equal to par plus accrued interest (including additional interest from the Date of Taxability). If a Determination of Taxability should occur, any monetary damage or loss resulting from or incident thereto shall be limited to the additional interest, as more fully set forth in the Loan Agreement.

Financial Covenants

The College covenants and agrees, so long as the Bonds shall remain outstanding, to comply with the financial covenants described under the heading "Summary of Security for the Bonds" in this Official Statement. In addition, the Loan Agreement includes provisions governing the calculation of Maximum Annual Debt Service covering, among other things, variable rate indebtedness, guarantees, balloon indebtedness, put indebtedness, refunded debt and subordinated debt.

Other Covenants

The College further agrees to comply with all applicable laws and regulations against unlawful discrimination, and not to discriminate on account of religion, race, color, creed or national origin in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the Authority or Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds and to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; and to observe all applicable State laws and regulations, including those of the Authority and the Minnesota Higher Education Services Office, subject to the right of contest. The College agrees to indemnify the Authority from losses arising from certain representations made by the College regarding the absence of hazardous waste on the Project Facilities.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148 of the Internal Revenue Code with respect (but only with respect) to amounts paid by the College to the Authority as the Authority's annual fee under the Loan Agreement.

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, or Redemption Account, as the case may be, on a Bond principal or interest payment date or redemption date are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (ii) such failure shall continue for 5 Business Days after notice from the Trustee or the Authority to the 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 provided that failure to maintain Unrestricted Net Asset-Board Designated Endowment as described in the Loan Agreement shall not be an Event of Default unless the College fails to restore the deficiency within 180 days from the close of the Fiscal Year in which such deficiency is reported; 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 its property, 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 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.

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

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

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 IV, contained herein.

Granting Clauses

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

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

(2) a first lien on and pledge of (i) the moneys and investments in the Accounts covenanted to be paid and maintained under the Indenture (but not the Escrow Account), (ii) moneys and investments in the Construction 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

(3) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the 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.

Trustee's Right to Payment

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

Additional Bonds

In addition to the Bonds, the Indenture permits the issuance of one or more series of *Additional* Bonds by the Authority, acting at the request of the College, equally and ratably secured on a parity with the Bonds to provide funds for the following purposes: (i) completion of the Project, (ii) refunding of all or any series or portion of series of then outstanding Bonds or Additional Bonds, (iii) improvements or alterations, repairs or replacement of the Project Facilities, or (iv) other project or projects as authorized by the Act.

The issuance of Additional Bonds requires, among other things, evidence satisfactory to the Authority of the College's ability to meet debt service on the Additional Bonds and comply with certain financial covenants set forth in the Loan Agreement. Furthermore, to the extent required by the Authority, the College shall make additional deposits to the Reserve Account and execute supplements to the Loan Agreement and the Indenture. Additional Bonds may not be issued unless in the opinion of bond counsel the interest on the outstanding Bonds remains excludable from gross income of the holders for federal income tax purposes.

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 rebate requirements under Section 148 of the Code and regulations thereunder; to keep proper books, accounts and records; and not to issue or permit to be issued any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture and not to suffer or permit any default to occur under the Indenture. Under the Act, and it is expressly agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds for performing any of the conditions, covenants or requirements of the Indenture or from any funds other than Loan Repayments or money in the Accounts.

Events of Default

The following are Events of Default under the Indenture:

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

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

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of 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

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

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

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to payment of the Bonds the funds, revenues and income appropriated thereto by the Indenture and by the Bonds, to enforce 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 its reference or prime rate, 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. Provision is also made for removal of the Trustee by Bondholders or the Authority, at the request of the College, provided that the Authority may, but is not required to remove the Trustee with or without the request of the College if an Event of Default has occurred and is continuing or a default which with the passage of time or the giving of notice will become an Event of Default has occurred and is continuing. The Authority may not remove a successor Trustee properly appointed by the Bondholders.

Concerning the Bondholders

No Bondholder shall have any right to institute any 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, if any, on the outstanding Bonds by depositing with the Trustee at or at any time before maturity an amount either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates, and maturing on such dates sufficient to pay the entire amount due or to become due for principal and premium, if any, and interest to maturity of all Bonds outstanding, or

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

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

and shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee and the rebate of all amounts due or to become due to the United States under Section 148 of the Internal Revenue Code, then at the request of the Authority or the 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, in the case of defeasance under paragraph (b) above, as to effect on tax exempt status), and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and the Security Agreement 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 or any successor;

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

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

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

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

In addition and subject to the provisions set forth below, the Holders of not less than 51% in aggregate principal amount of the Bonds under the Indenture then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all 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 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 to amendments to the Loan Agreement.

Amendments to the Loan Agreement

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to and (if requested) execute any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement or Indenture, 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 51% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the loan repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

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

AUDITED FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 1997 AND 1996

Virchow, Krause & Company, LLP
Certified Public Accountants & Consultants

1100 TCF Tower • 121 S. Eighth Street
Minneapolis, MN 55402-2848

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
College of Saint Benedict
St. Joseph, Minnesota

We have audited the accompanying balance sheets of the College of Saint Benedict as of June 30, 1997 and 1996 and the related statements of activities and cash flows for the years 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College of Saint Benedict at June 30, 1997 and 1996 and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The "Highlights" on page 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

VIRCHOW, KRAUSE & COMPANY, LLP

Virchow, Krause & Company, LLP

Minneapolis, Minnesota
August 22, 1997

COLLEGE OF SAINT BENEDICT

BALANCE SHEETS
June 30, 1997 and 1996

ASSETS	1997	1996
CURRENT ASSETS		
Cash and cash equivalents	$ 4,136,186	$ 1,974,302
Accounts receivable:		
Student receivables, net of allowance for doubtful accounts of $120,000 each year	702,545	836,463
Contributions receivable (Note 3)	684,000	1,973,636
Other	177,678	648,328
Inventories	115,192	74,806
Marketable securities (Note 4)	4,556,987	4,520,268
Prepaid expenses	72,855	66,480
Total Current Assets	10,445,443	10,094,283
LONG-TERM RECEIVABLES AND OTHER NONCURRENT ASSETS		
Student loan receivables, net of allowance for doubtful accounts of $266,000 each year	5,840,540	5,403,722
Contributions receivable (Note 3)	1,366,200	1,387,907
Deferred debt acquisition costs	369,873	340,892
Total Long-term Receivables and Other Noncurrent Assets	7,576,613	7,132,521
LONG-TERM INVESTMENTS (Note 4)	17,957,371	15,103,129
PROPERTY, PLANT AND EQUIPMENT		
Land and improvements	2,069,747	1,721,721
Buildings	50,264,939	46,752,723
Furniture and equipment	13,479,469	12,093,142
Library books	3,763,026	3,457,136
Construction in progress (Note 5)	13,815	1,007,405
Total	69,590,996	65,032,127
Less: Accumulated depreciation	24,999,465	22,605,070
Total Property, Plant and Equipment	44,591,531	42,427,057
TOTAL ASSETS	$ 80,570,958	$ 74,756,990

LIABILITIES AND NET ASSETS	1997	1996
CURRENT LIABILITIES		
Accounts payable	$ 263,195	$ 1,312,382
Accrued payroll and benefits	1,857,258	1,843,464
Other liabilities	1,076,104	1,086,416
Deferred revenue	160,751	237,146
Funds held for others	68,331	60,653
Current portion of annuities payable	4,518	4,193
Current portion of bonds payable (Note 6)	600,000	425,000
Total Current Liabilities	4,030,157	4,969,254
LONG-TERM LIABILITIES		
Government grants repayable - Federal Perkins loan program	5,069,086	5,038,126
Bonds payable, net of current portion (Note 6)	20,540,000	18,280,000
Annuities payable, net of current portion	19,492	18,506
Total Long-Term Liabilities	25,628,578	23,336,632
Total Liabilities	29,658,735	28,305,886
NET ASSETS		
Unrestricted		
Available for operations	3,661,417	1,194,395
Board designated		
Unrestricted portion of endowment	2,730,492	1,936,836
Endowment	5,176,481	4,547,153
Repair and replacement	3,032,357	2,871,479
Contractual limitations - debt service	2,753,918	2,482,016
Investment in property, plant and equipment	23,821,404	23,390,564
Total Unrestricted Net Assets	41,176,069	36,422,443
Temporarily Restricted		
Unexpended gifts	516,700	659,928
Contributions receivable	1,738,600	2,927,983
Total Temporarily Restricted Net Assets	2,255,300	3,587,911
Permanently Restricted		
Annuities	45,824	37,077
Endowment	6,458,418	5,705,113
Funds held in trust	665,012	265,000
Contributions receivable	311,600	433,560
Total Permanently Restricted Net Assets	7,480,854	6,440,750
Total Net Assets	50,912,223	46,451,104
TOTAL LIABILITIES AND NET ASSETS	$ 80,570,958	$ 74,756,990

See accompanying notes to financial statements.

COLLEGE OF SAINT BENEDICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 1997
With Comparative Totals for 1996

	1997				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	1996 Total
REVENUES, GAINS AND OTHER SUPPORT					
Tuition and fees	$ 27,089,891			$ 27,089,891	$ 24,936,363
Less: Scholarships and grants	7,875,524			7,875,524	7,077,089
Net tuition and fees	19,214,367			19,214,367	17,859,274
Government grants					
Federal	1,314,290			1,314,290	1,073,024
State	115,990			115,990	123,301
Private gifts and grants	435,193	$ 1,809,264	$ 871,560	3,116,017	3,141,234
Other investment income	684,545			684,545	752,077
Endowment income	320,011	311,648	657	632,316	694,208
Net realized gains (losses) on investments	98,042	70,833	3,198	172,073	(60,864)
Net unrealized gains on investments	644,595	485,404	156,670	1,286,669	1,011,855
Other sources	746,997			746,997	196,817
Sales and services of auxiliary enterprises					
Residence halls	3,910,130			3,910,130	3,565,938
Food service	2,575,019			2,575,019	2,374,723
Other auxiliaries	3,258,659			3,258,659	2,868,474
Adjustment of actuarial liability			8,019	8,019	10,046
	33,317,838	2,677,149	1,040,104	37,035,091	33,610,107
Net assets released from restrictions (Note 2)	4,009,760	(4,009,760)			
Total Revenues, Gains and Other Support	37,327,598	(1,332,611)	1,040,104	37,035,091	33,610,107
EXPENSES					
Program expenses					
Instruction	11,242,513			11,242,513	10,763,530
Academic support	3,074,972			3,074,972	2,645,530
Student services	3,584,120			3,584,120	2,931,460
Auxiliary enterprises					
Residence halls	3,308,538			3,308,538	2,776,905
Food service	2,464,728			2,464,728	2,213,446
Other auxiliaries	2,710,153			2,710,153	2,547,087
Support expenses					
Institutional support	6,188,948			6,188,948	6,408,828
Total Expenses	32,573,972			32,573,972	30,286,786
Increase (Decrease) in Net Assets	4,753,626	(1,332,611)	1,040,104	4,461,119	3,323,321
NET ASSETS - Beginning of Year	36,422,443	3,587,911	6,440,750	46,451,104	43,127,783
NET ASSETS - END OF YEAR	$ 41,176,069	$ 2,255,300	$ 7,480,854	$ 50,912,223	$ 46,451,104

See accompanying notes to financial statements.

COLLEGE OF SAINT BENEDICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 1996

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 24,936,363			$ 24,936,363
Less: Scholarships and grants	7,077,089			7,077,089
Net tuition and fees	17,859,274			17,859,274
Government grants				
Federal	1,073,024			1,073,024
State	123,301			123,301
Private gifts and grants	702,414	$ 1,557,402	$ 881,418	3,141,234
Other investment income	648,575	103,502		752,077
Endowment income	290,234	399,258	4,716	694,208
Net realized losses on investments	(4,809)	(56,055)		(60,864)
Net unrealized gains on investments	418,216	553,582	40,057	1,011,855
Other sources	196,817			196,817
Sales and services of auxiliary enterprises				
Residence halls	3,565,938			3,565,938
Food service	2,374,723			2,374,723
Other auxiliaries	2,868,474			2,868,474
Adjustment of actuarial liability			10,046	10,046
	30,116,181	2,557,689	936,237	33,610,107
Net assets released from restrictions (Note 2)	5,286,878	(5,286,878)		
Total Revenues, Gains and Other Support	35,403,059	(2,729,189)	936,237	33,610,107
EXPENSES				
Program expenses				
Instruction	10,763,530			10,763,530
Academic support	2,645,530			2,645,530
Student services	2,931,460			2,931,460
Auxiliary enterprises				
Residence halls	2,776,905			2,776,905
Food service	2,213,446			2,213,446
Other auxiliaries	2,547,087			2,547,087
Support expenses				
Institutional support	6,408,828			6,408,828
Total Expenses	30,286,786			30,286,786
Increase (Decrease) in Net Assets	5,116,273	(2,729,189)	936,237	3,323,321
NET ASSETS - Beginning of Year	31,306,170	6,317,100	5,504,513	43,127,783
NET ASSETS - END OF YEAR	$ 36,422,443	$ 3,587,911	$ 6,440,750	$ 46,451,104

See accompanying notes to financial statements.

COLLEGE OF SAINT BENEDICT

STATEMENTS OF CASH FLOWS
Years Ended June 30, 1997 and 1996

	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 4,461,119	$ 3,323,321
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,414,981	1,967,361
Realized (gains) losses on investments	(172,073)	60,864
Unrealized gains on investments	(1,286,669)	(1,011,855)
Actuarial adjustment of annuities payable	4,821	557
Loan cancellations	91,558	30,009
Contribution of buildings, land and library books	(4,913)	(354,310)
Investment income restricted for reinvestment	(657)	(4,716)
Contributions received restricted for plant and long-term investment	(3,111,754)	(1,977,612)
Change in total contributions receivable	1,311,343	191,812
Increase in funds held in trust by others	(265,257)	
Change in current assets and current liabilities		
Student receivables	133,918	(156,365)
Other receivables	470,650	140,992
Inventories	(40,386)	(3,914)
Prepaid expenses	(6,375)	10,621
Accounts payable	(1,049,187)	63,588
Accrued payroll liabilities	13,794	329,664
Other liabilities	(10,312)	299,138
Deferred revenue	(76,395)	58,731
Funds held for others	7,678	207
Net Cash Provided by Operating Activities	2,885,884	2,968,093
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(4,553,956)	(7,083,871)
(Purchases) sales of investments, net	(1,166,962)	835,832
Disbursements of loans to students	(1,238,982)	(1,026,195)
Loan payments from students	710,606	696,390
Net Cash Used for Investing Activities	(6,249,294)	(6,577,844)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of investment income restricted for reinvestment	657	4,716
Contributions received restricted for plant and long-term investment	3,111,754	1,977,612
Net proceeds from issuance of debt	2,950,433	
Payment of principal on indebtedness	(565,000)	(375,000)
Increase in government grants repayable	30,960	163,685
Payments to annuitants	(3,510)	(4,493)
Net Cash Provided by Financing Activities	5,525,294	1,766,520
Net Increase (Decrease) in Cash and Cash Equivalents	2,161,884	(1,843,231)
CASH AND CASH EQUIVALENTS - Beginning of Year	1,974,302	3,817,533
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,136,186	$ 1,974,302
Supplemental disclosures of cash flow information		
Interest paid	$ 1,255,472	$ 1,173,757
Noncash investing and financing activities		
Contribution of buildings, land and library books	4,913	354,310
Buildings purchased through debt		69,500

See accompanying notes to financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the College of Saint Benedict (the "College") reflect practices common to colleges and universities and conform to generally accepted accounting principles. The more significant accounting policies are summarized below:

General - The College maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the College as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets - permanently restricted, temporarily restricted or unrestricted, as follows:

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the College. Generally, the donors of these assets permit the College to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met by action of the College and/or the passage of time.

Unrestricted Net Assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions of assets other than cash are recorded at their estimated fair value.

Income and net gains on investments of endowment and similar funds are reported as follows:

- as increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- as increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income;
- as increases in unrestricted net assets in all other cases.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily Restricted Net Assets - With respect to temporarily restricted net assets, the College has adopted the following accounting policies of Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* (SFAS No. 116):

Reporting as Temporarily Restricted Revenues - Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the temporarily restricted net asset class, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Release of Restrictions on Net Assets for Acquisition of Land, Buildings and Equipment - Contributions of land, buildings and equipment are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land, buildings and equipment are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time such long-lived assets are placed in service.

Cash Equivalents - The College considers all highly liquid investments, except for those held for long-term investment, with a maturity of three months or less when purchased to be cash equivalents.

Inventories - Inventories are valued at the lower of cost (first-in, first-out) or market.

Investments - Investments in marketable equity and debt securities are recorded at fair value. Other investments are recorded at cost, except those items received as gifts, which are valued at fair value at the date of gift. Fair value approximates cost for all investments recorded on the cost basis.

Deferred Debt Acquisition Costs - The discount costs of bond issuance are deferred and amortized on a straight-line basis over the term of the related indebtedness.

Physical Plant and Equipment - Physical plant assets are stated at cost less accumulated depreciation. The College depreciates its plant assets, with the exception of land, on a straight line basis over the estimated useful service lives of the respective assets. Estimated service lives are as follows:

Furniture and equipment	4 - 15 years
Buildings/building components	15 - 100 years
Land improvements	10 years
Library books	20 years
Utility distribution system	20 years

The College capitalizes physical plant additions in excess of $5,000. Normal repair and maintenance expenses are charged to operations as incurred. Depreciation expense totaled $2,394,394 and $1,949,253 for the years ended June 30, 1997 and 1996, respectively.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plans - The College has certain contributory defined contribution pension plans for academic and nonacademic personnel. Contributions for employees are determined on a percentage of annual salary. The cost of the retirement plans is paid currently and amounted to approximately $802,000 and $710,000 for the years ended June 30, 1997 and 1996, respectively.

Grants to Specified Students - Amounts received from state and federal agencies designated for the benefit of specified students are considered agency transactions and, therefore, are not reflected as revenues and expenses of the College. The amounts of such grants were $2,712,742 and $693,865, respectively, during the year ended June 30, 1997. The amount of such grants were $2,759,799 and $640,643, respectively, during the year ended June 30, 1996.

Income Tax Status - The College is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, any unrelated business income may be subject to taxation. Currently, the College has no obligation for any unrelated business income tax.

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

Fund-Raising and Advertising Expenses - Fund-raising expenses totaled $1,346,000 and $1,273,000 for the years ended June 30, 1997 and 1996, respectively. Advertising costs are expensed when incurred.

New Audit and Accounting Guide - The College adopted provisions of the new audit and accounting guide for not-for-profit organizations. Accordingly, certain amounts appearing in the prior year's financial statements have been reclassified to conform with the 1997 presentation.

NOTE 2 - NET ASSETS RELEASED FROM RESTRICTIONS

The sources of net assets released from temporary donor restrictions during the years ended June 30, 1997 and 1996 by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows:

	1997	1996
Acquisition of buildings and equipment	$ 2,427,536	$ 3,761,790
Scholarships, instruction and other departmental support	1,582,224	1,525,088
	$ 4,009,760	$ 5,286,878

These assets were reclassified to unrestricted net assets.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable include the following unconditional promises to give at June 30, 1997 and 1996:

	1997	1996
Temporarily restricted - plant projects	$1,991,800	$ 3,222,235
Permanently restricted - endowment	331,600	456,773
Gross unconditional promises to give	2,323,400	3,679,008
Less: Unamortized discount	(273,200)	(317,465)
Net unconditional promises to give	$2,050,200	$ 3,361,543

At June 30, 1997, gross contributions receivable of $684,000 are due in less than one year, $1,177,300 are due in one to five years and $462,100 are due in more than five years. Promises due in one or more years were discounted at an interest rate of 6.0% for the years ended June 30, 1997 and 1996. Promises due in less than one year were not discounted.

NOTE 4 - MARKETABLE SECURITIES AND LONG-TERM INVESTMENTS

The College categorizes investments for purposes of a classified balance sheet as marketable securities and long-term investments. Marketable securities consist of investments held for operations, plant renewal and replacement and donor restricted funds for the acquisition of property, plant and equipment or for the support of operations. Long-term investments include endowment assets, gift annuities, funds held for retirement of indebtedness, funds held in trust for the benefit of the College and the cash surrender value of life insurance policies owned by the College.

At June 30, 1997 and 1996, marketable securities of $4,556,987 and $4,520,268, respectively, consisted of mutual funds recorded at fair value.

Long-term investments at June 30, 1997 and 1996 include the following assets recorded at fair value:

	1997	1996
Cash and short-term investments	$ 2,723,184	$ 3,103,855
Mutual funds	12,891,800	11,106,568
Government securities	508,907	249,691
Other fixed income securities	288,789	286,108
Stocks	784,247	
Funds held in trust by others	665,012	265,000
Cash surrender value of life insurance	95,432	91,907
	$ 17,957,371	$ 15,103,129

Investment income and gains, including amounts reflected in the adjustment of actuarial liability, totaled $1,320,166 and $1,465,755, respectively, for the year ended June 30, 1997. Investment income and gains, including amounts reflected in the adjustment of actuarial liability, totaled $1,450,679 and $957,199, respectively, for the year ended June 30, 1996.

NOTE 5 - CONSTRUCTION IN PROGRESS

At June 30, 1997 the following projects were in progress:

	Estimated Total Cost	Cost To Date	Funding Plan
Lot 11 expansion	$ 25,000	$ 164	Repair and replacement
Training room	50,000	2,169	Repair and replacement
Miscellaneous projects		11,482	
		$ 13,815	

Costs incurred on miscellaneous projects consist of preliminary expenditures for proposed projects. An estimated total cost for such projects is not known at June 30, 1997.

NOTE 6 - BONDS PAYABLE

The College had the following bonds payable outstanding at June 30, 1997 and 1996:

	1997	1996
$1,610,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds Series F dated March 1,1973 secured by the full faith and credit of the College, a first lien on the first 8% of all general tuition fees, gross revenues of the project, and the assessment of certain interest subsidy grants. Interest at 5.8% is payable semiannually on March 1 and September 1. The bonds mature March 1, 1998.	$ 90,000	$ 210,000
$370,000 Minnesota Education Facilities Authority First Mortgage Revenue Bonds Series J dated July 1, 1974 secured by the full faith and credit of the College, a first mortgage lien upon the land and building of the project, first lien on the base rents and other income received from the project and certain reserves. Interest at rates ranging from 6.7% to 6.8% is payable semiannually on January 1 and July 1. The bonds mature serially on July 1 of each year through 2002 in amounts ranging from $20,000 to $55,000.	170,000	185,000
$1,680,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds Series Two-U dated September 1, 1989 secured by the full faith and credit of the College, a first mortgage lien upon the land and building of the project, first lien on the base rents and other income received from the project and certain reserves. Interest at rates ranging from 6.75% to 6.9% is payable semiannually on March 1 and September 1. The bonds mature serially on September 1 of each year through 1999 in amounts ranging from $270,000 to $450,000.	1,000,000	1,130,000

NOTE 6 - BONDS PAYABLE (CONTINUED)

	1997	1996
$17,475,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds Series Three-W dated March 23, 1994 secured by the full faith and credit of the College, a first mortgage lien upon the land and building of the project, first lien on the base rents and other income received from the project and certain reserves. Interest at rates ranging from 4.75% to 6.375% is payable semiannually on March 1 and September 1. The bonds mature serially on March 1 of each year through 2020 in amounts ranging from $130,000 to $1,225,000.	$ 17,020,000	$17,180,000
$3,000,000 Minnesota Higher Education Facilities Authority Revenue Bonds Series Four-G dated July 1, 1996 secured by the full faith and credit of the College and a first lien on the base rents and other income received from the project and certain reserves. Interest at rates ranging from 4.6% to 6.20% is payable semiannually on March 1 and September 1. The bonds mature serially on March 1 of each year through 2016 in amounts ranging from $90,000 to $240,000.	2,860,000	
	$ 21,140,000	$ 18,705,000

The College's bonds payable mature in fiscal years ending June 30 as follows:

1998	$ 600,000
1999	550,000
2000	750,000
2001	620,000
2002	655,000
Later years	17,965,000
	$ 21,140,000

Total interest expense, including interest on short-term borrowings, for the years ended June 30, 1997 and 1996 amounted to $1,302,837 and $1,166,675, respectively.

During fiscal year 1994, the College defeased 1988 Series Two-Q Revenue Bonds by placing part of the proceeds of 1994 Series Three-W Revenue Bonds in an irrevocable trust with escrow agents to provide for all future debt service payments on the old bonds. At June 30, 1997, $3,300,000 of defeased bonds are outstanding. A total of $3,395,000 is held in escrow and will be used to retire the bonds in accordance with the provisions of the 1988 Series Two-Q Revenue Bonds.

NOTE 7 - AFFILIATION WITH THE SISTERS OF THE ORDER OF SAINT BENEDICT

The College is an affiliated organization of the Sisters of the Order of Saint Benedict of St. Joseph, Minnesota (the "Order"). Certain members of the Order are employees of the College and certain members of the Board of Trustees of the College are also members of the Order. At June 30, 1997 and 1996, the College had an amount due from the Order totaling $58,345 and $509,722, respectively, which is included in other receivables.

NOTE 8 - LEASES

The College leased certain academic buildings and other facilities from the Order. In June 1996, the Order transferred the buildings to the College at their net book value of $422,030. Rent expense charged to operations under the leases was approximately $75,000 for fiscal year 1996.

NOTE 9 - ALLOCATION OF EXPENSES

The College allocated the following expenses to program and support functions for the years ended June 30, 1997 and 1996:

	1997	1996
Interest	$ 1,302,837	$ 1,166,675
Depreciation	2,394,394	1,949,253
Operation and maintenance of plant	2,163,892	1,874,314
	$ 5,861,123	$ 4,990,242

NOTE 10 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the College to concentrations of credit risk consist principally of cash and cash equivalents, marketable securities and other investments, accounts receivable and notes. The College has cash and cash equivalents in bank accounts located in the Bahamas totaling approximately $378,000 and $850,000 at June 30, 1997 and 1996, respectively. Substantially all of its remaining cash and liquid investments are placed with high-quality financial institutions, limiting the amount of credit exposure to any one financial institution; however, cash balances periodically exceed federally insured limits. Marketable securities, consisting of both debt and equity instruments, are generally placed in a variety of managed funds administered by different investment managers in order to limit credit risk. Student notes and receivables and other receivables are due from a variety of sources concentrated primarily in the midwestern United States and in the Bahamas. As of June 30, 1997, management considers the College to have no significant concentration of credit risk.