OFFICIAL STATEMENT DATED APRIL 29, 2008

NEW ISSUE **Moody's Rating: Baa1**

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.)

COLLEGE OF
Saint Benedict
ST. JOSEPH, MINNESOTA

$19,430,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Six-V
(College of Saint Benedict)
(DTC Book Entry Only)

Dated Date: May 1, 2008 **Interest Due: March 1 and September 1, commencing September 1, 2008**

$18,050,000 serial bonds to mature annually on March 1 as follows:

Year	Amount	Interest Rate	Yield	CUSIP 60416H:	Year	Amount	Interest Rate	Yield	CUSIP 60416H:
2009	$1,720,000	4.000%	2.600%	LS 1	2014	$1,930,000	4.000%	3.950%	LX 0
2010	$1,655,000	4.000%	3.200%	LT 9	2015	$2,005,000	4.000%	4.100%	LY 8
2011	$1,720,000	4.000%	3.500%	LU 6	2016	$2,090,000	4.125%	4.250%	LZ 5
2012	$1,785,000	4.000%	3.700%	LV 4	2017	$1,605,000	4.500%	4.400%	MA 9
2013	$1,860,000	4.000%	3.800%	LW 2	2018	$1,680,000	5.000%	4.470%	MB 7

$1,380,000 4.750% Term Bonds due March 1, 2023 Price 98.426% CUSIP 60416H MC 5

The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-V (College of Saint Benedict) (the "Bonds") are subject to optional 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 optional redemption in whole or in part in the event of a Determination of Taxability, as described herein. Term Bonds maturing March 1, 2023 are subject to mandatory redemption in installments as described herein. See "THE BONDS – Prior Redemption – Extraordinary Optional Redemption" and "THE BONDS – Determination of Taxability."

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 "THE BONDS – Book Entry Only System" herein). Wells Fargo Bank, 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 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 SHALL THEY CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF MINNESOTA, OR THE TAXING POWERS OF THE STATE, ARE PLEDGED. THE AUTHORITY HAS NO TAXING POWERS.

The Bonds are offered when, as, and if issued by the Authority and accepted by the Underwriter named below subject to the approval as to validity and tax exemption of the Bonds by Fryberger, Buchanan, Smith & Frederick, P.A., Duluth, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by Hughes Mathews, P.A., Saint Cloud, Minnesota and for the Underwriter by McGrann Shea Anderson Carnival Straughn & Lamb, Chartered, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriter through the facilities of DTC on or about May 8, 2008.

RBC Capital Markets

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.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or corrected by the Authority from time to time (collectively, the "Official Statement"), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final as of the date hereof (or of any such supplement or correction) by the Authority, except for the omission of certain information referred to in the succeeding paragraph.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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

No dealer, broker, sales representative or other person has been authorized by the Authority, the College or the Underwriter to give any information or to make any representations with respect to the Bonds other than as 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, DTC, and the Trustee, has been obtained from the College and is not guaranteed as to accuracy or completeness. Information relating to the Authority, DTC and the Trustee has been obtained from such persons and is not guaranteed as to accuracy or completeness. Information regarding the tax-exempt status of the Bonds has been provided by Bond Counsel. Except for information concerning the Authority, the information contained herein is not to be construed as a representation by the Authority. THE INFORMATION AND EXPRESSIONS OF OPINION HEREIN ARE SUBJECT TO CHANGE WITHOUT NOTICE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL CREATE, UNDER ANY CIRCUMSTANCES, ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE COLLEGE SINCE THE DATE HEREOF.

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

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

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

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET" OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. NEITHER THE COLLEGE NOR ANY OTHER PARTY EXPECTS OR INTENDS TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Michael D. Ranum, Chair	Operations Manager, BWBR Architects, Inc., Circle Pines, Minnesota
Mary F. Ives, Vice Chair	Real Estate Business Owner, Grand Rapids, Minnesota
Raymond VinZant, Jr., Secretary	Staff Consultant for the Coleman for Senate Campaign, Saint Paul, Minnesota
Gary D. Benson	Project Director of ICS Consulting, New Brighton, Minnesota
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David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota
Mark Misukanis (Ex Officio)	Director of Fiscal Policy and Research, Minnesota Office of Higher Education, Saint Paul, Minnesota
Carla Nelson	Business Development and Marketing Director, Olmsted Financial Group, Rochester, Minnesota
David D. Rowland	Senior Vice President, The Travelers Companies, Inc., Eden Prairie, Minnesota
Janet Withoff	Consultant – Planning and Grant-Writing, Orono, Minnesota

Marianne T. Remedios, Executive Director

Bond Counsel
Fryberger, Buchanan, Smith & Frederick, P.A.

Financial Advisor
Springsted Incorporated

TABLE OF CONTENTS

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OFFICIAL STATEMENT

$19,430,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES SIX-V
(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, a Minnesota nonprofit corporation (the "College"), an institution of higher education located in St. Joseph, Minnesota, in connection with the issuance of the Authority's $19,430,000 Revenue Bonds, Series Six-V (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 and refinance certain projects.

The Bonds are also issued pursuant to the Trust Indenture (the “Indenture”) to be dated as of May 1, 2008 between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Bonds.

Pursuant to a Loan Agreement (the “Loan Agreement”) to be dated as of May 1, 2008 between the College and the Authority, the Authority is loaning the Bond proceeds to the College and 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, premium, if any, and interest on the Bonds as the same shall become due. The College will use Bond proceeds along with other funds to:

1. refund on a current refunding basis the outstanding principal of and accrued interest on the Authority’s Revenue Bonds, Series Four-G (College of Saint Benedict) (the “Series Four-G Bonds”);
2. refund on a current refunding basis the outstanding principal of and accrued interest on the Authority’s Revenue Bonds, Series Four-T (College of Saint Benedict) (the “Series Four-T Bonds”);
3. finance the acquisition of four two-bedroom apartments and appurtenant garages in St. Joseph, Minnesota (the “Project”);
4. fund a debt service reserve; and
5. pay certain issuance costs.

The improvements financed or refinanced by the Series Four-G Bonds and the Series Four-T Bonds are collectively referred to as the “Prior Bonds Project” and are owned and operated by the College and located on the College campus in St. Joseph, Minnesota. The Project is located near, but not on, the College campus. In addition to paying the Project Costs, proceeds of the Bonds will be used to defease and refund the Series Four-G Bonds and the Series Four-T Bonds (collectively the “Prior Bonds”).

The principal amount of the Series Four-G Bonds being refunded is $1,580,000 and the principal amount of the Series Four-T Bonds being refunded is $17,630,000. See “USE OF PROCEEDS” 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 "SOURCE OF PAYMENT FOR THE BONDS AND FINANCIAL COVENANTS" herein.

The Bonds are also secured by the Reserve Account created under the Indenture and held by the Trustee. The Reserve Account will be funded in the amount of the Reserve Requirement from proceeds of the Bonds. See "ACCOUNTS – Reserve Account."

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 by the Authority to the Trustee of amounts payable by the College under the Loan Agreement, and (b) amounts in the Reserve Account and other accounts and funds which will be held by the Trustee and applied to the payment of principal, premium, if any, and interest on the Bonds. See Appendix IV – DEFINITION OF CERTAIN TERMS – Reserve Requirement. The Bonds are not secured by a mortgage on or security interest in any real property or personal property.

Adequacy of Revenues

Payment of principal of and interest on the Bonds is intended to be made from the College's Loan Repayments. 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.

Competition

There is intense competition among institutions of higher education for students both nationally and within the upper Midwest region from which the College draws the majority of its students. Universities and colleges compete principally based on location, net tuition rates, degree offerings, and academic reputation. To the extent that competitors have or achieve an advantage with respect to any of these factors, the College could be adversely affected. In addition, competitive pressures could result in tuition reductions, the inability to raise tuition, or increases in financial aid in the form of discounted tuition, which could adversely affect the College's unrestricted net assets.

Changes in demographics, such as a decrease in the overall number of high school graduates or a decrease in the number of high school graduates who elect to go to college, could adversely affect the College's efforts to attract students.

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 90% of the College's students currently receive from the College and other sources some form of financial aid covering some portion of tuition and fees or living expenses. See Appendix I, "THE COLLEGE – Financial Assistance" herein. No assurance can be given that federal and state financial aid and private third party financing 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 for Fiscal Years 2009 and 2010 and Pro Forma Coverage Statement." The pro forma coverage is merely a mathematical computation as reflected in the applicable table and constitutes no assurance as to the future 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 under such documents. 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 and other funds, if any, the Trustee holds under the Indenture.

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.

Derivative Products

The College may enter into an interest rate swap or similar arrangements in the future. Termination of an interest rate swap agreement prior to its expiration may require the College to pay a termination fee to the counterparty to the agreement.

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

(2) Adoption of federal, State or local legislation or regulations, such as limits on tuition increases, having an adverse effect on the future operating or financial performance of the College.

(3) International events, including any acts of war and terrorism, which may have adverse effects on enrollment and investments.

See also “TAX EXEMPTION – Minnesota Tax Considerations” herein.

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 any of the eleven events enumerated in the Rule to such repositories or the Municipal Securities Rulemaking Board and to a 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, “Information to be Provided as Continuing Disclosure,” 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 or permitted 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.

THE BONDS

The Bonds will be issued in book-entry form, will be dated May 1, 2008 and will mature annually each March 1, commencing March 1, 2009, 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 September 1, 2008.

Book Entry Only System

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

For further detail on DTC, see Appendix VI, "The Depository Trust Company."

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Prior Redemption

Mandatory Redemption

Bonds maturing on March 1, 2023 shall be called for redemption on March 1 in the years set forth below in the principal amounts thereof to be redeemed, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Bond and Interest Sinking Fund Account, in the respective amounts set forth below.

2023 Maturity

Year	Amount
2019	$595,000
2020	$620,000
2021	$ 55,000
2022	$ 55,000
2023*	$ 55,000

* *Stated maturity.*

The Term 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 Term Bonds maturing in 2023, 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 Bond and Interest Sinking Fund) and canceled by the Trustee and not theretofore applied as a credit against such mandatory redemption obligations.

Optional Redemption

At the College's request, the Authority may elect to prepay on March 1, 2018 and on any day thereafter Bonds maturing on or after March 1, 2019. Redemption may be in whole or in part and if in part in such order of maturity as the College directs and selected by random means within a maturity. All prepayments shall be at a price of par plus accrued interest.

Extraordinary Optional Redemption

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

Partial Redemption

If fewer than all Bonds of a maturity are called for redemption, the Authority and the Trustee 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 fewer 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. Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and available for the redemption of said $5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture or the Loan Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

<u>Notice of Redemption</u>

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

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the 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. **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.** See "TAX EXEMPTION" and Appendix IV, "DEFINITION OF CERTAIN TERMS."

The College will have the option to prepay the Loan on the next date for which due notice of redemption can be given, in full or in part and on any date thereafter following a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability and without a premium).

USE OF PROCEEDS

The Authority will loan Bond proceeds to the College that will, along with available College funds, if necessary, and moneys held by the Prior Bonds Trustee and pledged to the payment of the Prior Bonds, be used to:

1. refund on a current refunding basis the outstanding principal of and accrued interest on the Prior Bonds;
2. finance the acquisition of the Project;

3. fund a debt service reserve; and
4. pay certain issuance costs.

The Series Four-G Bonds, in the outstanding principal amount of $1,580,000, and the Series Four-T Bonds, in the outstanding principal amount of $17,630,000, will be redeemed as of June 1, 2008 at a redemption price of par plus interest accrued to the redemption date.

At the Closing Date, Bond proceeds, together with balances in the reserve funds and other accounts held by the Prior Bonds Trustee, will be deposited in the Prior Bonds Redemption Accounts held by the Prior Bonds Trustee. Each such Redemption Account will be funded with cash sufficient to provide for the defeasance and refunding of all of the outstanding Prior Bonds related to each such Redemption Account. In accordance with each Prior Bond Indenture, the Prior Bonds will no longer be considered outstanding under each Prior Bond Indenture upon such deposit for prepayment and will be payable solely from the respective Redemption Account related to each series of the Prior Bonds.

The Prior Bonds, to be prepaid and refunded, identified by CUSIP, are as follows:

Maturity Date March 1:	Series Four-G Bonds
2009	604151 WM 8
2010	604151 WN 6
2011	604151 WP 1
2016	604151 WQ 9

Maturity Date March 1:	Series Four-T Bonds
2009	604151 V5 6
2011	604151 V7 2
2013	604151 V9 8
2020	604151 W2 2

SOURCES AND USES OF FUNDS

Sources of Funds	
Par Amount of the Bonds	$ 19,430,000
Funds held by Series Four-G Trustee	278,435
Funds held by Series Four-T Trustee	2,429,705
Accrued interest	15,847
Net Original Issue Premium	135,411
Total Sources	$ 22,289,398
Uses of Funds	
Refund Series Four-G Bonds	$ 1,604,301
Refund Series Four T Bonds	17,860,702
Bond and Interest Sinking Fund	18,567
Construction Account (Project acquisition)	563,000
Debt Service Reserve Account	1,943,000
Costs of Issuance, including Underwriter discount	299,828
Total Uses	$ 22,289,398

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

Accrued interest and the rounding amount 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.

SOURCE OF PAYMENT FOR THE BONDS AND FINANCIAL COVENANTS

Source of Payment

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 be fully funded to the Reserve Requirement from proceeds of the Bonds on the date of issuance of the Bonds.

The Bonds are secured by the pledge of the Loan Repayments, which are a general obligation of the College, the Reserve Account and other funds the Trustee holds under the Indenture. 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 will covenant and agree to charge tuition fees, other fees, rentals and charges which, together with the general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the College as they become due.

The Bonds 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").

Financial Covenants

The College will also covenant in the Loan Agreement 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, 2008 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 each of the two most recent complete Fiscal Years, 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 Change in Unrestricted Net Assets from Operating Activities, as reported in the Statement of Activities section of the audited financial report of the College, adjusted to: (a) exclude depreciation, amortization and accretion expenses and include (as a reduction to Change in Unrestricted Net Assets from Operating Activities) the cost of current equipment acquisitions which have been funded through operations and capitalized; and (b) exclude unrealized net gains or losses on investments from operating activities.

"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.

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 Refunding Account, a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of the original issue and sale of the Bonds are to be deposited into the Construction Account, the Refunding Account, the Bond and Interest Sinking Fund Account, and the Reserve Account, as described below. 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, and the Redemption Account as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due.

Refunding Account

On the Issue Date, there shall be deposited into the Refunding Account Bond proceeds in an amount sufficient, together with funds in the Prior Bonds Trustee’s possession and available therefore and additional College funds, if necessary, to fully redeem the principal of and accrued interest on the Prior Bonds at the earliest practicable date for redemption. Monies in the Refunding Account shall immediately be transferred to the respective Prior Bonds Redemption Accounts in amounts sufficient, together with such other funds, to fully redeem the respective series of outstanding Prior Bonds as of June 1, 2008.

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 Refunding Account, the Bond and Interest Sinking Fund Account, the Reserve Account, or Redemption Account. In addition to such proceeds of the Bonds, pursuant to the Loan Agreement, the College has covenanted that it will provide and apply additional funds, if necessary, 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 acquisition 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 plus net original issue premium) of the Bonds.

Project Costs shall be paid only upon written order of the Authorized Institution Representative.

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Bond and Interest Sinking Fund Account the amount of Bond proceeds representing accrued interest, if any, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the College. Deposits into the Bond and Interest Sinking Fund Account shall be made at least five (5) Business Days prior to each Interest Payment Date in amounts equal to interest and, if applicable, principal due on such Interest Payment Date.

The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

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

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall forthwith restore the deficiency, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the College for amounts so withdrawn. Investments in the Reserve Account 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 September 1, 2008 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 lesser of the amount of the Reserve Requirement or 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 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 amount of the Reserve Requirement within not more 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. 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.

At request of the College, the Trustee shall withdraw from the Reserve Account on or prior to March 1, 2016, on or prior to March 1, 2018, and again on or prior to March 1, 2020, funds which shall be applied to payment of principal of the Bonds on such dates, and the amount of which funds shall not exceed the lesser of (x) the maximum amount which can be withdrawn from the Reserve Account such that the amount remaining in the Reserve Account after such withdrawal is not less than the Reserve Requirement which would be applicable after giving effect to the payment of principal of and interest on the Bonds due on March 1, 2016, March 1, 2018, and March 1, 2020, as applicable, and (y) the amount of principal payable on the Bonds on March 1, 2016, March 1, 2018, and March 1, 2020, as applicable.

Redemption Account

There shall be deposited into the Redemption Account all other amounts required to be deposited therein pursuant to any provision of the Loan Agreement or the Indenture.

Amounts on deposit to the credit of the Redemption Account shall be used, first, to make up deficiencies in the Bond and Interest Sinking Fund Account; second, to create and maintain the Reserve Requirement in the Reserve Account; and, third, for the redemption of outstanding Bonds at the request or direction of the College and for the purchase of outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption. Notwithstanding the foregoing, the Trustee is authorized in its discretion to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the 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 Minnesota law from time to time. Section 5.04 of the Indenture sets forth specific parameters as to type, credit quality, and maturity of investments. See Appendix V, “Summary of Documents – The Indenture” herein.

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.**

FUTURE FINANCINGS

The College regularly improves, expands and changes its physical plant and incurs long-term financing as needed for these purposes. The College does not anticipate financing any such projects with debt within the next six months.

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.

Marianne T. Remedios has been the Executive Director of the Authority since 2000.

Elaine J. Yungerberg has been Assistant Executive Director of the Authority since 1993.

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $800 million. The Authority has had 167 issues (including refunded and retired issues) totaling over $1 billion, of which approximately $741 million is outstanding as of April 1, 2008. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. Under current statutory authority, public community and technical colleges in the State are also eligible for assistance, but only in financing of child-care and parking facilities. In addition, pursuant to special legislation, the Authority has twice issued bonds on behalf of a public community college for housing purposes. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

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

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

The Authority is also authorized to issue revenue bonds for the purpose of refunding bonds of the Authority and to refinance other debt for capital improvements.

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

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

FINANCIAL ADVISOR

The Authority has retained Springsted Incorporated, Public Sector Advisors, of Saint 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 RBC Capital Markets Corporation (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $19,400,255.75 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $165,155.00 plus net original issue premium of $135,410.75), plus accrued interest.

The Underwriter intends to offer the Bonds to the public initially at the offering prices that result in the yields set forth on the 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

As noted on the cover hereof, Moody's Investors Service ("Moody's") has assigned a long-term rating of "Baa1" on the Bonds. The rating reflects 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, the tax-exempt nature of the Bonds, the authority of either party to enter into the Bond-related documents or the ability of either to perform as described herein, 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 Fryberger, Buchanan, Smith & Frederick, P.A., of Duluth, 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, P.A., of Saint Cloud, Minnesota; and for the Underwriter by McGrann Shea Anderson Carnival Straughn & Lamb, Chartered, of Minneapolis, Minnesota.

TAX EXEMPTION

Federal Tax Considerations

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) provisions relating to the expenditure of Bond proceeds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts, (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) provisions relating to the ownership and operation of the facilities financed or refinanced by the Bonds. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the 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. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. (See "SUMMARY OF DOCUMENTS – The Loan Agreement – Determination of Taxability" in Appendix V). A determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

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

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

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

Minnesota Tax Considerations

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

Minnesota, like many other states, generally taxes interest on obligations of governmental issuers in other states. In January 2006, the Kentucky Court of Appeals, in Davis v. Department of Revenue, held that the state's exemption of interest on its own bonds and those of its political subdivisions and its taxation of interest on the bonds of other states and their political subdivisions unlawfully discriminates against interstate commerce. The Kentucky Supreme Court declined to review this decision. Kentucky tax officials petitioned the United States Supreme Court to review the Davis decision, and on May 21, 2007, the petition was granted.

Oral argument was held on November 5, 2007. In 1994, the Ohio Court of Appeals had reached the opposite conclusion on this legal issue, upholding a similar Ohio statute, in Shaper v. Tracy.

The impact that the pending case or its outcome will have on the exemption of interest on the Bonds under Minnesota law or on the market value of the Bonds cannot be predicted.

In 1995, Minnesota enacted a statement of intent, codified at Minn. Stat. § 289A.50, subd. 10, that interest on obligations of Minnesota governmental units and Indian tribes be included in the net income of individuals, estates and trusts for Minnesota income tax purposes if a court determines that Minnesota's exemption of such interest and its taxation of interest on obligations of governmental issuers in other states unlawfully discriminates against interstate commerce. This provision applies to taxable years that begin during or after the calendar year in which any such court decision becomes final, irrespective of the date upon which the obligations were issued. If the United States Supreme Court were to affirm Davis, it is likely that Minnesota's tax treatment of state and local government bonds would also be held to be unconstitutional. If Minnesota's treatment of state and local government bonds were held to unlawfully discriminate against interstate commerce, the court would have to decide upon a remedy for the tax years at issue in the case. Even if the remedy applied to those and other years preceding the decision were to exempt other states' bond interest rather than to tax Minnesota bond interest, application of the 1995 statute to subsequent years could cause interest on the Minnesota Bonds to become taxable by Minnesota and the market value of the Minnesota Bonds to decline.

Original Issue Premium

Certain maturities of the Bonds have been sold to the public at an amount in excess of their stated redemption price at maturity. Such excess of the purchase price of a Bond over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of a Bond must amortize any premium over such Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult with their own tax advisors with respect to the determination and treatment of premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

Original Issue Discount

The dollar amount of the initial offering price to the public of the Bonds with stated maturities in 2015, 2016 and 2023 (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.

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds will not be "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 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.

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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 works with St. John's University, a separate college for men, to provide undergraduate education. They share one single academic program, 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 shared. 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 40 members. By-laws permit up to 45 members.

<u>Board of Trustees</u>

President of the College

MaryAnn Baenninger, Ph.D., became the 14^{th} president of the College on August 1, 2004.

Immediately prior to joining the College, Dr. Baenninger served as the executive associate director of the Middle States Commission on Higher Education in Philadelphia, Pennsylvania. As a senior staff member of the Commission, she acted as liaison to a diverse group of 110 member colleges and universities in the Middle States region. She oversaw the evaluation of educational and institutional effectiveness and worked with peer reviewers to make recommendations regarding accreditation actions.

Prior to her post with the Middle States Commission, Dr. Baenninger was a tenured associate professor in the department of psychology at The College of New Jersey. She also has served on the faculties of Philadelphia University and Washington College. She received her Ph.D. from Temple University in psychology, where she also completed her bachelor's degree in psychology, *summa cum laude* and Phi Beta Kappa.

Academic Information

The College offers 38 major programs and 32 minor programs of study. The College confers the Bachelor of Science degree in nursing. All other four-year programs lead to a Bachelor of Arts degree.

The College's academic year is composed of two semesters. Each semester generally consists of 72 class days and four days of final examinations. A normal course load is considered four, 4-credit classes per 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 657,599 volumes, 1,161 active periodical subscriptions 20,967 electronic periodicals, 59,570 (many are included in the volume count) government documents and 85,620 microforms, 39,087 audiovisual materials. 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 149 acres in the City of St. Joseph. The physical facilities include 35 main campus buildings. The physical plant and contents are insured at replacement values of approximately $191,428,915. The College manages the campus power plant, owned by the Order. In 2001 the College constructed a chiller plant adjacent to the power plant to provide air conditioning to most of the buildings on campus.

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.

Most recently, the College completed in 2007 the Gorecki Dining and Conference Center, a 51,000 square foot two-story dining and conference center. The College remodeled and expanded Mary Hall Commons and constructed a 7,680 square foot bookstore and a second floor above the bookstore for student development offices; the refurbished Mary Hall Commons and Bookstore were dedicated in 2000.

The Haehn Campus Center, which opened January 1, 1996, 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 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 completed a major renovation and remodeling project on the Benedicta Arts Center in 2006.

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 and renovated in 2001 which increased the capacity from 196 to 230 students; the West Apartments, built in 1971, for approximately 250 students; and the Mary Hall complex, built during 1956-1969, accommodating 511 students.

Currently, approximately 80% of the student body resides on campus. The present housing capacity is approximately 1,528 and in spring 2008 the occupancy level was 100.5%.

Student Body

The College's full-time equivalent (FTE) enrollment on campus for the past five years has been:

	Fall Term	FTE
Actual:	2003	2,023
	2004	1,998
	2005	2,013
	2006	2,041
	2007	2,067

Approximately 83.2% of the students at the College are from Minnesota. A total of 33 states and 20 foreign countries were represented during the 2007-08 academic year.

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

	2003-04	2004-05	2005-06	2006-07	2007-08
Applications	1,247	1,403	1,537	1,546	1,760
Acceptances	1,121	1,188	1,322	1,302	1,316
Percent Accepted	89.9%	84.7%	86.0%	84.2%	74.8%
Enrolled	540	521	618	582	572
Percent Enrolled to Accepted	48.2%	37.1%	46.8%	44.7%	43.5%
ACT	24.7	25.2	25.0	25.0	25.5

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 2008-09 academic year.

	2004-05	2005-06	2006-07	2007-08	2008-09
Tuition for First Year Student	$21,758	$23,064	$24,448	$26,038	$28,122
Room*	3,292	3,419	3,546	3,678	3,832
Board	2,916	3,218	3,352	3,752	4,127
Activity Fee	120	150	180	186	186
Technology Fee	190	190	190	200	210
Orientation Fee		40	40	40	40
Campus Center Fee	80	80	106	106	110
Total	$28,356	$30,161	$31,862	$34,000	$36,627

* *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.

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2007/2008 Undergraduate Rate Comparison of Minnesota Private Colleges
(Ranked by Comprehensive Charges)

College/University	Tuition and Required Fees	Room and Board	Comprehensive Charges*
Carleton College	$36,156	$9,489	$45,645
Macalester College	$33,694	$8,220	$41,914
St. Olaf College	$30,600	$7,900	$38,500
Gustavus Adolphus College	$28,535	$6,775	$35,310
College of Saint Benedict	**$26,570**	**$7,430**	**$34,000**
Hamline University	$26,541	$7,392	$33,933
University of St. Thomas	$26,274	$7,312	$33,586
College of St. Catherine	$25,942	$7,518	$33,460
Saint John's University	$26,530	$6,870	$33,400
Minneapolis College of Art & Design	$27,200	$6,110	$33,310
Bethel University	$24,510	$7,380	$31,890
College of St. Scholastica	$24,990	$6,684	$31,674
Augsburg College	$24,539	$6,902	$31,441
Concordia University (St. Paul)	$23,496	$6,776	$30,272
Saint Mary's University of Minnesota	$22,398	$6,130	$28,528
Concordia College (Moorhead)	$22,350	$5,700	$28,050
Bethany Lutheran College	$17,760	$5,278	$23,038
Average	$26,358	$7,051	$33,409

These are "standard," fulltime, academic year charges for new entering students. Several colleges have differential tuition for upper-level students or other policies that result in some variation across class levels and students.

NOTE: Comprehensive charges are reduced for many students through financial assistance. Ninety-one percent of private college students apply for and receive financial assistance, with the amounts and types of aid determined in relation to family resources, calculated need, government formulas and financial aid funding and other factors. Typical assistance provided to students includes Federal and State grants (if applicant qualifies), institutional grants, loans and work-study determined in relation to the student's needs and other factors.

Source: The Minnesota Private College Council

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Financial Aid

	2002-03	2003-04	2004-05	2005-06	2006-07
Grants/Scholarships:					
College (President's, CSB Grant, etc)	$12,641,427	$13,867,146	14,839,032	16,632,757	$18,711,151
Annual Gifts (Alliss, Reunion, MPCC, etc.)	436,237	423,133	460,724	573,250	573,938
Endowments	649,032	550,900	494,431	488,726	534,004
Tuition Waivers	1,145,150	1,395,414	1,439,693	1,342,581	1,537,925
Federal Pell	870,480	906,481	789,436	725,608	725,631
Federal SEOG	337,577	337,577	337,577	337,577	337,577
Federal FACG and SMART	0	0	0	0	180,850
State (MN Grant)	2,402,390	2,242,528	1,937,615	1,878,983	2,046,104
Private (Outside Scholarships)	652,570	651,096	781,716	800,254	1,021,711
Total Grants & Scholarships	$19,134,863	$20,374,275	$21,080,224	$22,779,736	$25,668,891
Loans:					
Perkins	1,216,109	1,412,057	2,242,432	2,443,052	705,043
Stafford (subsidized and unsubsidized)	4,704,549	5,232,716	5,184,327	5,174,377	5,363,033
SELF	2,464,501	2,562,150	2,395,288	2,616,482	3,984,279
PLUS (Parent Loan)	1,395,121	1,742,777	2,021,772	3,031,540	3,192,010
Private (Alternative Loans)	593,412	633,143	913,464	981,794	1,031,162
Total Loans	$10,373,692	$11,582,843	$12,757,283	$14,247,245	$14,275,527
Student Employment:					
Federal	1,233,080	1,233,362	989,637	873,480	661,809
State	0	299,560	320,875	363,281	702,072
Institutional	1,509,926	1,221,904	1,602,033	1,758,446	1,888,418
Total Student Employment	$2,743,006	$2,754,826	$2,912,545	$2,995,207	$3,252,299
Total Financial Aid	**$32,251,561**	**$34,711,944**	**$36,750,052**	**$40,022,188**	**$43,196,717**
Number of Students Receiving Aid	1,904	1,881	1,852	1,955	2,019

Faculty and Staff

The student-faculty ratio is approximately 13.1 to 1. Eight 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 409 full-time equivalents. The College employs 158 full-time faculty, 82 of whom are tenured, and 7 part-time faculty. Average salaries by full-time faculty rank are:

Rank	Number	Average Salary
Professor	39	$76,403
Associate Professor	44	$64,111
Assistant Professor	51	$51,578
Other	22	$48,705

Pension 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 retirement plans is paid currently and approximated $1,318,000 in Fiscal Year 2007 and $1,345,000 in Fiscal Year 2006.

Capital Campaign

The College is in the final stages of a comprehensive capital campaign with a goal of $80 million. On March 7, 2008 the Board of Trustees approved a resolution to conclude the campaign on June 30, 2008, or at the point the $80 million goal is raised if later than June 30, 2008. The College has received $76.64 million in contributions and pledges through March 1, 2008. The College is also in the planning stages for its next campaign to coincide with the College's centennial in 2013.

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
2007	$30,069,445	$6,284,398	$559,438
2006	23,448,988	5,415,063	404,107
2005	19,448,303	5,114,518	493,466
2004	16,469,175	5,026,023	329,130
2003	13,286,668	4,659,225	306,081

Endowment includes amounts in unrestricted net assets and permanently restricted net assets. This does not include contributions receivable of $8.3 million as of 6/30/07.

Gifts and Grants

Total unrestricted gifts and grants received from public and private sources for the past five fiscal years are as follows:

2003	$2,119,829
2004	$2,458,292
2005	$2,391,546
2006	$2,443,486
2007	$3,671,277

Summaries of Unrestricted Revenues, Expenditures and Transfers

The following table summarizes the College's statements of unrestricted activities for the Fiscal Years ended June 30, 2004 through 2007. For more complete information of the College for the Fiscal Years ended June 30, 2007 and 2006, see Appendix VI of this Official Statement.

COLLEGE OF SAINT BENEDICT

STATEMENT OF UNRESTRICTED ACTIVITIES
Year Ended June 30,

	2004	2005	2006	2007
OPERATING REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 41,840,073	$ 44,410,345	$ 47,633,333	$ 51,510,895
Less: Scholarships and grants	(15,180,206)	(16,131,765)	(18,032,311)	(20,156,671)
Net tuition and fees	26,659,867	28,278,580	29,601,022	31,354,224
Government grants				
Federal	1,335,652	1,250,286	1,097,821	1,180,123
State	224,150	189,177	165,992	526,438
Private gifts and grants	898,490	952,083	1,004,673	1,057,894
Other investment income	363,667	605,113	1,013,288	1,270,066
Net realized gains (losses) on investments	54,454	3,595	(36,779)	45,759
Net unrealized gains (losses) on investments	(41,990)	17,840	(100,645)	48,035
Long-term investment income and gains allocated to operations	284,042	254,308	243,536	255,713
Other sources	1,015,083	628,724	746,061	593,548
Sales and services of auxiliary enterprises				
Residence halls	5,220,593	5,262,165	5,730,183	5,986,119
Food service	3,854,154	4,043,772	4,516,808	4,900,083
Other auxiliaries	4,250,562	4,048,993	4,080,648	4,631,836
	44,118,724	45,534,636	48,062,608	51,849,838
Net assets released from restrictions	2,739,651	2,247,144	2,855,430	5,203,646
Total Operating Revenues, Gains and Other Support	46,858,375	47,781,780	50,918,038	57,053,484
OPERATING EXPENSES				
Program expenses				
Instruction	15,258,741	15,710,285	16,984,377	17,410,122
Academic support	5,624,834	5,724,754	5,922,272	7,005,990
Student services	5,003,292	5,045,629	5,336,970	5,603,486
Auxiliary enterprises				
Residence halls	3,849,227	4,035,062	4,040,445	3,490,690
Food service	3,503,107	4,092,901	4,083,050	4,914,696
Other auxiliaries	4,327,422	4,274,185	4,363,517	4,429,416
Support expenses				
Institutional support	6,587,195	7,364,643	8,072,427	9,257,133
Total operating expenses	44,153,818	46,247,459	48,803,058	52,111,533
Change in Net Assets from Operating Activities	2,704,557	1,534,321	2,114,980	4,941,951
NONOPERATING ACTIVITIES				
Long-term investment activities				
Endowment income	86,473	66,956	113,931	107,074
Net realized gains on investments	258,556	3,468	547,563	51,541
Net unrealized gains (losses) on investments	305,820	272,379	(117,413)	444,060
Total long-term investment income	650,849	342,803	544,081	602,675
Less: Long-term investment income and gains allocated to operations	(284,042)	(254,308)	(243,536)	(255,713)
	366,807	88,495	300,545	346,962
Loss on refinancing of bonds		(214,193)		
Private gifts and grants	-	-	175,000	906,822
Adjustment of actuarial liability	-	-	1,266	-
Debt expense			(26,127)	(174,253)
Net assets released from restrictions	1,033,210	3,049,181	2,702,703	1,056,521
Change in Net Assets from Nonoperating Activities	1,400,017	2,923,483	3,153,387	2,136,052
Change in net assets before cumulative effect of change in accounting principle	4,104,574	4,457,804	5,268,367	7,078,003
Cumulative effect of change in accounting principle	-	-	(1,446,155)	-
Change in Net Assets	4,104,574	4,457,804	3,822,212	7,078,003
Net Assets -- Beginning of Year	46,903,205	51,007,779	55,465,583	59,287,795
NET ASSETS -- END OF YEAR	$ 51,007,779	$ 55,465,583	$ 59,287,795	$ 66,365,798

Source: audited financial statements of the College

Long-Term Debt of the College as of April 1, 2008

1. $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; $1,580,000 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. These bonds will be refunded with proceeds from the Bonds.
2. $25,430,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-T (College of Saint Benedict), dated July 15, 1998; final maturity March 1, 2020; $17,630,000 is outstanding. The Series Four-T Bonds are secured by the full faith and credit of the College; and a debt service reserve. These bonds will be refunded with proceeds from the Bonds.
3. $7,695,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Five-W (College of Saint Benedict), dated July 1, 2004; final maturity March 1, 2024; $6,940,000 is outstanding. The Series Five-W Bonds are secured by the full faith and credit of the College; and a debt service reserve.
4. $7,345,000 Minnesota Higher Education Facilities Authority Revenue Notes, Series Six-M (College of Saint Benedict), dated October 26, 2006; final maturity October 1, 2016; $7,009,397 is outstanding after the College’s April 1, 2008 scheduled payment. The Series Six-M Notes are secured the full faith and credit of the College and certain reserves.

Total of long-term debt outstanding as of April 1, 2008, adjusted to exclude the Series Four-G Bonds and the Series Four-T Bonds to be refunded with proceeds from the Bonds, is $13,949,397. The College’s long-term debt will increase by the principal amount of the Bonds upon issuance.

Annual Debt Service for Fiscal Years 2009 and 2010 and Pro Forma Coverage Statement

The table on the following page sets forth the estimated debt service on the Bonds and debt service on the College's currently outstanding long-term debt excluding the Series Four-G Bonds and the Series Four-T Bonds for fiscal years 2009 and 2010. Column 6 shows coverage of the annual debt service by the amount of College revenue that was available for debt service for the year ended June 30, 2007, as further detailed in footnote (c) of the table.

The table on the following page is intended merely to show the relationship of the College’s Fiscal Year 2007 revenues available for the payment of debt service to a pro forma statement of the College’s combined annual debt service after giving effect to the defeasance of the outstanding Series Four-G Bonds and Series Four-T 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.

Annual Debt Service for Fiscal Years 2009 and 2010
and Pro Forma Coverage Statement

Fiscal Year Ending June 30, (1)	Debt Service on the Bonds (a) (2)	Outstanding Long-term Debt Service (b) (3)	Combined Long-term Debt Service (4)	Amount Available for Debt Service (c) (5)	Estimated Coverage (times) (6)
2009	$ 2,399,156	$ 1,640,654	$ 4,039,810	$ 8,406,043	2.08
2010	2,401,188	1,644,598	4,045,785	8,406,043	2.08
	$ 4,800,344	$ 3,285,252	$ 8,085,596		

(a) Rates on the Bonds are actual rates obtained on the April 22, 2008 pricing date with a true interest cost (TIC) of 4.35%.

(b) Excludes debt service on Series Four-G and Series Four-T, refunded with Bond proceeds.

(c) Calculation of amount available for debt service for Fiscal Year ended June 30, 2007:

Increase in Unrestricted Net Assets from operating activities	$ 4,941,951
Adjusted for:	
Depreciation, amortization and accretion	$ 4,035,797
Debt service interest	1,456,454
Unrealized (gains) losses on investments	(48,035)
Acquisition of property, plant and equipment funded through operations and capitalized	(1,980,124)
Other adjustments	0
Amount available for debt service	$ 8,406,043

PROPOSED FORM OF LEGAL OPINION

LAW OFFICES

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$19,430,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES SIX-V
(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 Six-V (College of Saint Benedict), in the aggregate principal amount of $19,430,000 (the "Bonds"), dated May 1, 2008. The Bonds mature on March 1 in the years 2009 through 2018 and on March 1, 2023, and bear interest at the interest rates per annum specified in the Indenture (defined below) for each maturity subject to an increase in such interest rates in the event of a Determination of Taxability. The Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as provided in the Indenture.

The Bonds are issued for the purpose of funding a loan from the Authority to the College of Saint Benedict (the "College"), a Minnesota nonprofit corporation, located in St. Joseph, Minnesota, in order to finance (i) the refunding of two outstanding series of bonds namely, the Authority's $3,000,000 Revenue Bonds, Series Four-G (College of Saint Benedict) and the Authority's $25,430,000 Revenue Bonds, Series Four-T (College of Saint Benedict), and (ii) the acquisition of four two-bedroom apartment units and appurtenant garages as further described in the Loan Agreement. 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 Wells Fargo Bank, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee") each dated as of May 1, 2008, the opinion of Hughes Mathews, 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, P.A. as to the Loan Agreement having been duly authorized and executed and being binding upon the College, 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), all without examining the records of the College or original title records or abstracts of title.

Except as set forth in our opinion to RBC Capital Markets Corporation dated the date hereof, 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, and we express no opinion relating thereto (except to the extent, if any, stated 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 valid and binding limited obligations of the Authority, payable from and 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, as assignee, under the Loan Agreement.

4. Assuming compliance with certain covenants in the Loan Agreement and Indenture, under existing laws, regulations, rulings and decisions as presently construed, 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. 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, however, 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 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.

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 receivership proceedings and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in accordance with principles of equity.

Dated: May 8, 2008

Respectfully submitted,

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INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE

Annual Reporting

The Annual Report Date will be the earlier of (a) sixty 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, 2008. 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 any publicly-announced capital campaign, including stated goals and progress toward the goals.

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

   d. An update of the amount available for debt service described in footnote (c) on the Annual Debt Service for Fiscal Years 2009 and 2010 and Pro Forma Coverage Statement provided in the Official Statement.

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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DEFINITION OF CERTAIN TERMS

"Account" or "Accounts" means one or more of the Accounts created under Article IV or V of the Indenture.

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

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

"Authority" means the Minnesota Higher Education Facilities Authority, an agency of the State of Minnesota.

"Authorized Authority Representative" means the person at the time designated to act on behalf of the Authority by written certificate furnished to the Corporation and the Trustee, containing the specimen signature of such person and signed on behalf of the Authority by its Chair, Secretary or Executive Director or any officer authorized to act on behalf of the foregoing officers. Such certificate may designate an alternate or alternates.

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

"Authorized Institution Representative" means the President or the Vice-President for Finance and Administration for the Corporation, or other person, if any, at the time designated to act on behalf of the Corporation by written certificate furnished to the Authority and the Trustee, containing the specimen signature of such person and signed on behalf of the Corporation by the Chair, Vice Chair or Secretary of its Board of Trustees or by the President or a Vice President of the Corporation. Such certificate may designate an alternate or alternates and in that case, the certificate shall set forth the specimen signatures of such alternate(s).

"Authorized Investments" means investments authorized for moneys in the Accounts created under Articles IV and V of the Indenture and described in Section 5.04 thereof.

"Board of Trustees" means the Board of Trustees of the Corporation, and includes any Executive Committee or other committee authorized to act for such board.

"Bond and Interest Sinking Fund Account" means the Bond and Interest Sinking Fund Account established under Section 5.01 of the Indenture.

"Bond Closing" means the original issuance, sale and delivery of the Bonds.

"Bond Purchase Agreement" means the Bond Purchase Agreement dated April 22, 2008, among the Authority, the Underwriter and the Corporation, relating to the Bonds.

"Bond Resolution" means the Series Resolution of the Authority adopted on April 16, 2008, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

"Bond Year" means, with respect to the Bonds, (a) the period from the Issue Date to the close of business on March 1, 2009, and (b) each succeeding 12-month period ending at the close of business on March 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, will be outstanding.

“Bonds” means the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Six-V (College of Saint Benedict), described in Section 2.01 of the Indenture.

“Building Equipment” means those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the Corporation and located on the Project Site acquired from funds other than the proceeds of the Bonds or the Prior Bonds.

“Business Day” means any day other than Saturday, Sunday, a legal holiday in the State of Minnesota or any other day that the Depository (as defined in the Indenture) or banks in Minnesota are not open for business.

“Certificate” means a certification in writing required or permitted by the provisions of the Loan Agreement or the Indenture to be signed and delivered to the Trustee or other proper person or persons. If and to the extent required by the provisions of Section 1.02 of the Loan Agreement, each Certificate shall include the statements provided for in said Section 1.02.

“College” or “Corporation” means the College of Saint Benedict, a Minnesota nonprofit corporation, as owner and operator of the Institution, its successors and assigns.

“Construction Account” means the Construction Account established under Section 4.02 of the Indenture.

“Continuing Disclosure Agreement” means the Continuing Disclosure Agreement between the Trustee and the Corporation dated as of May 1, 2008.

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

“Default” means a default on the part of the Corporation in performance of any covenant or condition of the Loan Agreement which, with notice or passage of time or both, would or has become an Event of Default.

“Depository” means DTC or any other person who shall be a Holder of all the Bonds directly or indirectly for the benefit of Beneficial Owners and approved by the Authority, Corporation and Trustee to act as the Depository; provided any Depository shall be registered or qualified as a “clearing agency” within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended.

“Determination of Taxability” means 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 of the recipient 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.

“DTC” means The Depository Trust Company in New York, New York, its successors or assigns.

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

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

"Fiscal Year" means the Corporation's fiscal year, and shall initially mean the 12-month period commencing on July 1 in each year.

"General Bond Reserve Account" means the General Bond Reserve Account created pursuant to the General Bond Resolution.

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

"Holder," "Bondholder" or "Owner" means the person in whose name a Bond shall be registered except if any Bond is in Book Entry Form, with respect to any consent or approval of a Holder of the Bonds, the terms shall mean the Beneficial Owner. See also Appendix VI – "The Depository Trust Company."

"Indenture" means the Trust Indenture between the Authority and Wells Fargo Bank, National Association, as Trustee, dated as of May 1, 2008, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

"Independent," when used with reference to an attorney, engineer, architect, certified public accountant, consultant, insurance consultant or other professional person, means a person who (i) is in fact independent, (ii) does not have any material financial interest in the Corporation or the Institution or the transaction to which such Certificate or opinion relates (other than the payment to be received for professional services rendered), and (iii) is not connected with the Authority or the Corporation or the Institution as an officer, employee or member of the Authority, the Corporation or the Institution or the Board of Trustees of the Corporation.

"Independent Counsel" means an Independent attorney duly admitted to practice law before the highest court of any state.

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

"Institution" means the College of Saint Benedict, a Minnesota institution of higher education with its main campus located in St. Joseph, Minnesota and owned (or leased) and operated by the Corporation.

"Interest Payment Date" means March 1 and September 1 of each year, commencing September 1, 2008 and any other date on which the principal of and interest on the Bonds shall be due and payable.

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

"Internal Revenue Code" means the Internal Revenue Code of 1986 and amendments thereto.

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

"Lease Amendment" means the 2008 Modification Agreement between the Corporation and the Sisters of the Order of Saint Benedict.

"Leases" means (i) the Ground Lease Agreement dated as of June 1, 1996, and (ii) the Ground Lease Agreement dated as of July 15, 1998, each between the Sisters of the Order of Saint Benedict, as lessor, and the Corporation, as lessee, relating to land on the main campus of the Institution included as a part of the Project Site, which is used as educational facilities for students of the Institution, as amended by the Lease Amendment.

"Loan Agreement" means the Loan Agreement between the Authority and the Corporation, dated as of May 1, 2008, as from time to time amended or supplemented.

"Loan Repayments" means the payments described in clauses (a), (b), (c) and (f) of Section 4.02 of the Loan Agreement.

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

"Opinion of Counsel" means a written opinion of counsel (who need not be Independent Counsel unless so specified) appointed by the Corporation or Authority and acceptable to the Trustee, and to the extent required by the provisions of Section 1.02 of the Loan Agreement and the Indenture, each Opinion of Counsel shall include the statements provided for in said Section 1.02.

"Outstanding" when used as of any particular time with reference to Bonds, without regard to capitalization of such term, means (subject to the provisions of Section 9.03 of the Indenture pertaining to Bonds held by the Authority and the Corporation) all Bonds theretofore authenticated and delivered by the Trustee under the Indenture except: (i) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (ii) Bonds for the payment or redemption of which funds or direct obligations of or obligations fully guaranteed by the United States of America in the necessary amount shall have theretofore been deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III of the Indenture, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the terms of Section 2.07 of the Indenture pertaining to replacement of Bonds.

"Permitted Encumbrances" means, 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 Corporation, (iv) those additional encumbrances set forth in Exhibit C to the Loan Agreement and (v) liens granted by the Corporation to secure Funded Debt allowed under Section 6.14(c) of the Loan Agreement.

"Prior Bond Documents" means the Series Four-G Bond Documents and the Series Four-T Bond Documents.

"Prior Bonds" means collectively, the Refunded Series Four-G Bonds and the Refunded Series Four-T Bonds.

"Prior Bonds Bond Account" means the Series Four-G Bond Account and the Series Four-T Bond Account.

"Prior Bonds Indenture" means the Series Four-G Indenture and the Series Four-T Indenture.

"Prior Bonds Loan Agreements" means the Series Four-G Loan Agreement and the Series Four-T Loan Agreement.

"Prior Bonds Project" means the Series Four-G Project and the Series Four-T Project.

"Prior Bonds Redemption Account" means the Series Four-G Redemption Account and the Series Four-T Redemption Account.

"Prior Bonds Reserve Account" means the Series Four-G Reserve Account and the Series Four-T Reserve Account.

"Prior Bonds Trustee" means the Series Four-G Trustee and the Series Four-T Trustee.

"Project" means the Project described in Section 1.04 of the Loan Agreement and Section 1.05 of the Indenture as from time to time amended in accordance with Section 3.01 of the Loan Agreement.

"Project Buildings" means the Series Six-V Bonds Project Buildings and any other buildings constructed or improved with the proceeds of the Prior Bonds, including investment earnings.

"Project Costs" shall have the meaning provided in Section 4.04 of the Indenture.

"Project Equipment" means the Series Six-V Bonds Project Equipment and all fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Prior Bonds, including investment earnings, generally described in the Prior Bond Documents and described in the Certificate of the Project Supervisor furnished pursuant to the Prior Bond Documents.

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

"Project Site" means those portions of land, or interests in land, described on Exhibit A to the Loan Agreement which are owned or leased by the Corporation, and on which any Project Buildings are located or otherwise improved as part of the Project or the Prior Bonds Project.

"Project Supervisor" means the Project Supervisor appointed as provided in the Prior Bond Documents and in Section 3.07 of the Loan Agreement and Section 4.09 of the Indenture.

"Redeem" or "redemption" means and includes "prepay" or "prepayment" as the case may be, without regard to capitalization of such terms.

“Redemption Account” means the Redemption Account established under Section 5.03 of the Indenture.

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

“Refunded Series Four-G Bonds” means that portion of the Series Four-G Bonds maturing on March 1 in the years 2009 through 2016, inclusive, and currently outstanding in the principal amount of $1,580,000.

“Refunded Series Four-T Bonds” means that portion of the Series Four-T Bonds maturing on March 1 in the years 2009 through 2020, inclusive, and currently outstanding in the principal amount of $17,630,000.

“Refunding Account” means the Refunding Account established under Section 5.07 of the Indenture.

“Reserve Account” means the Reserve Account established under Section 5.02 of the Indenture.

“Reserve Requirement” means the least of (i) the maximum amount of principal of and interest on the Bonds that accrues and is payable in any remaining Bond Year or (ii) 10 percent of the principal amount of the Bonds or (iii) 125 percent of the average annual debt service of the Bonds.

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

“Series Four-G Bond Account” means the Bond and Interest Sinking Fund Account created under the Series Four-G Indenture.

“Series Four-G Bond Documents” means the Series Four-G Loan Agreement and the Series Four-G Indenture.

“Series Four-G Bonds” means the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-G (College of Saint Benedict), dated July 1, 1996, issued in the original principal amount of $3,000,000, the proceeds of which were loaned by the Authority to the Corporation to finance the Series Four-G Project.

“Series Four-G Indenture” means the Trust Indenture between the Authority and the Series Four-G Trustee, dated as of July 1, 1996.

“Series Four-G Loan Agreement” means the Loan Agreement between the Authority and the Corporation dated as of July 1, 1996.

“Series Four-G Project” means the three story residence hall of approximately 30,637 square feet for approximately 120 students, the skyway connecting the residence hall to the existing Margretta Residence Hall and related furnishings and equipment, including appurtenant site improvements, all originally financed by the Series Four-G Bonds.

“Series Four-G Redemption Account” means the Redemption Account created under the Series Four-G Indenture.

“Series Four-G Reserve Account” means the Reserve Account created under the Series Four-G Indenture.

“Series Four-G Trustee” means Wells Fargo Bank, National Association, successor by consolidation to Norwest Bank Minnesota, National Association.

“Series Four-T Bond Account” means the Bond and Interest Sinking Fund Account created under the Series Four-T Indenture.

“Series Four-T Bond Documents” means the Series Four-T Loan Agreement and the Series Four-T Indenture.

“Series Four-T Bonds” means the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-T (College of Saint Benedict), dated July 15, 1998, issued in the original principal amount of $25,430,000, the proceeds of which were loaned by the Authority to the Corporation to finance the Series Four-T Project.

“Series Four-T Indenture” means the Trust Indenture between the Authority and the Series Four-T Trustee, dated as of July 15, 1998.

“Series Four-T Loan Agreement” means the Loan Agreement between the Authority and the Corporation dated as of July 15, 1996.

“Series Four-T Project” means (i) the new money projects consisting of: (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, all originally financed by the Series Four-T Bonds; and (ii) the Series Three-W Project.

“Series Four-T Redemption Account” means the Redemption Account created under the Series Four-T Indenture.

“Series Four-T Reserve Account” means the Reserve Account created under the Series Four-T Indenture.

“Series Four-T Trustee” means Wells Fargo Bank, National Association, successor by consolidation to Norwest Bank Minnesota, National Association.

“Series Six-V Bonds Project Buildings” means the facilities described in Section 1.04 of the Loan Agreement and acquired with the proceeds of the Bonds, including investment earnings thereon.

“Series Six-V Bonds Project Equipment” means all fixtures, equipment and other personal property of a capital nature acquired with the proceeds of the Bonds, including investment earnings thereon, generally described in Exhibit B to the Loan Agreement and described in the Certificate of the Project Supervisor to be furnished pursuant to Section 3.05 of the Loan Agreement.

“Series Three-W Project” means the project and portions of the refundings projects financed by the Authority’s Revenue Bonds, Series Three-W (College of Saint Benedict), dated March 15, 1994 (the “Series Three-W Bonds”): (a) the acquisition, construction, furnishing and equipping of a residence hall (known as Lottie Hall) for approximately 242 students; and (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. (The Series Three-W Project, as defined herein, does not include the projects financed by the Authority's Mortgage Revenue Bonds, Series Two-Q (College of Saint Benedict), dated May 1, 1988, which facilities were included in a refunding under the Authority's Revenue Bonds, Series Five-W (College of Saint Benedict) dated July 1, 2004.)

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

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

"Trustee" means the trustee at the time serving as such under the Indenture.

"Underwriter" means RBC Capital Markets Corporation, as original purchaser of the Bonds.

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.

Redemption of Prior Bonds

The College represents that it will cause the Prior Bonds to be redeemed on June 1, 2008.

Acquisition of Project

The College represents that acquisition of the Project in one or more closings shall be complete by September 1, 2008. The College may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired 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 effect is furnished.

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 and premium, if any, on the Bonds when due. To provide for such payments the College covenants to pay for the account of the Authority the following amounts:

(a) at least five Business Days prior to each September 1 and March 1, commencing September 1, 2008, the College shall deposit into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and, at least five Business Day prior to each March 1, commencing on March 1, 2009, a sum equal to the amount payable as principal (whether at maturity or mandatory sinking fund redemption) of the Bonds on such principal 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 5.01, 5.02, 5.03 or 5.04 of the Indenture (relating to purchase and cancellation of term bonds and 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, the College shall deposit into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Bonds called for redemption from the Redemption Account; and

(c) the College shall deposit 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 of, premium, if any, and interest on the Bonds then due or then to become due (whether at maturity, or by call for redemption, or by acceleration of maturity); and

(d) the College shall deposit into the Reserve Account forthwith any amounts required to be deposited therein by Section 5.02 of the Indenture; and

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

Each payment under this Section shall be made directly to the Trustee at its principal corporate trust office for the account of the Authority for deposit as provided in the Indenture. The College shall furnish to the Authority, if the Authority so requests, advice of the transmittal of such payments at the time of transmittal of payment.

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 any part of a program of a school or department of divinity for any religious denomination. The College agrees not to use or permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

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

Operating Expenses and Liens

The College will pay all utility charges and other charges arising from the operations of the Project Facilities which, if unpaid, would become a lien on the Project Facilities; provided that the College may in good faith contest such utility and other charges and any mechanics' or other liens filed or established against the Project Facilities, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless the Authority or Trustee shall notify the College that, in the opinion of Independent counsel, by nonpayment of any such items the Project Facilities or any part thereof will be subject to loss or forfeiture, in which event the College shall promptly pay and cause to be satisfied and discharged all such unpaid items.

Taxes and Other Governmental Charges

The College will pay, as the same respectively come due, any 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 governmental charges and, in the event of any such contest, may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the 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 the lesser of (i) full insurable value of the Project Facilities and contents, or (ii) the principal amount of the Bonds or (if greater) 80 percent of the full insurable replacement value of the Project Facilities and contents, with a deductible amount of not more than $250,000.

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

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

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 of the policy limits below the insurance requirements set forth above becomes effective. The College shall, on or before September 1 of each year, provide the Trustee with a certificate of insurance compliance.

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.

The Bonds may be redeemed in whole if all or substantially all of the Project Facilities are damaged or destroyed and (i) they cannot be reasonably restored within six months, or (ii) normal use and operation of such Project Facilities are interrupted for a six month period, or (iii) the cost of restoration exceeds the available Net Proceeds by more than $500,000 (plus the amount of any deductible). The Bonds may be redeemed in part if (i) all or a portion of the Project Facilities have been damaged or destroyed, (ii) the College determines that the Project Facilities so damaged or destroyed are not needed in its operations, (iii) the College has elected not to repair, rebuild, restore or replace such Project Facilities and (iv) the available Net Proceeds (and not more than the amount of such available Net Proceeds) are deposited in the Redemption Account and used to redeem or purchase Bonds.

Condemnation

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

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

Removal of Project Equipment and Building Equipment

The 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 for the redemption and prepayment of the Bonds; provided that if the depreciated book value of the equipment so released was less than $100,000, such release and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an Independent Engineer upon such showing by the College as may be satisfactory to the Trustee; and

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

In connection with (a) and (b) above, if the depreciated book value of the Project Equipment or in connection with (c) above, the depreciated value of Building Equipment to be substituted, removed or released equals or exceeds $100,000 the 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 or value 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, accredited as such by recognized accrediting agencies and that it will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, except upon the conditions provided in the Loan Agreement. The conditions are the following: (a) if the surviving, resulting or transferee institution, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Loan Agreement, and be either a state university or college or a nonprofit corporation operating or authorized to operate an Institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against unlawful discrimination and requiring that the institution be nonsectarian; and (b) the 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 nonhospital 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, excluding nonhospital bonds issued on or after August 5, 1997 to finance capital expenditures incurred after August 5, 1997. Under the Loan Agreement, 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 or the assets of the Institution as an entirety if the effect of any such transaction would be to adversely affect the tax exempt status of the Bonds, such as by exceeding limitations on the 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, within the meaning of Section 145 of the Internal Revenue Code.

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. All courses of study at the Institution, including any religion or theology courses, will be taught according to the academic requirements of the subject matter and professional standards.

Determination of Taxability

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

Other Covenants

The College further agrees to comply with all applicable laws and regulations against unlawful discrimination, and not to discriminate by reason of religion, race, creed, color or national origin in the use or operation 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, the Department of Education and the Minnesota Office of Higher Education, 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) on a Bond principal or interest payment date or redemption date the available moneys on deposit in the Bond and Interest Sinking Fund Account, Reserve Account, and Redemption Account 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 as defined in Section 5.02 of the Indenture, 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 the Loan Agreement for a period of thirty (30) days after written notice, specifying such default and requesting that it be remedied is given to the College by the Authority or the Trustee; or

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

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

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

(h) If the Corporation shall default under the Leases or if any portion of the Leases shall be terminated by the Corporation or the Sisters of the Order of Saint Benedict other than in connection with the redemption of Outstanding Bonds, in whole or in part, pursuant to Sections 5.08 or 5.09 of the Loan Agreement.

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.

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.

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THE INDENTURE

The following constitutes a summary of certain provisions of the Trust Indenture (the "Indenture"). This summary does not purport to be complete and reference is made to the full text of the Indenture for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITION 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:

I 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 rights of the Authority relating to fees and expenses, indemnity and advances;

II 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 excluding all moneys and investments in the Refunding Account), (ii) money in the Construction Account not paid 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

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

Moneys on deposit to the credit of the Accounts 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 rated at least in the rating category of "AA" or "Aa" or political subdivisions of states rated at least in the rating category of "AAA" or "Aaa," revenue bond obligations of states and their political subdivisions 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, states and their political subdivisions or in certain repurchase agreements; constant dollar value money market funds that invest solely in the types of obligations or repurchase agreements in which the foregoing mutual funds may invest and which are rated in the highest rating category by a national credit rating agency; time deposits of insured state or national banks fully insured by the Federal Deposit Insurance Corporation; certain guaranteed investment contracts issued by a bank or insurance company rated at least in the highest two rating categories of a nationally recognized rating agency; 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.

Trustee's Right to Payment

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

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; 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 or advisable to enforce the covenants, terms and conditions of the Loan Agreement, if such action shall, in the discretion of the Trustee, be deemed to be in the best interests of the Authority or the Bondholders; to comply with the applicable rebate requirements under Section 148(f) of the Code and regulations thereunder; to keep proper books, accounts and records; and not to issue or permit to be issued any Bonds under the Indenture in any manner other than in accordance with the provisions of the Indenture and not to suffer or permit any default to occur under the Indenture. Under the Act, and it is expressly agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds for performing any of the conditions, covenants or requirements of the Indenture or from any funds other than Loan Repayments or 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 shall exist, 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 the Loan Agreement and any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to the Reference Rate, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment on account of Bond interest or principal for reasonable compensation, expenses, advances and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers under the Indenture unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the 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 combined 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 suit, action or proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such default shall have become an Event of Default and the Holders of a majority in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more Bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all Bonds outstanding.

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

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

Defeasance

If the Authority and the 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 of, premium, if any, and interest on the outstanding Bonds by depositing with the Trustee at or at any time before maturity an amount either in cash or direct obligations of the United States 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 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 could have been contained in the Indenture or any supplemental indenture and which shall not impair the security of the same; and

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

Amendments to the Loan Agreement

The Authority and the Trustee shall, without the consent of or notice to 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 shall consent to or execute any amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than 51 percent in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

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

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THE CONTINUING DISCLOSURE AGREEMENT

The following is a summary of certain provisions of the Continuing Disclosure Agreement. This summary does not purport to be complete and reference is made to the full text of the Continuing Disclosure Agreement for a complete recital of its terms. See also "CONTINUING DISCLOSURE" in this Official Statement.

The College has undertaken the responsibility for continuing disclosure to bondholders as described below, and the Authority shall have no liability to the holders of the Bonds or any other person with respect to continuing disclosure.

The College has covenanted for the benefit of holders of the Bonds to provide certain financial information and operating data by not later than 270 days following the end of the College's fiscal year commencing with fiscal year ending June 30, 2008, and to provide notices of the occurrence of certain enumerated events, if material.

The Continuing Disclosure Agreement will be executed and delivered by the College and the Trustee for the benefit of the holders of the Bonds in order to enable the Underwriter to reasonably determine an "undertaking" has been entered into sufficient to assure compliance with the ongoing disclosure requirements of SEC Rule 15c2-12(b)(5).

Definitions

"Annual Report" means, with respect to the Reporting Party, a document or set of documents which contains (or includes by reference as provided in the Continuing Disclosure Agreement) financial and operating data with respect to the Reporting Party described in Exhibit "A" of the Continuing Disclosure Agreement. See Appendix III, "INFORMATION TO BE PROVIDED AS CONTINUING DISCLOSURE – Annual Reporting."

"Annual Report Date" means, with respect to each Annual Report, the date so designated in Exhibit "A."

"Commission" means the Securities and Exchange Commission.

"Disclosure Representative" means, with respect to the Reporting Party, the person identified in Section 10 of the Continuing Disclosure Agreement as the recipient of notices to be sent thereunder or such other person as the Reporting Party shall designate by written notice to the Trustee.

"Listed Events" shall mean any of the events listed below under "Reporting of Listed Events" below.

"MSRB" means the Municipal Securities Rulemaking Board.

"National Repository" shall mean, as of the date of determination, any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean RBC Capital Markets Corporation.

"Reporting Party" shall mean, subject to release as provided in "Termination of Reporting Obligation" below, the College; together with any successors or assigns as provided in the Continuing Disclosure Agreement.

"Repository" shall mean each National Repository and each State Repository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934.

"State Repository" shall mean any public or private repository or entity designated by the State of Minnesota as a state repository for the purpose of the Rule. As of the date of the Continuing Disclosure Agreement there is no State Repository.

Provisions of Annual Report

On or before the Annual Report Date, the Reporting Party shall cause the Annual Report to be delivered to the Authority, the Trustee and each Repository. To the extent included in an Annual Report, the financial statements shall be audited and prepared in accordance with generally accepted accounting principles. Each Annual Report may incorporate any information on file with each Repository or the Commission, instead of setting forth the information in the annual report. Concurrently with the delivery of the Annual Report to the Trustee, there shall be delivered a written certificate from the Reporting Party stating whether or not the Annual Report has been provided to each Repository.

If the Trustee has not received an Annual Report by January 1 of each year, commencing with January 1, 2009, together with the certification by the Reporting Party described above, the Trustee shall promptly notify the Disclosure Representative of the failure to receive the Annual Report and the certification.

Reporting of Listed Events

The Trustee shall promptly notify the Reporting Party of any of the following occurrences (each, a "Listed Event") of which it has actual knowledge; and no later than three Business Days after receiving actual notice of the occurrence of a Listed Event, the Reporting Party shall notify the Trustee in writing of the Listed Event:

(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 (this is not applicable to the Bonds);
(v) Substitution of credit or liquidity providers, or their failure to perform (this is not applicable to the Bonds);
(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 (this is not applicable to the Bonds) and;
(xi) Rating changes.

Promptly, but no later than five Business Days after either (i) the Reporting Party has received notice from the Trustee of a Listed Event or (ii) the Reporting Party is required to give notice of a

Listed Event to the Trustee, the Reporting Party shall give notice of the occurrence of the Listed Event, if material, to each National Repository and, if required, to the MSRB, and to the State Repository, if any.

The Trustee shall promptly give notice to each National Repository or the MSRB, and to the State Repository, if any, of a failure of the Reporting Party to provide the Annual Report on or before the Annual Report Date.

Termination of Reporting Obligation

The Reporting Party's obligations under the Continuing Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment

Notwithstanding any other provision of the Continuing Disclosure Agreement, the Reporting Party and the Trustee may amend any provision of the Continuing Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Reporting Party so long as, in the judgment of the Trustee, its burdens or liabilities are not increased thereby), subject to the following conditions:

(a) the amendment is in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Reporting Party or type of business conducted;

(b) the Continuing Disclosure Agreement, after giving effect to the amendments, would have complied with the requirements of the Rule as of the date of the Official Statement, after taking into account any subsequent amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the Trustee either determines, in its discretion, that the amendment does not materially impair the interest of the Holders of the Bonds or obtains the consent of Holders of at least 51 percent in aggregate principal amount of the Bonds then outstanding.

In addition, any Annual Report containing amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information.

Alternate Filing Methods

As an alternative to filing with each Repository, any filing under the Continuing Disclosure Agreement may be made by transmitting such filing using alternatives as described in the Continuing Disclosure Agreement.

Additional Information

Nothing in the Continuing Disclosure Agreement shall be deemed to prevent the Reporting Party from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by the Continuing Disclosure Agreement.

Default

In the event of a failure of the Reporting Party to provide a timely Annual Report or to report the occurrence of a Listed Event, the Trustee or any Holder of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Reporting Party to provide the reports. In the event of a failure of the Reporting Party to comply with provisions (with regard to the Annual Report and Reporting of Listed Events) or a challenge to the adequacy of any report, the Trustee may (and, at the request the Holders of at least 51% of the aggregate principal amount of Bonds then outstanding, shall) take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Reporting Party to comply with its obligations under the Continuing Disclosure Agreement.

Beneficiaries

This Agreement shall inure solely to the benefit of the parties hereto, the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC") is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for securities that its participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, 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, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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 interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 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 Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to DTC. If fewer than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

Payment of principal, interest, and redemption premium, if any, on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or its agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Bond Registrar, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest, and redemption premium, if any, to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Bond Registrar, Issuer, or the Issuer's agent. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The Authority, at the College's direction, 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 DTC, which is solely responsible for such information. The Authority, the College and the Underwriter take no responsibility for the accuracy thereof.

AUDITED FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2007 AND 2006

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Virchow Krause & company

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, 2007 and 2006 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, 2007 and 2006 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the College of Saint Benedict adopted the provisions of FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*, in 2006.

Virchow, Krause & Company, LLP

Minneapolis, Minnesota
November 20, 2007

COLLEGE OF SAINT BENEDICT

BALANCE SHEETS
June 30, 2007 and 2006

ASSETS

	2007	2006
CURRENT ASSETS		
Cash and cash equivalents	$ 10,749,901	$ 11,050,645
Accounts receivable		
Student receivables, net of allowance for doubtful accounts of $170,000 each year	760,065	690,159
Contributions receivable	944,145	84,749
Other	1,207,728	249,938
Inventories	164,046	172,388
Marketable securities	5,487,739	5,652,142
Prepaid expenses	130,803	143,631
Total Current Assets	19,444,427	18,043,652
LONG-TERM RECEIVABLES AND OTHER NONCURRENT ASSETS		
Student loan receivables, net of allowance for doubtful accounts of $266,000 each year	7,387,246	8,235,287
Contributions receivable	13,862,728	8,699,011
Deposits held by construction trustee		276,222
Deferred debt acquisition costs	342,851	355,866
Total Long-term Receivables and Other Noncurrent Assets	21,592,825	17,566,386
LONG-TERM INVESTMENTS	42,457,210	34,705,638
PROPERTY, PLANT AND EQUIPMENT		
Land and improvements	3,559,465	3,523,305
Buildings	76,110,658	67,956,397
Furniture and equipment	30,438,913	27,102,407
Library books	6,893,457	6,614,960
Software	2,275,276	1,999,623
Construction in progress	11,641,831	8,986,840
Total	130,919,600	116,183,532
Less: Accumulated depreciation	(54,809,993)	(50,858,436)
Total Property, Plant and Equipment	76,109,607	65,325,096
TOTAL ASSETS	$ 159,604,069	$ 135,640,772

LIABILITIES AND NET ASSETS

	2007	2006
CURRENT LIABILITIES		
Accounts payable	$ 2,860,584	$ 1,144,308
Accrued payroll and benefits	3,172,786	2,865,895
Other liabilities	842,517	799,818
Deferred revenue	1,224,423	1,134,005
Funds held for others	163,256	83,148
Current portion of annuities payable	69,232	63,181
Current portion of bonds payable	2,060,600	1,640,000
Total Current Liabilities	10,393,398	7,730,355
LONG-TERM LIABILITIES		
Government grants repayable - Federal Perkins loan program	6,345,469	6,386,159
Bonds payable, net of current portion	33,159,400	27,875,000
Asset retirement obligation	1,588,646	1,531,990
Annuities payable, net of current portion	412,705	429,473
Total Long-Term Liabilities	41,506,220	36,222,622
Total Liabilities	51,899,618	43,952,977
NET ASSETS		
Unrestricted		
Available for operations	6,060,021	6,922,652
Board designated		
Unrestricted portion of endowment	6,696,001	3,440,226
Endowment	6,284,398	5,415,063
Repair and replacement	7,010,671	7,381,233
Contractual limitations - debt service	3,239,856	3,188,571
Investment in property, plant and equipment	37,074,851	32,940,050
Total Unrestricted Net Assets	66,365,798	59,287,795
Temporarily Restricted		
Unexpended gifts	2,276,769	2,082,565
Contributions receivable	6,463,599	5,452,400
Future interest in life estate	322,129	313,650
Total Temporarily Restricted Net Assets	9,062,497	7,848,615
Permanently Restricted		
Annuities	559,438	404,107
Endowment	22,392,719	20,008,762
Funds held in trust	980,725	807,155
Contributions receivable	8,343,274	3,331,361
Total Permanently Restricted Net Assets	32,276,156	24,551,385
Total Net Assets	107,704,451	91,687,795
TOTAL LIABILITIES AND NET ASSETS	$ 159,604,069	$ 135,640,772

See accompanying notes to financial statements.

COLLEGE OF SAINT BENEDICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2007
With Comparative Totals for 2006

	2007 Unrestricted	2007 Temporarily Restricted	2007 Permanently Restricted	2007 Total	2006 Total
OPERATING GAINS, REVENUES AND OTHER SUPPORT					
Tution and fees	$ 51,510,895			$ 51,510,895	$ 47,633,333
Less: Scholarships and grants	(20,156,671)			(20,156,671)	(18,032,311)
Net tution and fees	31,354,224			31,354,224	29,601,022
Government grants					
Federal	1,180,123			1,180,123	1,097,821
State	526,438			526,438	165,992
Private gifts and grants	1,057,894	$ 1,503,034		2,560,928	2,021,515
Other investment income	1,270,066			1,270,066	1,013,288
Net realized gains (losses) on investments	45,759	(15,021)		30,738	(29,708)
Net unrealized gains (losses) on investments	48,035	63,957		111,992	(100,645)
Long-term investment income and gains allocated to operations	255,713	522,824		778,537	730,263
Other sources	593,548	19,222		612,770	753,812
Sales and services of auxiliary enterprises					
Residence halls	5,986,119			5,986,119	5,730,183
Food services	4,900,083			4,900,083	4,516,808
Other auxiliaries	4,631,836			4,631,836	4,080,648
	51,849,838	2,094,016		53,943,854	49,580,999
Net assets released from restrictions	5,203,646	(5,203,646)			
Total Operating Revenues, Gains and Other Support	57,053,484	(3,109,630)		53,943,854	49,580,999
OPERATING EXPENSES					
Program expenses					
Instruction	17,410,122			17,410,122	16,984,377
Academic support	7,005,990			7,005,990	5,922,272
Student services	5,603,486			5,603,486	5,336,970
Auxiliary enterprises					
Residence halls	3,490,690			3,490,690	4,040,445
Food services	4,914,696			4,914,696	4,083,050
Other auxiliaries	4,429,416			4,429,416	4,363,517
Support expenses					
Institutional support	9,257,133			9,257,133	8,072,427
Total Operating Expenses	52,111,533			52,111,533	48,803,058
Change In Net Assets from Operating Activities	4,941,951	(3,109,630)		1,832,321	777,941
NONOPERATING ACTIVITIES					
Long-Term Investment Activities					
Endowment income	107,074	452,022	$ 22,780	581,876	508,986
Net realized gains on investments	51,541	176,790	8,906	237,237	2,265,248
Net unrealized gains (losses) on investments	444,060	3,197,245	236,585	3,877,890	(562,919)
Total long-term investment income	602,675	3,826,057	268,271	4,697,003	2,211,315
Less: Long-term investment income and gains allocated for operations	(255,713)	(522,824)		(778,537)	(730,263)
	346,962	3,303,233	268,271	3,918,466	1,481,052
Private gifts and grants	906,822	2,068,321	7,288,815	10,263,958	5,303,057
Adjustment of actuarial liability		8,479	167,685	176,164	190,343
Debt expense	(174,253)			(174,253)	(26,127)
Net assets released from restrictions	1,056,521	(1,056,521)			
Change In Net Assets from Nonoperating Activities	2,136,052	4,323,512	7,724,771	14,184,335	6,948,325
Change in net assets before cumulative effect of change in accounting principle	7,078,003	1,213,882	7,724,771	16,016,656	7,726,266
Cumulative effect of change in accounting principle					(1,446,155)
Change In Net Assets	7,078,003	1,213,882	7,724,771	16,016,656	6,280,111
Net Assets - Beginning of Year	59,287,795	7,848,615	24,551,385	91,687,795	85,407,684
NET ASSETS - END OF YEAR	$ 66,365,798	$ 9,062,497	$ 32,276,156	$ 107,704,451	$ 91,687,795

See accompanying notes to the financial statements.

COLLEGE OF SAINT BENEDICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
OPERATING GAINS, REVENUES AND OTHER SUPPORT				
Tution and fees	$ 47,633,333			$ 47,633,333
Less: Scholarships and grants	(18,032,311)			(18,032,311)
Net tution and fees	29,601,022			29,601,022
Government grants				
Federal	1,097,821			1,097,821
State	165,992			165,992
Private gifts and grants	1,004,673	$ 1,016,842		2,021,515
Other investment income	1,013,288			1,013,288
Net realized gains (losses) on investments	(36,779)	7,071		(29,708)
Net unrealized losses on investments	(100,645)			(100,645)
Long-term investment income and gains allocated to operations	243,536	486,727		730,263
Other sources	746,061	7,751		753,812
Sales and services of auxiliary enterprises				
Residence halls	5,730,183			5,730,183
Food services	4,516,808			4,516,808
Other auxiliaries	4,080,648			4,080,648
	48,062,608	1,518,391		49,580,999
Net assets released from restrictions	2,855,430	(2,855,430)		
Total Operating Revenues, Gains and Other Support	50,918,038	(1,337,039)		49,580,999
OPERATING EXPENSES				
Program expenses				
Instruction	16,984,377			16,984,377
Academic support	5,922,272			5,922,272
Student services	5,336,970			5,336,970
Auxiliary enterprises				
Residence halls	4,040,445			4,040,445
Food services	4,083,050			4,083,050
Other auxiliaries	4,363,517			4,363,517
Support expenses				
Institutional support	8,072,427			8,072,427
Total Operating Expenses	48,803,058			48,803,058
Change in Net Assets from Operating Activities	2,114,980	(1,337,039)		777,941
NONOPERATING ACTIVITIES				
Long-Term Investment Activities				
Endowment income	113,931	372,346	$ 22,709	508,986
Net realized gains on investments	547,563	1,618,948	98,737	2,265,248
Net unrealized losses on investments	(117,413)	(419,314)	(26,192)	(562,919)
Total long-term investment income	544,081	1,571,980	95,254	2,211,315
Less: Long-term investment income and gains allocated for operations	(243,536)	(486,727)		(730,263)
	300,545	1,085,253	95,254	1,481,052
Private gifts and grants	175,000	3,329,977	1,798,080	5,303,057
Adjustment of actuarial liability	1,266	8,422	180,655	190,343
Debt expense	(26,127)			(26,127)
Net assets released from restrictions	2,702,703	(2,718,812)	16,109	
Change in Net Assets from Nonoperating Activities	3,153,387	1,704,840	2,090,098	6,948,325
Change in net assets before cumulative effect of change in accounting principle	5,268,367	367,801	2,090,098	7,726,266
Cumulative effect of change in accounting principle	(1,446,155)			(1,446,155)
Change in Net Assets	3,822,212	367,801	2,090,098	6,280,111
Net Assets - Beginning of Year	55,465,583	7,480,814	22,461,287	85,407,684
NET ASSETS - END OF YEAR	$ 59,287,795	$ 7,848,615	$ 24,551,385	$ 91,687,795

See accompanying notes to the financial statements.

COLLEGE OF SAINT BENEDICT

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2007 and 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 16,016,656	$ 6,280,111
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Cumulative effect of change in accounting principle		1,446,155
Depreciation, amortization and accretion	4,035,797	3,581,220
Realized gains on investments	(267,975)	(2,235,540)
Unrealized (gains) losses on investments	(3,989,882)	664,183
Actuarial adjustment of annuities payable	58,367	(77,345)
Loan cancellations	268,761	130,878
Contribution of equipment	(396,122)	(9,913)
Investment income restricted for reinvestment	(22,780)	(22,709)
Contributions restricted for plant and long-term investment	(4,264,610)	(5,245,242)
Contributions under split-interest agreements	(13,375)	(15,655)
Change in total contributions receivable	(6,023,113)	142,754
Increase in funds held in trust by others	(173,570)	(619)
Change in current assets and current liabilities		
Student receivables	(69,906)	25,836
Other receivables	(957,790)	236,732
Inventories	8,342	(59,637)
Prepaid expenses	12,828	35,411
Accounts payable	(148,366)	88,368
Accrued payroll and benefits	306,891	226,092
Other liabilities	42,699	(419,529)
Deferred revenue	90,418	57,217
Funds held for others	80,108	(10,132)
Net Cash Provided by Operating Activities	4,593,378	4,818,636
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(12,475,304)	(9,196,182)
Purchases of investments, net	(3,155,742)	(2,838,390)
Drawdowns of deposits held by construction trustee	276,222	3,493,010
Disbursements of loans to students	(705,043)	(2,443,052)
Loan payments from students	1,284,323	1,290,152
Net Cash Used for Investing Activities	(14,775,544)	(9,694,462)
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipt of investment income restricted for reinvestment	22,780	22,709
Contributions received restricted for plant and long-term investment	4,264,610	5,245,242
Proceeds from issuance of debt	7,345,000	
Payment of principal on indebtedness	(1,640,000)	(1,575,000)
Payments for debt acquisition costs	(14,569)	
(Decrease) increase in government grants repayable	(40,690)	125,544
Proceeds from issuance of split-interest agreements	13,349	35,514
Payments to annuitants	(69,058)	(86,565)
Net Cash Provided by Financing Activities	9,881,422	3,767,444
Net Change in Cash and Cash Equivalents	(300,744)	(1,108,382)
CASH AND CASH EQUIVALENTS - Beginning of Year	11,050,645	12,159,027
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 10,749,901	$ 11,050,645

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 accounting principles generally accepted in the United States of America. 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 at the date of gift.

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.

Losses from investments on permanently restricted endowment funds are reported as reductions in temporarily restricted assets to the extent of prior accumulated earnings reported as such, if any, with the remaining net losses reported as reductions in the unrestricted quasi-endowment funds.

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:

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.

Receivables - An allowance for doubtful accounts is recorded annually based on historical experience and management's evaluation of receivables at the end of each year. Bad debts are expensed when deemed uncollectible. Receivables are generally unsecured.

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

Deposits Held by Construction Trustee - Deposits held by construction trustee include construction funds restricted for plant projects.

Deferred Debt Acquisition Costs - The acquisition 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 at date of acquisition 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.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue - Certain revenue related to summer education programs is deferred and recognized as revenue in the same period expenses are recognized. Students are generally billed for courses prior to the start of the course.

Government Grants Repayable - Funds provided by the United States Government under the Federal Perkins Loan Program are loaned to qualified students and may be reloaned after collections. These funds are ultimately refundable to the government and are included as liabilities in the statements of financial position. Revenues from other government grants are recognized as they are earned in accordance with the agreement. Any funding received before it is earned is recorded as a refundable advance. Expenses incurred before cash is received are recorded as receivables.

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 approximated $1,318,000 and $1,345,000 for the years ended June 30, 2007 and 2006, 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 approximately $2,046,000 and $906,500, respectively, during the year ended June 30, 2007.The amounts of such grants were approximately $1,879,000 and $726,000, respectively, during the year ended June 30, 2006.

Fair Value of Financial Instruments - The College records financial instruments at cost, with the exception of investments in marketable equity and debt securities which are reflected in the financial statements at market value and those items received as gifts which are valued at fair value at the date of gift. The carrying amounts of cash and cash equivalents, accounts receivable and other receivables, prepaid expenses, accounts payable and accrued payroll and benefits and other liabilities, and deferred revenue approximate fair value because of the short maturity of these financial instruments. The carrying amounts of contributions receivable are recorded using appropriate discount rates.

A reasonable estimate of the fair value of the receivables from students under government loan programs and grants refundable to the government for student loans could not be made because the notes receivable are not saleable and can only be assigned to the U. S. Government or its designee. The fair value of receivables under institutional loan programs approximates carrying value.

The carrying amount of the actuarial liability for annuities payable is based on life expectancies, quoted market prices, and the present value discount included in the carrying amount. The carrying amounts of long-term debt approximate fair value because these financial instruments bear interest at rates which approximate current market rates for notes with similar maturities and credit quality.

Investments in securities traded on national or international securities exchanges are carried at fair value based on values provided by external investment managers or quoted market values.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated among the programs and supporting services benefited.

Income Tax Status - The Internal Revenue Service has determined that the College is exempt from federal tax under Section 501(c) (3) of the Internal Revenue Code. The College is also exempt from state income taxes. However, any unrelated business income may be subject to taxation.

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

Fund-Raising and Advertising Expenses - Fund-raising expenses totaled approximately $2,039,000 and $1,860,000 for the years ended June 30, 2007 and 2006, respectively. Advertising costs are expensed when incurred.

Reclassifications - Certain amounts appearing in the 2006 financial statements have been reclassified to conform with the 2007 presentation. The reclassifications have no effect on reported amounts of total net assets or change in total net assets.

Cumulative Effect of Change in Accounting Principle - In March 2005, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations*, (FIN 47). FIN 47 clarifies the term "conditional" as used in SFAS No. 143, *Accounting for Asset Retirement Obligations*. This interpretation refers to a legal obligation to perform an asset retirement activity even if the timing and/or settlement is conditional on a future event that may or may not be within the control of an institution. Accordingly, the College must record a liability for the conditional asset retirement obligation if the fair value of the obligation can be reasonably estimated. FIN 47 was effective for fiscal years ending after December 15, 2005. The College owns certain buildings that contain encapsulated asbestos material. An expense of $1,505,078 was recorded in the June 30, 2006 financial statements for asbestos clean-up costs, including $58,923 related to fiscal year 2006 and $1,446,155 for years prior to 2006 as a cumulative effect of a change in accounting principle as required by FIN 47. Subsequent to initial recognition, the College records period-to-period changes in the asset retirement obligation liability resulting from the passage of time and revisions to either the timing or the amount of the original estimate of undiscounted cash flows.

The estimate of the losses that are probable from environmental remediation liabilities for asbestos removal was calculated using the expected cash approach and based on an inventory of the College's long-lived assets combined with a estimate of the current market prices to remove the asbestos. The College utilized a credit-adjusted risk-free rate to discount the asset retirement obligation. It is reasonably possible that changes in this estimate could occur in the near term and that actual results could differ from this estimate and could have a significant impact on the financial statements.

NOTE 2 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from temporary donor restrictions during the years ended June 30, 2007 and 2006 by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows:

	2007	2006
Acquisition of buildings and equipment	$ 1,056,521	$ 2,702,703
Scholarships, instruction and other departmental support	5,203,646	2,855,430
	$ 6,260,167	$ 5,558,133

The net assets were reclassified to unrestricted net assets.

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Contributions receivable include the following unconditional promises to give at June 30:

	2007	2006
Temporarily restricted - operations	$ 1,115,370	$ 187,350
Temporarily restricted - plant projects	6,230,448	6,117,174
Permanently restricted - endowment	9,622,547	3,905,325
Gross unconditional promises to give	16,968,365	10,209,849
Less: Present value component	(848,418)	(510,492)
Estimated uncollectible contributions receivable	(1,313,074)	(915,597)
Net unconditional promises to give	$ 14,806,873	$ 8,783,760

At June 30, 2007, gross contributions receivable of $7,005,300 are due in less than one year, $9,811,082 are due in one to five years, and $151,983 are due in more than five years. Promises due in one or more years were discounted at an interest rate of 5.0% for the years ended June 30, 2007 and 2006. Promises due in less than one year were not discounted.

NOTE 4 - 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, 2007 and 2006, the College had an amount due from the Order totaling $152,941 and $69,228, respectively, which is included in other receivables.

NOTE 5 - 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, 2007 and 2006, marketable securities of $5,487,739 and $5,652,142, respectively, consisted of mutual funds recorded at fair value.

Long-term investments include the following assets recorded at fair value at June 30:

	2007	2006
Short-term investments	$ 281,503	$ 2,048,985
Funds held by bond trustee	3,239,856	3,188,571
Mutual funds	37,216,576	28,139,319
Other fixed income securities	12,000	12,000
Beneficial interest in funds held by others	980,725	807,155
Future interest in life estate	322,129	313,650
Cash surrender value of life insurance	404,421	195,958
	$ 42,457,210	$ 34,705,638

Investment income and gains and losses are reflected net of fees of $107,900 and $70,500 for the years ended June 30, 2007 and 2006, respectively.

The amount allocated to operations (from endowment and quasi-endowment) is determined by applying a spending rate to the average fair value of endowment investments for the preceding three years. The board has authorized a maximum rate of 5%. Spending draws are allocated to operating and shown as long-term investment income and gains allocated to operations on the statement of activities.

The fair value of all permanent endowment assets is currently in excess of all donors' cumulative original gift values. However, as a result of market conditions in recent years, the fair value of assets allocated to certain individual endowment funds is currently less than the gift value of those individual funds. Deficit balances in various funds total approximately $109,900 and $139,300 at June 30, 2007 and 2006, respectively. Valuation losses in excess of historical gift value reduce temporarily restricted net assets to the extent of prior year undistributed gains with the balance of such losses recorded in the unrestricted net asset class. The market volatility of equity-based investments is expected to continue impacting available distributions.

NOTE 6 - CONSTRUCTION IN PROGRESS

At June 30, 2007 the following projects were in progress:

	Costs To Date	Estimated Total Costs	Funding Plan
Dining facility	$ 11,639,569	$ 12,650,000	Gifts, Debt
Miscellaneous projects	2,262	200,000	Current operations
	$ 11,641,831	$ 12,850,000	

NOTE 7 - BONDS PAYABLE

The College had the following bonds payable outstanding at June 30:

	2007	2006
Minnesota Higher Education Facilities Authority Revenue Bonds Series Four-G	$ 1,730,000	$ 1,870,000
Minnesota Higher Education Facilities Authority Revenue Bonds Series Four-T	18,910,000	20,125,000
Minnesota Higher Education Facilities Authority Revenue Bonds Series Five-W	7,235,000	7,520,000
Minnesota Higher Education Facilities Authority Revenue Bonds Series Six-M	7,345,000	
	35,220,000	29,515,000
Less current portion of bonds payable	(2,060,600)	(1,640,000)
Long-term portion of bonds payable	$ 33,159,400	$ 27,875,000

The College has loans outstanding with the Minnesota Higher Education Facilities Authority ("the Authority") in connection with bonds issued by the Authority:

During July 1996, the Minnesota Higher Education Facilities Authority issued Revenue Bonds Series Four-G (College of Saint Benedict) on behalf of the College totaling $3,000,000. The bonds are 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 5.90% to 6.20% is payable semiannually on March 1 and September 1. The bonds mature on March 1 of each year through 2011 in amounts ranging from $150,000 to $180,000 with a payment of $1,070,000 due March 1, 2016. The term bonds due in 2016 are subject to annual sinking fund payments on March 1 in the years 2012 through 2016 in amounts varying from $190,000 to $240,000.

NOTE 7 - BONDS PAYABLE (CONTINUED)

During July 1998, the Minnesota Higher Education Facilities Authority issued Revenue Bonds Series Four-T (College of Saint Benedict) on behalf of the College totaling $25,430,000. The bonds are secured by the full faith and credit of the College and certain reserves. Interest at rates ranging from 4.875% to 5.35% is payable semiannually on March 1 and September 1. The bonds mature in annual installments of $1,280,000 to $1,335,000 on March 1 through 2009 with payments of $2,885,000, $3,190,000 and $10,220,000 due March 1, 2011, 2013 and 2020, respectively. The term bonds maturing in the years 2011, 2013 and 2020 are subject to annual sinking fund payments on March 1 in the years 2010 through 2020 in amounts varying from $670,000 to $1,910,000.

During July 2004, the Minnesota Higher Education Facilities Authority issued Revenue Bonds Series Five-W (College of Saint Benedict) on behalf of the College totaling $7,965,000. The bonds are secured by the full faith and credit of the College and certain reserves. Interest at rates ranging from 3.4% to 5.25% is payable semiannually on March 1 and September 1. The bonds mature in annual installments ranging from $295,000 to $375,000 on March 1 through 2014 with payments of $2,650,000 and $2,260,000 due March 1, 2020 and 2024, respectively. The term bonds maturing in years 2020 and 2024 are subject to annual sinking fund payments on March 1 in the years 2015 through 2024 in amounts varying from $390,000 to $610,000.

During October, 2006, the Minnesota Higher Education Facilities Authority issued Revenue Bonds Series Six-M (College of Saint Benedict) on behalf of the College totaling $7,345,000. The bonds are secured by the full faith and credit of the College and certain reserves. Interest at 4.493% is payable semiannually on April 1 and October 1. The bonds require interest-only payments of $165,005 through October 1, 2007. Beginning in April 2008, the bonds mature in semi-annual installments including interest of $500,609 through October 1, 2016.

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

2008	$ 2,060,600
2009	2,494,000
2010	2,620,500
2011	2,748,500
2012	2,883,000
Later years	22,413,400
	$ 35,220,000

NOTE 8 - EMPLOYEE BENEFIT PLANS

The College provides medical benefits through a self-insurance plan which is available to all employees of the College for certain medical expenses. Estimates for claims incurred but not reported have been accrued by the College. The College is insured for the first $115,000 per claim with an aggregate stop loss of $2,967,000.

NOTE 9 - ALLOCATION OF EXPENSES

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

	2007	2006
Interest	$ 1,513,150	$ 1,586,299
Depreciation	3,951,557	3,496,170
Accretion	56,656	58,923
Amortization	27,584	26,127
Operation and maintenance of plant	2,625,939	2,577,848
	$ 8,174,886	$ 7,745,367

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. Substantially all of the College's 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 may 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. In addition, the College's students receive a substantial amount of support from state and federal student financial assistance programs which are subject to audit by governmental agencies. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the College's programs and activities. Contributions receivable for 2007 are principally due from four major contributors.

NOTE 11 - DEFERRED GIFT AGREEMENTS

The College has arrangements with donors classified as charitable gift annuities. In general, under these arrangements the College received a gift from a donor in which it has a remainder interest and agrees to pay the donor stipulated amounts over the life of the donor. The arrangement may cover one or more lives. The College invests and administers the related assets and makes distributions to the beneficiaries as required. When the agreement reaches the end of its term, remaining assets are retained by the College as unrestricted, temporarily restricted or permanently restricted net assets, or in some instances, distributed to third-party beneficiaries.

When a gift is received under one of these arrangements, it is split into the amount representing the actuarial present value of future distributions back to the donor and the remaining gift value to be retained for the benefit of the College or third-party beneficiaries. The actuarial liability is adjusted annually using actuarial tables appropriate for the type of arrangement, number of lives covered and age and sex characteristics of the donor. The College used interest rates ranging from 4.0% to 8.0% for the years ended June 30, 2007 and 2006 in making the calculations.

Total assets under split interest agreements approximated $1,092,622 and $931,351 at June 30, 2007 and 2006, respectively.

NOTE 12 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2007	2006
Interest paid	$ 1,456,454	$ 1,610,624
Noncash investing and financing activities		
Construction in progress included in accounts payable	2,561,591	696,949
Cumulative effect of change in accounting principle net book value asset addition		26,912

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COLLEGE OF

Saint Benedict

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