OFFICIAL STATEMENT DATED DECEMBER 15, 1989

NEW ISSUE

Rating BBB+: Standard & Poor's Corporation

In the opinion of Faegre & Benson, Minneapolis, Minnesota, Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities; and the interest to be paid on the Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes and is not an item of tax preference included in the computation of the alternative minimum tax imposed on individuals under the Internal Revenue Code. Interest on the Bonds is subject to Minnesota franchise taxes on banks and corporations measured by income and is includable in the calculation of certain federal and State of Minnesota taxes imposed on corporations. (See "TAX EXEMPTION" herein.)

$2,500,000

Minnesota Higher Education Facilities Authority

Revenue Bonds, Series Two-W

(St. John's University)

Dated Date: January 1, 1990

Interest Due: April 1 and October 1, commencing April 1, 1990

The Bonds will mature annually on October 1 as follows:

	Amount	Interest Rate		Amount	Interest Rate		Amount	Interest Rate
1990	$150,000	6.20%	1994	$240,000	6.60%	1997	$295,000	6.80%
1991	$200,000	6.30%	1995	$255,000	6.70%	1998	$310,000	6.90%
1992	$215,000	6.40%	1996	$275,000	6.75%	1999	$335,000	7.00%
1993	$225,000	6.50%						

REOFFERED AT PAR

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after October 1, 1995 may be redeemed prior to maturity, in whole or in part, on any interest payment date commencing October 1, 1994. The Bonds will also be subject to optional redemption on any interest payment date in whole but not in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in whole but not in part in the event of a Determination of Taxability, as described herein.

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

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of the Order of St. Benedict as owner and on behalf of St. John's University (the "Corporation") pursuant to a Loan Agreement between the Authority and the Corporation, or out of other amounts pledged pursuant to the Indenture, as described herein. The Loan Repayments will be a general obligation of the Corporation.

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

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

The Bonds are offered when, as and if issued by the Authority subject to the approval of legality by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Bonds will be available for delivery on or about January 24, 1990.

PIPER, JAFFRAY & HOPWOOD INCORPORATED

ALLISON-WILLIAMS COMPANY **ROBERT W. BAIRD & COMPANY, INCORPORATED**

JURAN & MOODY, INCORPORATED

DOUGHERTY, DAWKINS, STRAND & YOST, INCORPORATED **MOORE, JURAN AND COMPANY, INCORPORATED**

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

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

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

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

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

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Catherine M. Warrick, Chair	Faculty Member, Metropolitan State University, Saint Paul, Minnesota.
Carol A. Blomberg, Vice Chair	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
Kathryn D. Jarvinen, Secretary	Hospital Administrator, Winona, Minnesota.
Jack Amundson	Partner, McMahon, Hartman, Amundson & Co., Saint Cloud, Minnesota.
Earl R. Herring	Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota.
John A. McHugh	Attorney and Banker, Minneapolis, Minnesota.
David Powers (Ex Officio)	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.
Steve Senich	Director of Physical Therapy, Leisure Hills Health Care Center, Hibbing, Minnesota.
John Young, Jr.	Salesman/Construction Foreman, Olson Pool Company, Hawley, Minnesota.

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

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OFFICIAL STATEMENT

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MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES TWO-W
(St. John's University)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the Order of St. Benedict, a Minnesota nonprofit corporation (the "Corporation") as owner and on behalf of St. John's University, an institution of higher education located in Collegeville, Minnesota, (the "University") in connection with the issuance of the Authority's $2,500,000 Revenue Bonds, Series Two-W (St. John's University), (the "Bonds" or the "Issue").

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

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

Pursuant to a Loan Agreement between the Corporation and the Authority, the Corporation will covenant as a general obligation of the Corporation to make Loan Repayments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the Corporation by the Authority to finance the construction and furnishing of a new Art Building for and on the campus of the University, with appurtenant equipment and site improvements.

The Bonds are secured by a pledge of the Loan Repayments, a general obligation of the Corporation, and by moneys received after January 1, 1990 by the Trustee from the Corporation as contributions and payments on pledges restricted or designated by the donor to finance the Project (the "Gift Receipts").

The Reserve Account will be funded in the amount of $250,000, unless such amount exceeds 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale), in which case the debt service reserve will be in the amount of such lesser sum.

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

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

THE BONDS

The Bonds will be dated January 1, 1990 and will mature annually each October 1, commencing October 1, 1990, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each April 1 and October 1, commencing April 1, 1990.

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

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

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

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

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

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

Prior Redemption

Bonds maturing on or after October 1, 1995 are subject to optional redemption, in whole or in part and if in part, in such order of maturity as the Corporation shall direct and by lot within a maturity, in integral multiples of $5,000, on any interest payment date, commencing October 1, 1994, at par plus accrued interest.

The Bonds will also be subject to optional redemption at par and accrued interest, as a whole but not in part, on any interest payment date, 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 "SUMMARY OF DOCUMENTS - The Loan Agreement").

Partial Redemption

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

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than thirty days, and if more than 60 days, then again not less than 30 nor more than 60 days, before the date

fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic rate from the date of taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption" on page 10 and Appendix III, "DEFINITION OF CERTAIN TERMS."

The Corporation will have the option to prepay the Loan in full but not in part on any interest payment date after a Determination of Taxability at a price of par and accrued interest (including additional interest from the date of taxability).

USE OF BOND PROCEEDS

The proceeds of the Bonds are expected to be used approximately as follows:

Project Costs	$2,200,000
Debt Service Reserve	250,000
Costs of Issuance	50,000
	$2,500,000

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

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

THE PROJECT

Net proceeds of the Bonds will finance the construction and furnishing of a new Art Building, with appurtenant equipment and site improvements, to be located on the campus of the University. The construction of the Project began November 1, 1989; the University expects to complete it in August, 1990.

The Art Building will be a two-story, 27,600 square-foot structure located on the west edge of the campus overlooking Lake Watab. The building will be divided into two sections: the classroom/studio building and the gallery building.

Classrooms and studios will make up the largest section of the building. Totalling 17,700 square feet, the classrooms and studios will include space for a drawing and design studio,

printmaking studio, painting studio, sculpture studio, photographic darkroom, individual student studios, student lounge and informal gallery, gallery workspace, curatorial storage, slide library, seminar room, and parking lot adjacent to the building. In addition, faculty offices and secretarial space will be housed in this section. The gallery will include a large art exhibition space, as well as a smaller art gallery, an 88-seat auditorium, and a visiting artist studio.

The University has undertaken a $2,000,000 fund drive to solicit contributions for the Project. As of November 30, 1989, the University has received $386,319 in cash contributions and $308,832 in future pledges.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the Corporation as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture including moneys and investments in the Gift Receipts Account and the Reserve Account. The Reserve Account will be fully funded from proceeds of the Bonds in the amount of $250,000 unless such amount exceeds 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale), in which case the debt service reserve will be in the amount of such lesser sum (the "Reserve Requirement").

The Corporation anticipates that debt service on the Bonds will be primarily supported from Gift Receipts received after January 1, 1990 as contributions and payments on pledges restricted or designated by the donor to be used for the Project. All such Gift Receipts shall be deposited every thirty days into the Gift Receipts Account, to be held and administered by the Trustee. Pursuant to a Security Agreement between the Corporation and the Trustee, the Trustee shall have a security interest in all funds, securities and deposits in the Gift Receipts Account as well as all the other Accounts held by the Trustee, pledged for payment of principal and interest on the Bonds. Unrestricted gifts received by the Corporation are not pledged for payment of debt service. No attempt has been made to provide a security interest in Gift Receipts prior to their deposit with the Trustee.

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

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

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which the proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, a Redemption Account and a Gift Receipts Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the

Construction Account, except that accrued interest will be deposited in the Bond and Interest Sinking Fund Account and the Reserve Requirement will be deposited into the Reserve Account. Following Bond Closing, amounts received by the Trustee from the Corporation as Gift Receipts or Loan Repayments are to be deposited into the Gift Receipts Account, or the Bond and Interest Sinking Fund Account, Reserve Account and Redemption Account, as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds.

Construction Account

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

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments (including deposits of Gift Receipts, to the extent required) made by the Corporation. The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the Corporation as Loan Repayments (including deposits of Gift Receipts to the extent required) not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or 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, initially expected to be $250,000.

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 Corporation shall restore the deficiency from the next Loan Repayment, 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 Corporation for amounts so withdrawn. Investments in the Reserve Account which are eligible investments under the Arbitrage Regulations for such valuation method shall be valued at par or (if purchased at a premium or discount) at amortized cost, and other investments in the Reserve Account shall be valued at

market value. Investments in the Reserve Account shall be valued quarterly on the first day of each calendar quarter commencing April 1, 1990, provided that the valuation of investments with respect to the Reserve Account shall be adjusted whenever there is a withdrawal from or addition to the Reserve Account or any investment held in the Reserve Account is bought or sold or matures. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of earned or accrued interest on moneys or investments therein) is more than the amount of the Reserve Requirement, or more than the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Redemption Account. If at the end of any Fiscal Year the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the deficiency is equal to or less than the excess of the amount of the Reserve Requirement over the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not less than 30 days.

Interest and income of the Reserve Account shall be transferred 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 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 Corporation or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Gift Receipts Account

The Corporation shall deposit into the Gift Receipts Account all contributions and payments on pledges restricted or designated by the donor or allocated to the Project pursuant to a resolution of the Board of Directors of the Corporation received after January 1, 1990 promptly when received but not less often than every thirty days; provided that any contributions or pledge receipts not so designated, restricted or allocated to the Project to finance the Project are not required to be deposited in the Gift Receipts Account and shall not be available for the payment of principal and interest on the Bonds. All moneys and investments in the Gift Receipts Account shall be used to pay debt service on the Bonds when due or at the redemption date if Bonds are called for redemption in whole or in part. The Trustee shall transfer from time to time amounts to the Bond and Interest Sinking Fund Account to the extent moneys and investments credited to the Bond and Interest Sinking Fund Account do not at least equal the total amount of principal of and interest due or to become due on the Bonds within the succeeding 13 months, after adjusting for interest to be received on Authorized Investments in such account and for the redemption price of Bonds to be met from amounts on deposit in the Redemption Account. If the amount in the Bond and Interest Sinking Fund Account (as adjusted) is sufficient to meet debt service on the Bonds due or to become due during the succeeding 13 months, the Trustee shall forthwith transfer amounts from the Gift Receipts Account to the Reserve Account if the moneys and investments in the Reserve Account do not at least equal the Reserve Requirement. If moneys and investments in the Gift Receipts Account are not required to be transferred to the Bond and Interest Sinking Fund Account or the Reserve Account, any amounts in the Gift Receipts Account may be transferred to the Redemption Account at the direction of the Corporation and used by the Trustee for the purchase or redemption of outstanding Bonds.

The Trustee is authorized, in its discretion, to use funds and investments in the Gift Receipts 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 Corporation shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Redemption Account

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

General Bond Reserve Account

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

Authorized Investments

Moneys on deposit to the credit of the Construction Account, Bond and Interest Sinking Fund Account, Gift Receipts Account, the Reserve Account, or the Redemption Account shall be invested by the Trustee only in Authorized Investments described in Section 5.05 of the Indenture.

THE AUTHORITY

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $250 million. The Authority has had 53 issues (including refunded and retired issues) totaling $181,065,000 of which $112,350,000 (excluding the Bonds) is outstanding as of October 2, 1989. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for

(excluding the Bonds) is outstanding as of October 2, 1989. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds are being purchased by the underwriters named on the cover of this Official Statement (the "Underwriters"). The Underwriters have jointly and severally agreed to purchase

the Bonds at a purchase price of $2,468,125, plus interest accrued from January 1, 1990. The net proceeds from the sale of the Bonds will be the aggregate principal amount of the Bonds plus accrued interest from January 1, 1990 to the date of closing, less the Underwriters' discount. The Terms and Conditions of Contract of Sale between the Authority and the Underwriters provide that the Underwriters will purchase all of the Bonds, if any are purchased. The initial public offering prices set forth on the cover page may be changed by the Underwriters and the Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices set forth on the cover page.

RATING

As noted on the cover page hereof, Standard & Poor's Corporation has given the Bonds a rating of "BBB+". The rating reflects only the view of such rating agency. The Corporation furnished to Standard & Poor's Corporation certain information and materials respecting the Bonds and the Corporation. Generally, rating agencies base their rating on such information and materials and their own investigations, studies and assumptions. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Standard & Poor's Corporation defines a "BBB" rating, which is the fourth highest of ten principal rating categories, as follows:

> "Debt rated "BBB" is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions, or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories."

LITIGATION

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

LEGALITY

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

Certain legal matters will be passed upon for the Corporation by Hughes, Thoreen & Sullivan, Saint Cloud, Minnesota.

TAX EXEMPTION

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

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

Under present provisions of the Code, interest on the Bonds is exempt from federal income taxes, including the alternative minimum tax imposed with respect to individuals and corporations and the environmental tax imposed with respect to corporations, except that interest on the Bonds will be included in the computation of "adjusted net book income" (or, for taxable years beginning after 1989, "adjusted current earnings"), which may be an item of tax preference includable in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes an environmental tax with respect to corporations on the excess of a corporation's modified alternative minimum taxable income (determined as described above) over $2 million. Regardless of whether a corporation is subject to the alternative minimum tax, the environmental tax applies with respect to taxable years beginning after December 31, 1986 and before January 1, 1992.

The Code imposes a 30% branch profits tax on the taxable income of a United States branch of certain foreign corporations attributable to its taxable income effectively connected (or treated as effectively connected) with a United States trade or business and a 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. Existing United States income tax treaties may modify, reduce or eliminate the branch profits tax except in cases of "treaty shopping."

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

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

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

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Faegre & Benson, Bond Counsel, under present laws and rulings: interest on the Bonds is exempt from Federal and Minnesota income tax (other than Minnesota corporate and bank excise taxes measured by income). Interest on the Bonds is not treated as a preference item includable in alternative minimum taxable income for purposes of the Federal alternative minimum tax applicable to all taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates and trusts, but is includable in "book income" or in "adjusted current earnings" for purposes of computing the alternative minimum tax and the environmental tax that may be imposed with respect to corporations.

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.

THE ORDER OF ST. BENEDICT AND THE UNIVERSITY

The Order of St. Benedict, Collegeville, Minnesota, is a Minnesota nonprofit corporation located in Collegeville, Minnesota. The Corporation has four operating divisions: St. John's Abbey, St. John's Preparatory School, The Liturgical Press and the University. The four divisions are located on one site, consisting of a total of approximately 2,500 acres.

The Abbot of St. John's Abbey is the President of the Corporation. The other officers are the Secretary and Treasurer appointed by the President. The Board of Directors of the Corporation is comprised of the Abbot and ten members of the Corporation, five of whom are elected by the members and five of whom are appointed by the Abbot. The membership of the Corporation is limited to the members of St. John's Abbey who hold permanent status through final vows. The members of St. John's Abbey and the members of the Corporation are identical.

Relationship of the Corporation and the University

To provide for the governance and management of the University, the Corporation has established the governance statutes of the University. The governance statutes, as amended, reserve to the Corporation certain powers concerning the University. Principal among these are the reservations concerning encumbrance or disposition of the assets of the University and the power to amend or revoke the statutes.

The governance statutes establish a self-perpetuating Board of Regents to exercise governance of the University and a President to serve as the chief executive officer of the University. The Board of Regents' responsibility includes assistance in fundraising and prudent management of the University's resources as designated by the Corporation, which retains the power to authorize or modify operating and capital budgets prepared by the President of the University and approved by the Board of Regents.

To enable the University to plan and carry out its approved mission, the Corporation provides for a separate audit of University accounts and designates certain funds as University reserves and endowment. Historically, the Corporation provides an annual grant to the University by contributing a percentage of salaries paid to members of the Corporation employed by the University.

In order to assure adequate representation of the Corporation in University governance, the officers of the Corporation are ex-officio members of the Board of Regents and the Executive Committee of the Board of Regents. In addition, the Abbot serves as the Chancellor of the University with power to nominate the President of the University for election by the Board. The Chapter also elects eight of its members to the Board of Regents. It is understood that the President of the University may be called on to report to the Corporation concerning the University.

By these procedures the Corporation retains ultimate control of the University while delegating its governance and management to the Board of Regents and the President of the University.

Long-Term Debt of the Corporation As of October 2, 1989

1) Department of Education (HUD) Library and Science Hall general obligation bonds, dated July 1, 1965, payable over a 30-year period in annual installments ranging from $36,000 to $104,000 with interest at 3-3/4% per annum until final maturity on October 1, 1995. The University has annually pledged $210,000 of the first tuition fees collected. $545,000 is currently outstanding.

2) Department of Education (HUD) Auxiliary Facilities Construction and Refunding Bonds, Series A, dated November 1, 1966, secured by a mortgage on St. Thomas Aquinas Hall, as well as the net revenue derived from this facility and the Dining Hall, payable in annual installments ranging from $30,000 to $60,000 with interest at 2.875% until final maturity on November 1, 1993. $274,000 is currently outstanding.

3) Department of Education (HUD) Auxiliary Facilities Construction and Refunding Bond, Series B, dated November 1, 1966, secured by a mortgage on Bernard, Patrick and Boniface Hall and St. Thomas Aquinas Hall, as well as the net revenue derived from these facilities and the Dining Hall, payable over a 50-year period, in annual installments ranging from $20,000 to $80,000 with interest at 3% until final maturity on November 1, 2016. $1,550,000 is currently outstanding.

4) Department of Housing and Urban Development (HUD) mortgage, dated September 24, 1979, secured by certain real estate and equipment in the Solid Waste Boiler portion of the Power House, as well as the assignment of rents and income from the secured facility, only after default on the note by the University. The mortgage is due in semiannual installments payable over 38 years of $32,819 including principal and interest commencing in 1981 and continuing through May 1, 2019. $1,298,262 is currently outstanding.

5) Department of Education mortgage, dated August 26, 1982, secured by Seton Apartments (Earth Sheltered) and a first lien on the net revenue derived from the secured facility. The mortgage is due in semiannual installments payable over 38 years of $29,847 including principal and interest commencing in 1985 and continuing through August of 2022. $1,244,968 is currently outstanding.

6) 10-3/4% Northwestern National Life Insurance Company note, dated April 15, 1976 and payable in equal annual installments of $122,356 including interest until January 23, 1995, at which time a final payment of $890,354 is due. As collateral on the note, the agreement calls for an investment account holding and maintaining securities with an initial aggregate market value of at least 145% of the outstanding principal amount. If the market value decreases to below 125% of the outstanding principal balance, the Corporation must reimburse the fund to 145% of the outstanding principal balance. If the market value increases beyond 155% of the outstanding principal balance, the Corporation may withdraw any amount over 155% of the outstanding principal balance. In addition to the above, the Department of Education agreed to subsidize 72.093% of the total interest cost of the note ($1,999,964). The subsidy will be paid to the Corporation in nineteen equal annual installments of $76,197. $937,579 is currently outstanding.

7) General obligation note, dated November 22, 1983 (Minnesota Higher Education Facilities Authority Pooled Revenue Bonds, Series 1983A), payable in six annual installments of $297,570, $318,045, $340,558, $367,185, $396,533 and $428,884 commencing September 1, 1986 with the final payment due September 1, 1991. The principal amount on each installment is subject to a specific interest rate ranging from 6.75% to 8.5%; with an effective rate over the length of the loan of 9.1%. $825,417 is currently outstanding.

8) Department of Education loan in the amount of $1,440,000 dated September 28, 1989 payable in semiannual payments of $49,276.82, commencing May 1, 1990 over 30 years at 5.5% interest. The loan is for the renovation of Engel Hall and is secured by a mortgage on Engel Hall and a lien on tuition revenues, in an amount necessary to pay annual debt service.

9) The Bonds.

As of October 2, 1989, the total of long-term debt outstanding adjusted to include the Bonds is $10,615,226.

Long-Term Debt Service

The table on page I-4 sets forth the principal and estimated debt service on the Bonds and the Corporation's outstanding debt service by Fiscal Year.

Notes Payable

The Corporation has unsecured notes payable to various individuals and organizations, due on demand with interest rates ranging from 5.5% to 12% per annum. As of June 30, 1989, $442,864 was outstanding.

Financial Statements

The Corporation's fiscal year ends June 30 of each year. Financial records are maintained on the fund accounting system and financial statements have been prepared on the accrual basis of accounting except that depreciation is not recognized under generally accepted accounting principles applicable to nonprofit institutions. Appendix V sets forth the financial statements of the Corporation including the Balance Sheets for the University for the year ended June 30, 1989, audited by Larson, Allen, Weishair & Co., Certified Public Accountants, Minneapolis, Minnesota. Larson, Allen, Weishair & Co. has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

Summaries of Current Funds Revenues, Expenditures and Transfers

The table on page I-5 sets forth summaries of revenues, expenditures and transfers for the Corporation's Current Funds for the past five Fiscal Years from the Corporation's audited financial statements. The table should be read in conjunction with the financial statements found in Appendix V.

THE ORDER OF ST. BENEDICT

Long-Term Debt Service
Including the Bonds

Fiscal Year Ending	<-----The Bonds-------> Principal	Principal & Interest	Outstanding Debt Service (a)	Total Debt Service
1990		$41,668	$918,846	$960,514
1991	$150,000	312,023	963,665	1,275,688
1992	200,000	351,073	969,390	1,320,463
1993	215,000	352,893	518,960	871,853
1994	225,000	348,700	499,759	848,459
1995	240,000	348,468	1,222,287	1,570,755
1996	255,000	347,005	394,405	741,410
1997	275,000	349,181	306,461	655,642
1998	295,000	349,870	305,111	654,981
1999	310,000	344,145	303,761	647,906
2000	335,000	346,725	307,336	654,061
2001			305,836	305,836
2002			304,336	304,336
2003			307,761	307,761
2004			306,111	306,111
2005			304,461	304,461
2006			307,736	307,736
2007			305,936	305,936
2008			304,136	304,136
2009			307,261	307,261
Totals	$2,500,000	$3,491,751	$9,463,555	$12,955,306

(a) Some Corporation debt extends to Fiscal Year 2023. The total outstanding debt service of the Corporation is $12,613,220.

ORDER OF SAINT BENEDICT
STATEMENT OF CURRENT FUNDS REVENUES,
EXPENDITURES AND TRANSFERS
For the Years Ended June 30,

1989

	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Elimin-ations	Total
Revenues	$5,339,972	$28,866,812	$2,491,365	$5,774,893	$4,313,814	$38,159,228
Expenditures and Transfers(a)	5,276,179	28,865,190	2,584,016	5,562,075	4,313,814	37,973,646
Excess (Deficiency) of Revenues and Transfers Over Expenditures and Transfers	$63,793	$1,622	($92,651)	$212,818	$0	$185,582

1988

	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Elimin-ations	Total
Revenues	$5,001,277	$25,859,955	$2,482,710	$5,363,824	$4,105,757	$34,602,009
Expenditures and Transfers(a)	4,854,657	25,858,901	2,564,837	5,159,462	4,105,757	34,332,130
Excess (Deficiency) of Revenues and Transfers Over Expenditures and Transfers	$146,620	$1,054	($82,127)	$204,362	$0	$269,879

1987

	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Elimin-ations	Total
Revenues	$5,445,214	$24,422,798	$2,438,372	$5,168,068	$3,904,798	$33,569,654
Expenditures and Transfers(a)	5,297,922	24,420,900	2,464,740	4,945,806	3,904,798	33,224,570
Excess (Deficiency) of Revenues and Transfers Over Expenditures and Transfers	$147,292	$1,898	($26,368)	$222,262	$0	$345,084

1986

	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Elimin-ations	Total
Revenues	$4,873,187	$23,289,669	$2,536,006	$4,674,720	$3,574,949	$31,798,633
Expenditures and Transfers(a)	4,766,169	23,285,598	2,574,972	4,591,434	3,574,949	31,643,224
Excess (Deficiency) of Revenues and Transfers Over Expenditures and Transfers	$107,018	$4,071	($38,966)	$83,286	$0	$155,409

1985

	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Elimin-ations	Total
Revenues	$4,777,882	$21,413,537	$2,400,784	$4,432,895	$3,424,581	$29,600,517
Expenditures and Transfers(a)	4,602,062	21,411,294	2,389,484	4,432,895	3,424,581	29,411,154
Excess (Deficiency) of Revenues and Transfers Over Expenditures and Transfers	$175,820	$2,243	$11,300	$0	$0	$189,363

(a) Includes both mandatory and non-mandatory transfers.
Source: Corporation's Annual Audited Financial Statements

THE UNIVERSITY

St. John's University, located in Collegeville, Minnesota, was founded in 1857 by the Order of St. Benedict. It is one of the oldest institutions of higher learning in the Midwest. The University is a separate unincorporated operating division of the Corporation.

The University offers four-year undergraduate degrees in the College of Arts and Sciences and graduate degrees in the School of Theology. Enrollment in the College of Arts and Sciences is limited to men; however, the School of Theology admits both men and women.

Although the University continues to enroll only undergraduate men, it also educates undergraduate women through its cooperation with the College of Saint Benedict, a four-year undergraduate college for women, which is four miles distant from the University. The Corporation does not own or control the College of Saint Benedict, but the two schools cooperate in virtually all aspects of college life. They share a common academic calendar, maintain a single registrar's and admissions office and operate a combined library system and joint academic and administrative computing services. Requirements for most major programs are the same for students from both colleges. Students may generally attend classes on either campus.

The University is accredited by the North Central Association of Colleges and Secondary Schools as well as by appropriate professional organizations. The University is also registered with the Minnesota Higher Education Coordinating Board in accordance with Minnesota Statutes.

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

St. John's University Board of Regents

Thomas R. Joyce	Attorney, Sherman and Sterling Law Firm, London, England
Jean L. King	Consultant on Public Speaking, Saint Paul, Minnesota
Rev. John Klassen, OSB	Chemistry Department, St. John's University, Collegeville, Minnesota
Br. David Klingman, OSB	Alcuin Library, St. John's University, Collegeville, Minnesota
Rev. John Kulas, OSB	Associate Professor, Modern Classical Language, St. John's University, Collegeville, Minnesota
Frank S. Ladner	President, State Bond and Mortgage Insurance Company, Minneapolis, Minnesota
Brett Loeb	St. John's University, Collegeville, Minnesota
Robert Mahowald, Sr.	Mahowald Insurance Company, Saint Cloud, Minnesota
Rev. Rene McGraw, OSB	Philosophy Department, St. John's University, Collegeville, Minnesota
John F. McGrory	Senior Vice President, General Counsel, Cargill, Inc., Minneapolis, Minnesota
Thomas W. McKeown	Executive Vice President, The Saint Paul Companies, Inc., Saint Paul, Minnesota
The Honorable Diana E. Murphy	United States District Judge, Minneapolis, Minnesota
Rev. Michael Naughton, OSB	Director, The Liturgical Press, Collegeville, Minnesota
Rev. Raymond Pedrizetti, OSB	Chair, Philosophy Department, St. John's University, Collegeville, Minnesota
Edward Jay Phillips	Chairman, Phillips Beverage Company, Minneapolis, Minnesota
Bruce Richard	President, Richard, Crisman & Opitz, Inc., Roseville, Minnesota
Roger Scherer	Scherer Brothers Lumber Company, Brooklyn Park, Minnesota
Rev. Kevin Seasoltz, OSB	Rector, St. John's Seminary, Collegeville, Minnesota
William Sexton	Incline Village, Nebraska
Morris M. Sherman	Attorney, Leonard, Street & Deinard, Minneapolis, Minnesota
Thomas J. Sinner	Sinner Seed, Casselton, North Dakota

Jan Smaby	Director, Minnesota Office of Drug Policy, Department of Public Safety, Saint Paul, Minnesota
Dr. Joan Steck	Communication/Media Department, St. John's University, Collegeville, Minnesota
Rev. Gordon Tavis, OSB	Corporate Treasurer, St. John's University, Collegeville, Minnesota
Rev. Mark Thamert, OSB	Assistant Professor/Director of Honors Program, St. John's University, Collegeville, Minnesota
Abbot Jerome Theisen, OSB	Abbot/Chancellor, St. John's Abbey, Collegeville, Minnesota
Rev. Hilary Thimmesh, OSB	President, St. John's University, Collegeville, Minnesota
John Van deNorth	Attorney, Briggs & Morgan, Saint Paul, Minnesota
Rev. Daniel Ward, OSB	Government Department, St. John's University, Collegeville, Minnesota
John Weitzel	Executive Vice President, Bankers Systems, Inc. Saint Cloud, Minnesota

President of the University

The Rev. Hilary Thimmesh has been President of St. John's University since 1982 and has been associated with the University and St. John's Abbey since 1958. He received a B.A. degree from the University in 1950 and was awarded a Ph.D. in English from Cornell University in 1963.

During his tenure at the University, Father Thimmesh has held numerous positions including Dean of the College, chairman of the faculty and chairman of the English Department. In 1980 and 1981, he served as Prior of St. John's Abbey.

Father Thimmesh currently serves on the boards of the Hill Monastic Manuscript Library, Minnesota Public Radio, Institute for Ecumenical and Cultural Research, Advisory Board of St. John's School of Theology, Central Minnesota Community Foundation, and Regent Candidate Advisory Council of the Minnesota State Legislature.

Academic Information

The University confers both the Bachelor of Arts and Bachelor of Science degrees to undergraduates completing all departmental and University requirements. The School of Theology currently offers the Master of Arts degree in theology, religious education, liturgical studies and liturgical music; the Master of Divinity degree; and the Master of Theological Studies.

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

The libraries at St. John's University and the College of St. Benedict serve the combined student body with a joint staff and coordinated programs and services. Joint holdings of the

two libraries are 450,000 volumes, 2,000 periodical subscriptions, 160,000 government documents and 60,000 microforms. MINITEX, a computerized interlibrary exchange program, provides access to the collections of the University of Minnesota and other libraries in the state and region.

Student Body

The University's enrollment for the past five years and projected for the next five years is:

Fiscal Year	Head Count (Actual)	FTE (Actual)	Fiscal Year	Head Count (Projected)*	FTE (Projected)*
1985-86	1,934	1,886	1990-91	1,950	1,900
1986-87	1,952	1,903	1991-92	1,925	1,875
1987-88	1,929	1,892	1992-93	1,900	1,850
1988-89	1,998	1,954	1993-94	1,900	1,850
1989-90	2,003	1,951	1994-95	1,900	1,850

* *Reductions from current levels reflect mandate by Board of Regents.*

Of the 492 persons enrolled in the 1989-90 freshman class, 386 or 78.5% are Minnesota residents.

Freshman Applications, Acceptances and Enrollments

	1985-86	1986-87	1987-88	1988-89	1989-90
Applications	926	972	1,029	1,005	1,030
Acceptances	821	857	919	857	899
Percent Accepted	89%	88%	89%	85%	87%
Enrolled	506	477	509	514	498
Percent Enrolled to Accepted	62%	56%	55%	60%	55%
Mean ACT Score	24	24	24	24	23
Mean SAT Verbal/Math Scores	480/550	490/560	480/550	470/550	470/550

Student Retention

The University reports the following student retention percentages. This represents the percentage of enrolled students in the Fall and Spring semesters who returned for the following Fall semester.

	1984-85	1985-86	1986-87	1987-88	1988-89
Freshmen	76.5%	77.1%	83.5%	86.0%	83.0%
Sophomores	81.4	85.1	80.9	87.9	89.7
Juniors	92.9	92.8	93.7	95.3	93.8
Seniors*	102.9	94.5	94.2	96.2	91.9
Four-Year	59.5	57.5	59.6	69.6	64.8

* *Represents seniors who graduated or enrolled the following year.*

Tuition and Fees

The University meets the costs of its educational programs primarily through tuition and fees. The following table lists the tuition, room and board rates and other fees for the past five years, charged to a full-time, incoming freshman.

	1985-86	1986-87	1987-88	1988-89	1989-90
Tuition	$5,770	$6,175	$6,670	$ 7,695	$ 8,810
Room*	1,195	1,320	1,415	1,500	1,580
Board	1,450	1,510	1,560	1,645	1,735
Activity Fee	55	60	60	70	80
	$8,470	$9,065	$9,705	$10,910	$12,196

* *Average room charges; may be more or less depending on the residence.*

Special fees may be charged for specific courses such as science labs, arts fees or music lessons.

Financial Aid

Approximately 65% of the student body annually receives some form of financial aid. The following table is a five-year summary of financial assistance received from both University and non-University sources.

	1984-85	1985-86	1986-87	1987-88	1988-89
Loans:					
NDSL (Perkins)	$ 249,500	$ 306,875	$ 368,475	$ 326,475	$ 362,550
GSL (Stafford)	2,045,091	1,924,395	1,761,952	1,362,376	1,346,721
PLUS	192,119	142,993	58,965	96,950	139,991
SELF (State of Minnesota)	N/A	226,776	310,635	452,760	795,642
Total Loans	$2,486,710	$2,601,039	$2,500,027	$2,238,561	$2,644,904
Student Employment (All Sources)	$ 800,415	$ 765,186	$ 848,198	$ 917,147	$1,004,099
Gift Aid (All Sources)	2,795,806	3,205,265	3,473,685	3,923,017	4,265,929
Total Financial Aid	$6,082,931	$6,571,490	$6,821,910	$7,078,725	$7,914,932

Faculty and Staff

The student-faculty ratio is approximately 13 to 1. Approximately 20% of the faculty are members of the Order of St. Benedict. There are no religious or denominational prerequisites or any participatory religious requirements for faculty membership. The University subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

For the 1989-90 Fiscal Year, the University has 126 full-time and 62 part-time faculty. The number and average salary by rank for full-time faculty during the 1989-90 Fiscal Year were:

Rank	Number	Average Salary
Professor	24	$45,767
Associate Professor	53	37,184
Assistant Professor	39	30,050
Instructor	6	24,902
Lecturer	4	29,918

Sixty-two percent of the full-time faculty is tenured.

Pension Plan

The Order of St. Benedict has contributory defined contribution pension plans covering substantially all of its full-time lay employees. The Corporation contributes 9% of the covered employees' salaries and the employees contribute 3%. Total pension contributions for the Corporation for the years ended June 30, 1988 and 1987 were $735,000 and $584,000, respectively.

Capital Campaign

The University has undertaken a capital campaign, The Campaign for St. John's in the 1990's, to solicit approximately $14.5 million in cash or pledges to support immediate needs plus $9 million in planned and deferred gifts. An expanded Annual Fund drive to support current operations adds $4 million. Approximately $2 million is being sought for the construction of the Project.

Endowment Funds

Following is a five-year history of the fund balances of the University's Endowment and Similar Funds.

Years Ended June 30	Endowment Funds	Quasi-Endowment Funds	Annuities	Unitrusts
1989	$18,294,398	$8,434,611	$1,917,700	$403,835
1988	15,888,405	7,685,856	1,419,760	411,571
1987	15,248,948	7,862,424	1,522,809	352,584
1986	13,222,639	2,857,177	1,347,838	199,960
1985	10,765,367	2,659,849	1,099,760	200,669

Summaries of Current Funds Revenues, Expenditures and Transfers

The following tables set forth summaries of revenues, expenditures and other changes for the University's Unrestricted Current Fund for the past five Fiscal Years from the Corporation's audited financial statements.

ST. JOHN'S UNIVERSITY
SUMMARY STATEMENT OF UNRESTRICTED CURRENT FUND
REVENUES, EXPENDITURES AND TRANSFERS
For the Years Ended June 30,

	1985	1986	1987	1988	1989
REVENUES:					
Educational and general:					
Tuition and fees	10,404,634	11,288,546	12,191,637	13,199,230	14,822,225
Private gifts, grants and contracts:					
Benedictine Division	708,017	726,454	804,855	850,457	884,800
Student aid purposes	0	76,025	115,000	115,000	135,000
General educational	1,573	0	0	0	15,790
Unrestricted purposes	646,978	696,948	776,233	801,605	885,085
Endowment income:					
Abbey supplement grant	15,582	97,113	128,762	0	0
General	0	194,181	432,914	394,124	484,623
Sales and services of educational activities	14,665	12,246	18,986	11,528	17,253
Other sources	579,488	586,766	559,839	592,026	552,033
Total educational and general	12,370,937	13,678,279	15,028,226	15,963,970	17,796,809
Auxiliary enterprises :					
Dining service	2,567,776	2,780,663	2,750,143	2,971,587	3,220,298
Residence halls	1,757,008	1,935,676	1,944,611	2,079,329	2,464,432
Bookstore	1,158,671	1,256,594	1,298,127	1,366,611	1,537,500
Other auxiliary enterprises	624,131	710,475	712,215	705,997	718,597
Total auxiliary enterprises	6,107,586	6,683,408	6,705,096	7,123,524	7,940,827
Total revenues	18,478,523	20,361,687	21,733,322	23,087,494	25,737,636
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and general:					
Instruction	4,462,060	5,045,772	5,366,808	5,686,599	6,226,070
Research	0	17	40	27,669	14,196
Academic support	1,707,653	1,628,425	1,664,163	1,785,564	2,136,237
Student support:					
Student services	1,371,310	1,530,658	1,668,271	1,801,222	1,987,421
Student educational activities	502,717	559,623	629,911	680,345	749,792
Institutional support:					
General administrative offices	697,350	788,903	831,073	1,029,285	1,138,350
General institutional offices	711,234	739,606	916,181	1,043,611	1,149,106
General institutional expenses	801,948	830,173	818,334	805,199	872,147
Sponsorships and subsidies	114,133	194,775	125,071	137,693	143,873
Operation and maintenance of plant	1,404,528	1,520,225	1,611,783	1,735,730	1,739,843
Scholarships and grants	915,270	960,463	1,062,134	1,381,611	1,594,276
Reallocation of government supported student work	(161,080)	(161,010)	(159,860)	(160,720)	(165,900)
Total Educational and General Expenditures	12,527,123	13,637,630	14,533,909	15,953,808	17,585,411

ST. JOHN'S UNIVERSITY
SUMMARY STATEMENT OF UNRESTRICTED CURRENT FUND
REVENUES, EXPENDITURES AND TRANSFERS
For the Years Ended June 30,
(continued)

	1985	1986	1987	1988	1989
Educational and general mandatory transfers for:					
Principal payments Library, Science Hall	69,000	71,000	74,000	0	0
Interest payments	66,227	64,409	61,840	0	0
NDSL contributions	0	0	3,094	0	3,410
Net debt service NWNL note	0	0	0	46,159	0
Total Educ. and General Mandatory Transfers	135,227	135,409	138,934	46,159	3,410
Total Educational and General Expenditures and Mandatory Transfers	12,662,350	13,773,039	14,672,843	15,999,967	17,588,821
Auxiliary enterprises Expenditures:					
Dining services	2,266,436	2,402,428	2,445,078	2,679,066	2,857,897
Residence halls	1,290,012	1,455,052	1,714,227	1,853,696	2,097,711
Bookstore	1,078,259	1,227,419	1,188,373	1,315,888	1,457,555
Other auxiliary enterprises	310,824	428,529	388,045	405,367	553,093
Reallocation of government supported student work	(137,217)	(130,680)	(130,800)	(131,505)	(135,738)
Total Auxiliary Enterprise Expenditures	4,808,314	5,382,748	5,604,923	6,122,512	6,830,518
Auxiliary enterprises mandatory transfers:					
Transfer to plant funds:					
Principal	89,627	99,689	105,284	105,897	111,529
Interest	105,446	105,162	99,575	98,962	91,869
Debt reserve	14,923	14,923	10,821	15,779	10,000
Total Auxiliary Enterprise Mandatory Transfers	209,996	219,774	215,680	220,638	213,398
Auxiliary enterprises- Other transfers:					
Transfers to capital renewal fund:	918,799	945,637	751,750	646,701	759,323
Transfers to endowment funds	31,000	0	0	0	0
Total Auxiliary Enterprise other Transfers	949,799	945,637	751,750	646,701	759,323
Total Educational and General and Auxiliary Enterprise Expenditures And Transfers	18,630,459	20,321,198	21,245,196	22,989,818	25,392,060
Other tranfers:					
Transfers to (from) capital renewal fund	(243,127)	18,030	184,748	90,407	305,128
Transfers to (from) current restricted funds	82,528	(46,591)	10,655	(9,497)	18,554
Transfers to endowment funds	0	64,979	290,825	15,712	20,272
Transfers to plant funds	6,420	0	0	0	0
Total Other Transfers	(154,179)	36,418	486,228	96,622	343,954
Total Expenditures and Transfers	18,476,280	20,357,616	21,731,424	23,086,440	25,736,014
Net Increase in Fund Balance	2,243	4,071	1,898	1,054	1,622

Source: Corporation's annual audited financial statements

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PROPOSED FORM OF LEGAL OPINION

$2,500,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Two-W
(St. John's University)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue Bonds, Series Two-W (St. John's University), in the aggregate principal amount of $2,500,000 (the "Bonds"), dated January 1, 1990, in the denomination of $5,000 each and integral multiples thereof, maturing on October 1 in the years and amounts, and bearing interest at the basic rates per annum, as follows:

Year	Amount	Basic Interest Rate	Year	Amount	Basic Interest Rate
1990	$150,000	6.20%	1995	$255,000	6.70%
1991	200,000	6.30	1996	275,000	6.75
1992	215,000	6.40	1997	295,000	6.80
1993	225,000	6.50	1998	310,000	6.90
1994	240,000	6.60	1999	335,000	7.00

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds. Interest on the Bonds is payable on each April 1 and October 1, commencing April 1, 1990. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the office of First Trust National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to Order of St. Benedict, a Minnesota nonprofit corporation (the "Corporation"), as owner and on behalf of St. John's University (the "University"), a Minnesota institution of higher education located in the Town of Collegeville, in Stearns County, Minnesota, in order to finance

the costs of a project generally described as the acquisition, construction, furnishing and equipping of an Art Building, with appurtenant site improvements (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement dated as of December 1, 1989 between the Authority and the Corporation, the Trust Indenture dated as of December 1, 1989 between the Authority and the Trustee, the Security Agreement from the Corporation to the Trustee dated as of December 1, 1989 (the "Security Agreement"), the opinions of Hughes, Thoreen & Sullivan, as counsel to the Corporation, 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 Corporation and the University without undertaking to verify such facts by independent investigation. We have also relied upon the opinions of Hughes, Thoreen & Sullivan as to the Loan Agreement and the Security Agreement having been duly authorized and executed and being binding upon the Corporation, as to the corporate organization, good standing and powers of the Corporation, and as to the title to and right of the Corporation to the use of the Project Site (as defined in the Loan Agreement and Trust Indenture) without examining the records of the Corporation or original title records or abstracts of title.

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

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

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

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

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

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is excludable from gross income for purposes of Federal income taxation and is exempt from Minnesota income taxation (other than Minnesota corporate franchise and bank excise taxes measured by income) under present laws and rulings. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations thereunder. 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. 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 Code, but is includable in "book income" or in "adjusted current earnings" for the purpose of determining the "alternative minimum taxable income" of corporations. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the environmental tax imposed on corporations, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

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

Dated at Minneapolis, Minnesota, _____, 1990.

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DEFINITION OF CERTAIN TERMS

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

Additional Bonds: Any Additional Bonds issued by the Authority on behalf of the Corporation pursuant to section 2.09 of the Indenture.

Authority: The Minnesota Higher Education Facilities Authority.

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

Authorized Institution Representative: The person at the time designated to act on behalf of the 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 President or Secretary of its Board of Directors or the President or a Vice President of the University. Such certificate may designate an alternate or alternates.

Authorized Investments: Investments authorized for moneys in the accounts created under the Indenture and described in Section 5.05 thereof.

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

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

Bonds: $2,500,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-W (St. John's University) and any Additional Bonds then outstanding.

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

Bond Resolution: The Series Resolution of the Authority adopted on December 13, 1989, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Building Equipment: Those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the Corporation and located in the Project Building acquired from funds other than the proceeds of the Bonds.

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

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

Contributions and Pledge Receipts: Contributions to the Corporation or the University and payments on Pledges specifically designated or restricted by the donor to be used to finance the Project, or allocated to the Project pursuant to a resolution of the Board of Directors of the Corporation.

Corporation: Order of St. Benedict, a Minnesota nonprofit corporation, its successors and assigns, as owner of St. John's University.

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

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

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

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

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

Gift Receipts Account: The account established pursuant to the Indenture into which certain Contributions and Pledge Receipts shall be deposited from time to time by the Corporation.

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

Indenture: The Trust Indenture between the Authority and First Trust National Association, as Trustee, dated as of December 1, 1989, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

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

Issue: The Bonds.

Loan Agreement: The Loan Agreement between the Authority and the Corporation dated as of December 1, 1989, as amended or supplemented from time to time.

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

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

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities, 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 University, (iv) those additional encumbrances set forth in Exhibit C to the Loan Agreement.

Pledges: Written pledges or donors' expressions of the intent of the donors to pay to the Corporation or the University, contributions in a lump sum or in installments from time to time.

Project: The Project consists of the construction and furnishing of a new Art Building, including equipment and site improvements, to be located on the campus of the University in the Town of Collegeville in Stearns County, Minnesota.

Project Building: The Art Building to be acquired and constructed as part of the Project.

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

Project Equipment: All furnishings, furniture, fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds and installed and located in or as part of the Project Building or elsewhere as part of the Project.

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

Project Site: The land on which the Project Building is or will be located.

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

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

Reserve Account: The Reserve Account established under the Indenture, into which at Bond closing will be placed $250,000 of Bond proceeds, unless such amount exceeds 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale) in which case the debt service reserve will be in the amount of such lesser sum (the "Reserve Requirement"). Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefor and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the Corporation or the Authority fails to provide for payment of any rebate.

Security Agreement: The Security Agreement between the Corporation and the Trustee dated as of December 1, 1989, as amended or supplemented from time to time.

Series Two-W Bonds: The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-W (St. John's University).

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

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

Trustee, Registrar, Paying Agent: First Trust National Association.

University: St. John's University, a Minnesota institution of higher education located in the Town of Collegeville in Stearns County, Minnesota.

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SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The Corporation represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than January 1, 1993 subject only to "force majeure," as provided in the Loan Agreement, provided that the Corporation may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the Corporation, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax exempt status of interest on the Bonds. The Corporation agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account.

Loan Repayments

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

(a) Into the Gift Receipts Account all Contributions and Pledge Receipts received after January 1, 1990 promptly when received, as more fully described in Section 6.13 of the Loan Agreement; and

(b) at least 10 Business Days prior to each April 1 and October 1, commencing April 1, 1990, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest, or as principal and interest, on the Series Two-W Bonds on the next succeeding interest payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03, 5.04 or 5.05 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds) or Section 6.13 of the Loan Agreement (relating to amounts on deposit in the Gift Receipts Account); and

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

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

(e) into the Reserve Account forthwith any amounts then required to be deposited therein by Section 5.02 of the Indenture; and

(f) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.06 of the Indenture.

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

Maintenance of Project Facilities

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

Title to Property and Liens

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

Taxes and Other Governmental Charges

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

The Corporation may, at its expense, in good faith contest any such taxes, assessments, license fees and other charges and may permit the taxes, assessments, license fees or other charges so contested to remain unpaid during the period of such contest unless the Authority or the Trustee shall notify the Corporation 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 Corporation is required to maintain, or cause to be maintained, insurance as follows:

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

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

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

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

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

Damage or Destruction

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

claim for loss resulting from such damage or destruction exceeds $100,000, the Corporation shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole as more fully provided in the Loan Agreement.

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 the Project Building and site thereof shall be taken in any proceeding involving the exercise of the right of eminent domain, the Corporation shall either redeem the Bonds in whole or rebuild or restore such facilities, as more fully provided in the Loan Agreement.

Indemnification

The Corporation 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 Corporation 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 Corporation in connection with the sale of the Bonds.

Existence and Accreditation of Corporation and University

The Corporation agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and will maintain the University's existence as a nonprofit institution of higher education under the laws of Minnesota, accredited as such by recognized accrediting agencies, and that it will not dissolve or otherwise dispose of all or substantially all of its assets or all or substantially all the assets of the University, or consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another institution except upon the conditions provided in the Loan Agreement. The conditions are the following: (i) if the surviving, resulting or transferee corporation or institution, as the case may be, is other than the Corporation or University, such surviving, resulting or transferee corporation or institution shall assume in writing all of the obligations of the Corporation in the Loan Agreement and the Security Agreement and shall be either a state university or college or a nonprofit corporation operating or authorized to operate an institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against discrimination and requiring that the University be nonsectarian; and (ii) the Corporation 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 Nonhospital Bonds

The Corporation 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 Corporation and all organizations under common management or control with the Corporation (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000. Under the Loan Agreement, in no event will the Corporation 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 University as an entirety if the effect of any such transaction would be to cause the sum of the principal amount of the Series Two-W Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the Corporation or such other resulting entity, and all organizations under common management or control with the Corporation or such resulting entity (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, to exceed $150,000,000.

University To Be Nonsectarian

Except for the School of Theology, which will continue to be separable from the general undergraduate program for which the Project is being constructed, the Corporation agrees that the University will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect.

Federal Income Tax Status

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

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bonds is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole and not in part, on the next practicable interest payment date and any interest payment date thereafter and the redemption price therefor shall be equal to par plus accrued interest.

Other Covenants

The Corporation agrees to establish and maintain, according to the terms of Section 6.13 of the Loan Agreement, a Gift Receipts Account, into which shall be deposited all Contributions and Pledge Receipts received after January 1, 1990 promptly when received but not less often than every thirty days.

The Corporation further agrees to provide financial statements and other information to the Authority and the Trustee; to comply with all applicable laws and regulations against

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

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

Events of Default

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

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

(b) If the Corporation 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 Corporation shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement, provided failure to comply with such requirement shall not become an Event of Default unless the Corporation 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 Corporation by the Authority or the Trustee; or

(d) If the Corporation sells or otherwise disposes of any interest in the Gift Receipts Account or any money or investments held therein or creates or permits to exist any lien, security interest or other charge or encumbrance upon or with respect to the Gift Receipts Account or any money or investments held therein, in violation of the provisions of Section 6.13 of the Loan Agreement, except as provided in or contemplated by the Loan Agreement.

(e) If the Corporation 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 Corporation by the Authority or the Trustee; or

(f) If there shall occur an event of default (as defined therein) under the Security Agreement; or

(g) If the Corporation 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 Corporation; or

(h) If a court of competent jurisdiction shall enter an order, judgment or decree against the Corporation in any insolvency, bankruptcy, or reorganization proceeding, or appointing a trustee or receiver of the Corporation or of the whole or any substantial part of the property of the Corporation, 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

(i) 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 University or the Corporation or of the whole or any substantial part of the property of the University, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control.

The term "force majeure" as used above includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders, regulations or laws of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Corporation. The provisions of paragraph (e) 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 Corporation 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 Corporation shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The Corporation agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the Corporation from carrying out its agreements.

Remedies on Default

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

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

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

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

Amendments

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

THE INDENTURE

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

Granting Clauses

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

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

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

(c) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the Corporation or by anyone in behalf of them or with their written consent, to the Trustee, including, but not limited to, the Security Agreement.

Accounts

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

Additional Bonds

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

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of sixty days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the Corporation (giving the Corporation 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 Corporation, as that term is defined in the Loan Agreement or the Security Agreement, shall occur and be continuing.

Remedies

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

In the case of the breach of any of the covenants or conditions of the Loan Agreement, the Security 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 or the Security 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 Security Agreement and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders, as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

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

Concerning the Bondholders

No Bondholder shall have any right to institute any proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement or the Security 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 Corporation shall:

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

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

(c) deliver to the Trustee (1) proof that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived, or that arrangements have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the Corporation for the Authority under its official seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the Trustee 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,

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

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

Supplemental Indentures

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

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

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

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

(d) to cure any ambiguity or to correct or supplement any defective or inconsistent provision contained in the Indenture or in any supplemental indentures or to make such other provisions in regard to matters or questions arising under the Indenture or any supplemental indenture as the Authority may deem necessary or desirable and which

shall not be inconsistent with the provisions of the Indenture or any supplemental indenture and which shall not impair the security of the same; and

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

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

Amendments to the Loan Agreement and the Security Agreement

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to and (if requested) execute any amendment, change or modification of the Loan Agreement, or the Security Agreement as may be required (a) by the provisions of the Loan Agreement, the Security 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 the Security Agreement, or (d) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

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

Registration

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

THE SECURITY AGREEMENT

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

To secure its obligations under the Loan Agreement, the Corporation pledges and assigns to the Trustee a security interest in the following property (the "Collateral"): (i) All Contributions and Pledge Receipts, when received by the Trustee from time to time and held in the Gift Receipts Account, the Bond and Interest Sinking Fund Account and the Redemption Account and all investments of such Contributions and Pledge Receipts, however held, and (ii) any and all proceeds thereof.

From and after the occurrence of an "event of default" under the Indenture or a default on the part of the Corporation in its obligations under the Security Agreement, the Trustee may exercise any rights and remedies available to it under the Loan Agreement, the Indenture and the Security Agreement; exercise all voting and other rights as a holder with respect to any securities included in the property pledged by the Security Agreement; exercise and enforce any and all rights and remedies available after default to a secured party under the Uniform Commercial Code, including the right to offer and sell the property pledged under the Security Agreement; notify any pledgor that the Corporation's right to payment with respect to such Pledge has been transferred to the Trustee; and exercise or enforce any and all other rights and remedies available by law against the Collateral pledged in the Security Agreement, the Corporation or any other person or property.

ORDER OF ST BENEDICT
FINANCIAL STATEMENTS
JUNE 30, 1989 AND 1988

AND

ST. JOHN'S UNIVERSITY
BALANCE SHEETS
JUNE 30, 1989 AND 1988

LARSON
ALLEN
WEISHAIR
& CO.

CERTIFIED PUBLIC ACCOUNTANTS

Rt. Rev. Jerome P. Theisen, O.S.B., Abbot
Order of St. Benedict
Collegeville, Minnesota

We have audited the accompanying balance sheets of the Order of St. Benedict as of June 30, 1989, and the related statements of changes in fund balances, and current funds revenues, expenditures and transfers for the year then ended. These financial statements are the responsibility of the Order's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Order of St. Benedict as of June 30, 1988, were audited by other auditors whose report dated August 12, 1988, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Order of St. Benedict at June 30, 1989, and the changes in fund balances and the current fund revenues, expenditures and transfers for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included on pages V-20 through V-22 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Larson, Allen, Weishair & Co.

LARSON, ALLEN, WEISHAIR & CO.

Minneapolis, Minnesota
August 9, 1989

ORDER OF ST. BENEDICT
BALANCE SHEETS
JUNE 30, 1989 AND JUNE 30, 1988

ASSETS	1989	1988
CURRENT FUNDS		
Unrestricted		
Cash	$ 546,527	$ (306,945)
Cash Equivalents	-	1,131,683
Accounts and Notes Receivable, Less Allowance for Doubtful Accounts of $645,559 and $561,727	1,968,994	1,279,072
Inventories, Less Allowance for Obsolescence of $30,000	2,472,378	2,433,873
Cash Surrender Value, Life Insurance	23,856	23,455
Investments in Stocks and Bonds (Market Value - $1,304,355 and $2,352,095)	1,304,355	2,352,095
Investments in Real Estate	4	4
Accrued Interest Income	56,392	-
Prepaid Expenses	1,225,636	325,555
Advances to Minnesota Public Radio, Inc.	151,174	151,174
Less Reserve for Doubtful Accounts	(151,174)	(151,174)
Due From Plant Funds	400,000	500,000
Due From Sun Sound	53,372	-
Total Unrestricted	$ 8,051,514	$ 7,738,792
Restricted		
Cash	$ 23,994	$ 2,383
Accounts Receivable	118,164	158,449
Investments (Market Value - $818,189 and $852,367)	830,213	863,213
Prepaid Expenses	7,046	54,148
Total Restricted	$ 979,417	$ 1,078,193
Total Current Funds	$ 9,030,931	$ 8,816,985
PERKINS LOAN FUNDS		
Cash	$ 37,299	$ 49,693
Student Loans Receivable	2,815,740	2,809,491
Total Perkins Loan Fund	$ 2,853,039	$ 2,859,184

LIABILITIES AND FUND BALANCES	1989	1988
CURRENT FUNDS		
Unrestricted		
Accounts Payable	$ 1,512,026	$ 1,699,768
Accrued Wages and Payroll Taxes	1,488,900	1,345,118
Accrued Expenses	621,645	585,544
Advance Payments - Students	566,416	428,774
Royalties Payable	219,526	188,870
Deferred Income	830,591	825,647
Reserve for Unemployment Compensation	100,897	105,328
Reserve for Auto Insurance	40,215	28,377
Other Reserves	321,827	334,382
Little Rock Capital	36,839	38,683
Funds Held for Others	48,418	79,669
Fund Balance	2,264,214	2,078,632
Total Unrestricted	$ 8,051,514	$ 7,738,792
Restricted		
Accounts Payable	$ 24,349	$ 17,845
Funds Balance	955,068	1,060,348
Total Restricted	$ 979,417	$ 1,078,193
Total Current Funds	$ 9,030,931	$ 8,816,985
PERKINS LOAN FUNDS		
Federal Contributions	$ 3,004,780	$ 2,974,091
St. John's University Contributions	333,865	330,455
Noncapital Balance	(485,606)	(445,362)
Total Perkins Loan Funds	$ 2,853,039	$ 2,859,184

ORDER OF ST. BENEDICT
BALANCE SHEETS
JUNE 30, 1989 AND JUNE 30, 1988

ASSETS	1989	1988
ENDOWMENT AND SIMILAR FUNDS		
Cash	$ 225,585	$ 3,032
Investments (Market Value - $48,251,306 and $42,187,290)	47,469,118	42,329,590
Total Endowment and Similar Funds	$47,694,703	$42,332,622
DEPOSIT AND TRUST FUNDS		
Cash	$ -	$ 6,372
Investments (Market Value - $1,949,113 and $2,283,158)	1,953,912	2,264,620
Total Deposit and Trust Funds	$ 1,953,912	$ 2,270,992
AGENCY FUNDS		
Cash	$ 349,501	$ 301,015
Prepaid Expenses	48,943	33,387
Total Agency Funds	$ 398,444	$ 334,402

LIABILITIES AND FUND BALANCES	1989	1988
ENDOWMENT AND SIMILAR FUNDS		
Endowment Fund Balances		
Scholarship Funds - Student	$10,177,671	$ 9,150,849
Endowment Funds - Educational Programs	8,778,181	7,804,883
Quasi Endowments	8,434,611	7,685,856
Annuities	2,452,647	1,419,760
Phillips Chair	654,730	625,474
Unitrusts	540,260	411,571
Clara W. Kremer Fund	7,778,614	7,313,170
Rooney Family Fund	1,118,776	1,033,634
Lindeke Fund	966,709	876,140
Monks' Health and Welfare Fund	5,621,873	5,158,168
Other	1,170,631	853,117
Total Endowment and Similar Funds	$47,694,703	$42,332,622
DEPOSIT AND TRUST FUNDS		
Reserve for Life Income Fund	$ 21,133	$ 29,576
Reserve for Brothers' Deposits	21,560	21,560
Reserve for Mass Funds	18,801	19,300
Reserve for Various Monasteries	1,493,202	2,160,135
Reserve for Various Individuals	411,745	125,969
Surplus	(12,529)	(85,548)
Total Deposit and Trust Funds	$ 1,953,912	$ 2,270,992
AGENCY FUNDS		
Campus Checking Account	$ 19,826	$ 54,497
Funds Held For Others	378,618	279,905
Total Agency Funds	$ 398,444	$ 334,402

ORDER OF ST. BENEDICT
BALANCE SHEETS (CONTINUED)
JUNE 30, 1989 AND JUNE 30, 1988

ASSETS	1989	1988
PLANT FUNDS		
Retirement of Indebtnedness and Capital Renewal Funds		
Cash	$ 66,282	$ 149,784
U.S. Treasury Notes (Market Value - $695,268 and $652,154)	695,268	652,154
Investments (Market Value - $5,081,078 and $6,061,350)	5,104,018	6,108,377
Due from Invested in Plant Funds	352,784	352,784
Other	100,586	25,000
Total Retirement of Indebtnedness and Capital Renewal Funds	$ 6,318,938	$ 7,288,099
Investment in Plant		
Cash	$ (345,628)	$ -
Land and Improvements	1,215,664	1,164,134
Buildings	39,507,139	37,355,977
Equipment	12,779,047	10,568,310
Library Books	3,924,683	3,589,583
Library Microfilm and Books	2,923,029	2,840,501
Stamp Collection	36,252	35,238
Construction in Progress	6,185,459	4,928,389
Deferred Issue costs - MHEFA BD. 83-A	37,196	55,794
Total Investment in Plant	$66,262,841	$60,537,926
Total Plant Funds	$72,581,779	$67,826,025

LIABILITIES AND FUND BALANCES	1989	1988
PLANT FUNDS		
Retirement of Indebtedness and Capital Renewal Funds		
Capital Renewal Funds	$ 972,466	$ 1,944,193
SJU Debt Retirement Reserve	3,429,614	3,370,912
Unexpended Plant Funds	1,014,347	1,151,638
	$ 5,416,427	$ 6,466,743
Federal Required Reserves		
Repair and Replacement Reserve	$ 279,175	$ 257,779
Sinking Fund Reserve	316,480	294,480
Debt Service Reserve	306,856	269,097
	$ 902,511	$ 821,356
Total Retirement of Indebtedness and Capital Renewal Funds	$ 6,318,938	$ 7,288,099
Investment in Plant		
Debt		
Due to Retirement of Indebtedness and Capital Renewal Funds	$ 352,784	$ 352,784
Notes Payable		
Individuals and Organizations	442,864	446,158
Northwestern National Life Insurance Co.	937,579	957,052
MHEFA Pooled BD. 83-A	1,192,602	1,533,170
U.S. Department of Education Bonds Payable, Series "A"	274,000	329,000
Mortgage Payable - DE (HUD) Solid Waste Boiler	1,298,262	1,324,362
Mortgage Payable - DE Seton Apartments	1,255,975	1,277,504
U.S. Department of Education Bonds	627,000	706,000
U.S. Department of Education Bonds Payable, Series "B"	1,550,000	1,585,000
Lease - Bus	144,540	-
Due to Current Fund	400,000	500,000
Total Debt	$ 8,475,606	$ 9,011,030
Net Investment in Plant	57,787,235	51,526,896
Total Investment in Plant	$66,262,841	$60,537,926
Total Plant Funds	$72,581,779	$67,826,025

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN UNRESTRICTED CURRENT FUNDS BALANCE
FOR THE YEARS ENDED JUNE 30, 1989 AND JUNE 30, 1988

	1989	1988
FUND BALANCE, Beginning of Year	$ 2,078,632	$ 1,808,753
ADDITIONS		
Excess of Revenue Over Expenditures and Transfers	185,582	269,879
FUND BALANCE, End of Year	$ 2,264,214	$ 2,078,632

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN RESTRICTED CURRENT FUNDS BALANCE
FOR THE YEARS ENDED JUNE 30, 1989 AND JUNE 30, 1988

	1989	1988
FUNDS HELD FOR OTHERS		
BALANCE, Beginning of Year	$ 1,060,348	$ 1,158,621
ADDITIONS		
Gifts and Grants	$ 1,261,152	$ 1,144,240
Adjustment to Sponsored Programs	-	128,609
Total Additions	$ 1,261,152	$ 1,272,849
DEDUCTIONS		
Net Expenditures - Agency	$ -	$ 36,679
Transferred to Current Unrestricted Funds	1,366,432	1,334,443
	$ 1,366,432	$ 1,371,122
BALANCE, End of Year	$ 955,068	$ 1,060,348

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN PERKINS LOAN FUNDS
FOR THE YEARS ENDED JUNE 30, 1989 AND JUNE 30, 1988

	1989	1988
FUNDS BALANCE, Beginning of Year	$ 2,859,184	$ 2,935,506
ADDITIONS		
Federal Contributions	$ 30,689	$ -
St. John's Contributions	3,410	-
Total Additions	$ 34,099	$ -
DEDUCTIONS		
Net Expense for Year	$ 40,244	$ 76,322
FUND BALANCE, End of Year	$ 2,853,039	$ 2,859,184

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN ENDOWMENT AND SIMILAR FUNDS BALANCES
FOR THE YEARS ENDED JUNE 30, 1989 AND JUNE 30, 1988

	Principal and Transfers				Cumulative Gains (Losses)			
	Balance June 30, 1988	Additions	Transfers	Balance June 30, 1989	Balance June 30, 1988	Current Gains (Losses)	Balance June 30, 1989,	Fund Balance June 30, 1989
Endowment Funds - Student	$ 7,100,750	$ 570,918	$ 171,607	$ 7,843,275	$ 1,502,685	$ 831,711	$ 2,334,396	$10,177,671
Endowment Funds - Program	6,168,091	339,556	(108,507)	6,399,140	1,636,792	742,249	2,379,041	8,778,181
Endowment Funds - Quasi	5,754,161	20,272	-	5,774,433	1931,695	728,483	2,660,178	8,434,611
Annuities	1,440,172	532,611	(138,100)	1,834,683	527,002	90,962	617,964	2,452,647
Phillips Chair	520,587	26,826	-	547,413	104,887	2,430	107,317	654,730
Unitrusts	253,916	5,077	75,000	333,993	157,655	48,612	206,267	540,260
Clara W. Kremer Fund	4,158,330	-	-	4,158,330	3,154,840	465,444	3,620,284	7,778,614
Rooney Family Fund	1,033,634	-	-	1,033,634	-	85,142	85,142	1,118,776
Lindeke Fund	745,600	-	-	745,600	130,540	90,569	221,109	966,709
Monks' Welfare and Health Fund	2,703,976	253,386	-	2,957,362	2,454,191	210,320	2,664,511	5,621,873
Other	718,122	219,765	-	937,887	134,996	97,748	232,744	1,170,631
	$30,597,339	$ 1,968,411	$ -	$32,565,750	$11,735,283	$ 3,393,670	$15,128,953	$47,694,703

	Balance June 30, 1987	Additions	Transfers	Balance June 30, 1988	Balance June 30, 1987	Current Gains (Losses)	Balance June 30, 1988	Fund Balance June 30, 1988
Endowment Funds - Student	$ 6,572,571	$ 367,892	$ 160,287	$ 7,100,750	$ 2,015,486	$ (512,801)	$ 1,502,685	$ 8,603,435
Endowment Funds - Program	5,642,159	525,932	-	6,168,091	1,826,907	(190,115)	1,636,792	7,804,883
Endowment Funds - Quasi	5,738,449	15,712	-	5,754,161	2,123,975	(192,280)	1931,695	7,685,856
Annuities	1,514,100	86,359	(160,287)	1,440,172	559,262	(32,260)	527,002	1,967,174
Phillips Chair	517,760	2,827	-	520,587	91,211	13,676	104,887	625,474
Unitrusts	195,924	57,992	-	253,916	156,660	995	157,655	411,571
Clara W. Kremer Fund	4,158,330	-	-	4,158,330	4,080,643	(925,803)	3,154,840	7,313,170
Ronney Family Fund	1,033,634	-	-	1,033,634	293,216	(293,216)	-	1,033,634
Lindeke Fund	745,600	-	-	745,600	244,020	(113,480)	130,540	876,140
Monks' Welfare and Health Fund	2,438,037	9,39	265,000	2,703,976	3,732,147	(1,277,956)	2,454,191	5,158,167
Other	705,060	13,062	-	718,122	236,121	(101,125)	134,996	853,118
	$29,261,624	$ 1,070,715	$ 265,000	$30,597,339	$ 5,359,648	$(3,624,365)	$11,735,283	$42,332,622

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN DEPOSIT AND TRUST FUND BALANCE
FOR THE YEARS ENDED JUNE 30, 1989 AND JUNE 30, 1988

	1989	1988
FUND BALANCE, BEGINNING OF YEAR	$2,270,992	$1,772,498
NET INCREASE (DECREASE) IN FUND RESERVES		
Life Income Fund	$ 758	$ 3,126
Mass Funds	(499)	(330)
Various Monasteries	(724,131)	716,297
Various Individuals	285,776	34,697
Surplus	121,016	(255,296)
Total Increase (Decrease) in Fund Reserves	$ (317,080)	$ 498,494
FUND BALANCE, END OF YEAR	$1,953,912	$2,270,992

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN PLANT FUND BALANCES -
RETIREMENT OF INDEBTEDNESS AND CAPITAL RENEWAL FUNDS
FOR THE YEARS ENDED JUNE 30, 1989 AND 1988

	SJU Debt Retirement Reserve	Educational And General	Unexpended Plant Funds	Auxiliary Enterprises	FED Required Reserve Seton Aparts And Solid Waste Boiler	FED Repair And Replacement Reserve	FED Sinking Fund Reserve	FED Debt Service Reserve	Benedictine Division & Prep School Renewal Replacement Reserve	Total
BALANCE, JUNE 30, 1988	$ 3,370,912	$ 394,469	$ 1,151,638	$ 629,160	$ 169,201	$ 257,779	$ 294,480	$ 99,896	$ 920,564	$ 7,288,099
ADDITIONS										
From Current Operations for:										
Library, Science Hall and Dormitory Payments - HEW-DE	$ -	$ -	$ -	$ -	$ 83,353	$ -	$ 143,705	$ -	$ -	$ 227,058
Telephone System:										
Debt Payments	-	-	-	136,000	-	-	-	-	-	136,000
Capital Renewal Fund - Annual Contribution	-	733,000	-	200,000	-	-	-	-	252,568	1,185,568
EMPC in Process	-	74,178	-	6,435	-	-	-	-	-	80,613
Capital Renewal Fund - Auxiliaries:										
Dining Service	-	-	-	350,000	-	-	-	-	-	350,000
Bookstore	-	-	-	75,000	-	-	-	-	-	75,000
Camps	-	-	-	-	-	-	-	-	-	-
Mary Union	-	-	-	20,000	-	-	-	-	-	20,000
People Mover - Debt Payment	-	-	-	28,500	-	-	-	-	-	28,500
Duplicating Center	-	-	-	25,000	-	-	-	-	-	25,000
Dorms	-	-	-	75,006	-	-	-	-	-	75,006
Unexpended Plant Fund Gifts	-	-	273,654	-	-	-	-	-	-	273,654
Other Transfers:										
Net Investment Income - Required Reserves - FED	-	-	-	-	14,383	21,396	22,000	7,963	-	65,742
Net Investment Income - Other Reserves	232,688	36,150	51,164	51,300	-	-	-	-	-	371,302
Transferred Interest Earned on FED Required Reserves to SJU Debt Maintenance Reserve	8,246	-	-	-	-	-	-	-	-	8,246
Virgil Michel House	-	-	-						-	-
Gifts	-	-	-	-	-	-	-	-	87,532	87,532
Investment Income	-	-	-	-	-	-	-	-	-	-
Transfer From Current Fund	-	-	-	-	-	-	-	-	-	-
Total Additions	$ 240,934	$ 843,328	$ 324,818	$ 967,241	$ 97,736	$ 21,396	$ 165,705	$ 7,963	$ 340,100	$ 3,009,221

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN PLANT FUND BALANCES -
RETIREMENT OF INDEBTEDNESS AND CAPITAL RENEWAL FUNDS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 1989 AND 1988

	SJU Debt Retirement Reserve	Educational And General	Unexpended Plant Funds	Auxiliary Enterprises	FED Required Reserve Seton Aparts And Solid Waste Boiler	FED Repair And Replacement Reserve	FED Sinking Fund Reserve	FED Debt Service Reserve	Benedictine Division & Prep School Renewal Replacement Reserve	Total
DEDUCTIONS										
Transfer to Plant Funds:										
Virgil Michel House	$ -	$ -	$ -	$ 235,235	$ -	$ -	$ -	$ -	$ -	$ 235,235
Housekeeping Bldg.	-	-	-	12,321	-	-	-	-	-	12,321
Library - On-line Catalog	-	1,973	-	-	-	-	-	-	-	1,973
Benet Hall Planning	-	-	-	7,124	-	-	-	-	-	7,124
Department of Energy	-	-	-	27,305	-	-	-	-	-	27,305
Science Hall	-	-	-	50,000	-	-	-	-	-	50,000
St. Thomas Renovation	-	-	-	-	-	-	-	-	-	-
Entry Plaza	-	-	-	152,796	-	-	-	-	-	152,796
Tunnel	-	-	-	785,215	-	-	-	-	-	785,215
4th Quad/Office	-	58,077	-	-	-	-	-	-	-	58,077
1st Quad	-	57,606	-	-	-	-	-	-	-	57,606
Science Hall	-	124,699	-	-	-	-	-	-	-	124,699
Administrative Computer	-	-	-	-	-	-	-	-	-	-
Abbey Investment in Plant	-	-	-	-	-	-	-	-	844,877	844,877
Net Work-in-process Interest - NWNL	46,159	-	121,541	-	-	-	-	-	-	167,700
Debt Retirement	79,000	-	340,568	-	21,529	-	90,000	-	-	531,097
Interest and Fees	57,073	-	-	-	38,165	-	53,705	-	-	148,943
Transfer to SJU Debt Maintenance Reserve	-	-	-	-	-	-	-	8,246	-	8,246
Transfer to Current Funds	-	-	-	-	-	-	-	-	-	-
Transfer to University Current Funds:										
Departmental Capital	-	250,000	-	-	-	-	-	-	-	250,000
EMPC	-	250,000	-	250,000	-	-	-	-	-	500,000
Roof Repairs	-	2,050	-	13,118	-	-	-	-	-	15,168
EMPC-in-Process	-	-	-							
Loss on Sale of Securities	-	-	-	-	-	-	-	-	-	-
Total Deductions	$ 182,232	$ 744,405	$ 462,109	$ 1,533,114	$ 59,694	$ -	$ 143,705	$ 8,246	$ 844,877	$ 3,978,382
BALANCE, June 30, 1989	$ 3,429,614	$ 493,392	$1,014,347	$ 63,287	$ 207,243	$ 279,175	$ 316,480	$ 99,613	$ 415,787	$ 6,318,938

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN PLANT FUND BALANCES -
RETIREMENT OF INDEBTEDNESS AND CAPITAL RENEWAL FUNDS
FOR THE YEARS ENDED JUNE 30, 1989 AND 1988

	SJU Debt Retirement Reserve	Educational And General	Unexpended Plant Funds	Auxiliary Enterprises	FED Required Reserve Seton Aparts And Solid Waste Boiler	FED Repair And Replacement Reserve	FED Sinking Fund Reserve	FED Debt Service Reserve	Benedictine Division & Prep School Renewal Replacement Reserve	Total
BALANCE, JUNE 30, 1987	$ 3,925,063	$ 616,211	$ 1,224,770	$ 2,551,771	$ 126,627	$ 242,051	$ 275,529	$ 99,780	$ 1,354,926	$10,416,728
ADDITIONS										
From Current Operations for:										
Library, Science Hall and Dormitory Payments - HEW-DE	$ 46,159	$ -	$ -	$ -	$ 92,392	$ -	$ 145,167	$ -	$ -	$ 283,718
Telephone System:										
Debt Payments	-	-	-	144,000	-	-	-	-	-	144,000
Capital Renewal Fund - Annual Contribution	-	633,000	-	200,000	-	-	-	-	-	833,000
Capital Renewal Fund - Auxiliaries:										
Dining Service	-	-	-	290,000	-	-	-	-	-	290,000
Bookstore	-	-	-	45,000	-	-	-	-	-	45,000
Camps	-	-	-	15,000	-	-	-	-	-	15,000
Mary Union	-	-	-	25,000	-	-	-	-	-	25,000
People Mover - Debt Payment	-	-	-	10,888	-	-	-	-	-	10,888
Telephone System - Debt Payment	-	-	-	111,818	-	-	-	-	-	111,818
Dorms	-	-	-	107,499	-	-	-	-	-	107,449
Unexpended Plant Fund Gifts	-	-	287,401	-	-	-	-	-	-	287,401
Other Transfers:										
Net Investment Income - Required Reserves - FED	-	-	-	-	9,875	15,728	18,951	6,271	-	50,825
Net Investment Income - Other Reserves	40,031	6,504	117,224	16,606	-	-	-	-	-	180,365
Transferred Interest Earned on FED Required Reserves to SJU Debt Maintenance Reserve	6,155	-	-	-	-	-	-	-	-	6,155
Virgil Michel House	-	10,000	-	24,589	-	-	-	-	-	34,589
Gifts	-	-	-	-	-	-	-	-	23,190	23,190
Investment Income	-	-	-	-	-	-	-	-	59,377	59,377
Transfer From Current Fund	-	-	-	-	-	-	-	-	187,000	187,000
Total Additions	$ 92,345	$ 649,504	$ 404,625	$ 990,400	$ 102,267	$ 15,728	$ 164,118	$ 6,271	$ 269,567	$ 2,694,825

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN PLANT FUND BALANCES -
RETIREMENT OF INDEBTEDNESS AND CAPITAL RENEWAL FUNDS
FOR THE YEARS ENDED JUNE 30, 1989 AND 1988

	SJU Debt Retirement Reserve	Educational And General	Unexpended Plant Funds	Auxiliary Enterprises	FED Required Reserve Seton Aparts And Solid Waste Boiler	FED Repair And Replacement Reserve	FED Sinking Fund Reserve	FED Debt Service Reserve	Benedictine Division & Prep School Renewal Replacement Reserve	Total
DEDUCTIONS										
Transfer to Plant Funds:										
Virgil Michel House	$ -	$ -	$ -	$ 1,013,809	$ -	$ -	$ -	$ -	$ -	$ 1,013,809
Housekeeping Bldg.	-	-	-	27,913	-	-	-	-	-	27,913
Library - On-line Catalog	-	31,471	-	-	-	-	-	-	-	31,471
Waste Water Plant	-	-	-	54,869	-	-	-	-	-	54,869
Master Plan Engineering	-	-	-	3,628	-	-	-	-	-	3,628
Library	-	127,595	-	-	-	-	-	-	-	127,595
St. Thomas Renovation	-	-	-	267,542	-	-	-	-	-	267,542
Entry Plaza	-	-	-	92,053	-	-	-	-	-	92,053
Tunnel	-	-	-	820,074	-	-	-	-	-	820,074
4th Quad/Office	-	14,551	-	-	-	-	-	-	-	14,551
1st Quad	-	23,005	-	-	-	-	-	-	-	23,005
Science Hall	-	56,351	-	-	-	-	-	-	-	56,351
Administrative Computer	-	-	-	137,376	-	-	-	-	-	137,376
Abbey Investment in Plant	-	-	-	-	-	-	-	-	673,929	673,929
Net Work-in-process Interest - NWNL	46,159	-	-	-	-	-	-	-	-	46,159
Debt Retirement	77,000	-	318,045	-	20,897	-	85,000	-	-	500,942
Interest and Fees	57,499	-	159,712	-	38,796	-	60,167	-	-	316,174
Transfer to SJU Debt Maintenance Reserve	-	-	-	-	-	-	-	6,155	-	6,155
Transfer to Current Funds	-	-	-	-	-	-	-	-	30,000	30,000
Transfer to University Current Funds:										
Departmental Capital	-	250,000	-	-	-	-	-	-	-	250,000
EMPC	-	250,000	-	250,000	-	-	-	-	-	500,000
Roof Repairs	-	18,017	-	-	-	-	-	-	-	18,017
EMPC-in-Process	-	24,576	-	52,505	-	-	-	-	-	77,081
Loss on Sale of Securities	465,838	75,680	-	193,242	-	-	-	-	-	734,760
Total Deductions	$ 646,496	$ 871,246	$ 477,757	$ 2,913,011	$ 59,693	$ -	$ 145,167	$ 6,155	$ 703,929	$ 5,823,454
BALANCE, June 30, 1988	$ 3,370,912	$ 394,469	$ 1,151,638	$ 629,160	$ 169,201	$ 257,779	$ 294,480	$ 99,896	$ 920,564	$ 7,288,099

ORDER OF ST. BENEDICT
STATEMENTS OF CHANGES IN INVESTMENT IN PLANT
FOR THE YEARS ENDED JUNE 30, 1989 AND 1988

	1989	1988
BALANCE, INVESTMENT IN PLANT, BEGINNING OF YEAR	$51,526,896	$46,328,634
ADDITIONS		
From Unrestricted Current Funds:		
Capital Outlay for Buildings, Equipment and Improvements	$ 1,809,505	$ 1,072,584
Debt Retirement	211,529	105,897
	$ 2,021,034	$ 1,178,481
Debt - Maintenance Reserve - Debt Retirement	98,473	77,000
Direct Capitalizations	870,977	699,265
From Capital Fund Drive	287,625	228,790
From Capital Renewal Fund	2,919,517	2,941,367
Total Additions	$ 6,197,626	$ 5,124,903
DEDUCTIONS		
Transferred to Retirement of Indebtedness	$ (62,713)	$ (73,359)
BALANCE, INVESTMENT IN PLANT, END OF YEAR	$57,787,235	$51,526,896

ORDER OF ST. BENEDICT
STATEMENTS OF CURRENT FUNDS REVENUES,
EXPENDITURES AND TRANSFERS
FOR THE YEARS ENDED JUNE 30, 1989 AND 1988

1989

	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Eliminations	Total
REVENUES	$ 5,339,972	$28,866,812	$ 2,491,365	$ 5,774,893	$ 4,313,814	$38,159,228
EXPENDITURES AND TRANSFERS	5,276,179	28,865,190	2,584,016	5,562,075	4,313,814	37,973,646
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES AND TRANSFERS	$ 63,793	$ 1,622	$ (92,651)	$ 212,818	$ -	$ 185,582

1988

REVENUES	$ 5,001,277	$25,859,955	$ 2,482,710	$ 5,363,824	$ 4,105,757	$34,602,009
EXPENDITURES AND TRANSFERS	4,854,657	25,858,901	2,564,837	5,159,462	4,105,757	34,332,130
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES AND TRANSFERS	$ 146,620	$ 1,054	$ (82,127)	$ 204,362	$ -	$ 269,879

ORDER OF ST. BENEDICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1989

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting
The accounts of the Order of St. Benedict are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Endowment Fund
Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Quasi endowment funds represent invested gifts which the Board has designated as endowment funds; any portion of quasi endowment funds may be expended by subsequent Board action. The Board of St. John's University, an operating division of the Order of St. Benedict, has designated that all earnings on endowment funds in excess of 6-1/2% shall be added to the corpus of the fund.

Accrual Basis
The financial statements of the Order of St. Benedict have been prepared on the accrual basis except for depreciation accounting as explained under property, plant and equipment.

Restricted resources (including gifts, grants, endowment income and other restricted income) are reported as revenues when expended for current operating purposes. All unrestricted resources, including gifts, are reported as revenues when earned.

Investments
Investments are carried at cost or fair market value at date of gift.

Inventories
Inventories are valued at the lower of cost, on a first-in, first-out basis, or market.

Property, Plant and Equipment
Property, plant and equipment are stated at cost since 1942 or historically based on appraised valued in 1942. There is no provision for depreciation of physical plant and equipment, however, the institution does provide some funding for this purpose through non-mandatory transfers in the unexpended plant funds.

To the extent that current funds are used to finance plant fund activities, the amounts so provided are accounted for as (1) transfers, in the case of required provisions for debt services; and (2) as expenditures, in the case of additions to and normal replacement of movable equipment, library books and other capital improvements.

On July 1, 1988, the Diocese of St. Cloud donated the Seminary building which they operated on the University campus since 1949. The building was recorded at its original historical cost.

NOTE 2 DEBT

The order of St. Benedict had the following debt obligation at June 30:

Bonds Payable	1989	1988
Department of Education (HUD) Library and Science Hall general obligation bonds, payable over a 30-year period in annual installments ranging from $36,000 to $104,000 with interest at 3-3/4% per annum until final maturity on October 1, 1995. A current installment of $82,000 is due October 1, 1989.	$ 627,000	$ 706,000
Department of Education (HUD) Auxiliary Facilities construction and refunding bond, Series B, secured by mortgage on Bernard, Patrick and Boniface Hall, payable over a 50-Year period, in annual installments ranging from $20,000 to $80,000 with interest at 3% until final maturity on November 1, 2016. A current installment of $35,000 is due November 1, 1989.	1,550,000	1,585,000
Department of Education (HUD) Auxiliary Facilities construction and refunding bond, Series A, secured by mortgage on St. Thomas Aquinas Hall, payable in annual installments ranging from $30,000 to $60,000 with interest at 2.78% until final maturity on November 1, 1993. A current installment of $55,000 is due on November 1, 1989.	274,000	329,000
Total Bonds Payable	$2,451,000	$2,620,000

Notes Payable	1989	1988
Unsecured notes payable to various individuals and organizations, due on demand with interest rates ranging from 5-1/2% to 12% per annum.	$ 442,864	$ 446,158
10-3/4% of Northwestern National Life Insurance Company note payable in equal annual installments of $122,356 including interest until January 23, 1995, at which time a final payment of $890,354 is due. Major provisions of the note agreement are included herein; other provisions can be found in the note purchase and security agreement located at St. John's University. As collateral on the note, the agreement calls for an investment account holding and maintaining securities with an initial aggregate market value of at least 145% of the outstanding principal balance. If the market value decreases to below 125% of the outstanding principal balance, the Order must reimburse the fund to 145% of the outstanding principal balance. On the other hand, if the market value increases beyond 155% of the outstanding principal balance, the Order may withdraw any amount over 155% of the outstanding principal balance. In addition to the above, the Department of Health, Education and Welfare agreed to subsidize 72.093% of the total interest cost of the note ($1,999,964). This subsidy will be paid to the Order in 19 equal annual installments.	937,579	957,052
Unsecured Note Payable to the Minnesota Higher Education Facility Authority, payable in six annual installments of $297,570, $318,045, $340,568, $367,185, $396,533 and $428,884 which commenced September 1, 1986 with the final payment due September 1, 1991. The principal amount on each installment is subject to a specific interest rate ranging from 6.75% to 8.5%; with an effective rate over the length of the loan of 9.1%.	1,192,602	1,533,170
Total Notes Payable	$2,573,045	$2,936,380

NOTE 2 DEBT (CONTINUED)

Mortgages Payable	1989	1988
Department of Education (HUD) Mortgage Payable secured by certain real estate and equipment in the Solid Waste Boiler Portion of the Power House. The mortgage is due in semi-annual installments payable over 38 years of $32,819 including principal and interest commencing in 1981 and continuing through May 1, 2019.	$1,298,262	$1,324,362
Department of Education (HUD) mortgage payable secured by the Earth Sheltered apartments. Semi-annual interest payable is due for first 2 years through 1984. The mortgage is due in semi-annual installments payable over 38 years of $29,847 in 1985 and continuing through August of 2022.	1,255,975	1,277,504
Total Mortgage Payable	$2,554,237	$2,601,866
Department of Education - Engel Hall general obligation note. Secured by a mortgage on Engel Hall, payable over a thirty year period at an interest rate of 5-1/2% with semi-annual installments of $49,277. Funds are expected to be drawn down in fiscal year 1990 with the first payment due in fiscal year 1990. The maximum amount available under this agreement is $1,440,000.		
Capital Lease Obligation		
FBS Business Finance Corporation - Payable over seven years on a thirty-two passenger Van Hool bus; original lease amount of $146,000 with monthly payments of $2,190 beginning July 1, 1989.	$ 144,540	$ -

NOTE 2 DEBT

Maturity requirements of debt principal and minimum lease obligations including Engel Hall mortgage payable and excluding notes payable to individuals and organizations in each of the next five fiscal years are as follows:

Year	Amount
1990	$ 645,778
1991	692,409
1992	743,980
1993	323,701
1994	316,725
Later Years	6,056,495
	$8,779,088
Amount of Minimum Lease Payments Representing Interest	59,131
Total	$8,719,957

NOTE 3 PENSION PLAN

The Order of St. Benedict has contributory defined contribution pension plans covering substantially all of its full-time lay employees. The Order contributes 9% of the covered employees' salaries and the employees contribute 3%. Total pension contributions for the Order for the years ended June 30, 1989 and 1988 were $822,000 and $735,000, respectively.

ST. JOHN'S UNIVERSITY
BALANCE SHEETS
JUNE 30, 1989 AND 1988

ASSETS	1989	1988
CURRENT FUNDS		
Unrestricted:		
Cash	$ 542,616	$ (342,325)
Accounts Receivable:		
Student, Less Allowance for Doubtful Accounts of $460,764 and $412,398	436,636	338,678
General	792,313	434,311
Investments (Approximates Market)	206,894	1,744,954
Inventories	550,069	562,357
Accrued Interest Income	56,392	-
Prepaid Expenses	371,930	247,904
Due From Plant Funds	400,000	500,000
Total Unrestricted	$ 3,356,850	$ 3,485,879
Restricted:		
Cash	$ 23,994	$ 2,383
Accounts Receivable	118,164	158,449
Investments (Market Value $818,189 and $852,367)	830,213	863,213
Prepaid Expenses	7,046	54,148
Total Restricted	$ 979,417	$ 1,078,193
Total Current Funds	$ 4,336,267	$ 4,564,072
PERKINS LOAN FUNDS:		
Cash	$ 37,299	$ 49,693
Student Loans Receivable	2,815,740	2,809,491
Total Perkins Loan Funds	$ 2,853,039	$ 2,859,184

LIABILITIES AND FUND BALANCES	1989	1988
CURRENT FUNDS		
Unrestricted:		
Accounts Payable	$ 525,128	$ 979,816
Accrued Wages and Payroll Taxes	1,239,551	1,098,592
Advance Payments	460,359	306,453
Accrued Liabilities	621,595	585,445
Deferred Income	287,955	294,933
Fund Balance	222,262	220,640
Total Unrestricted	$ 3,356,850	$ 3,485,879
Restricted:		
Accounts Payable	$ 24,349	$ 17,845
Fund Balance	955,068	1,060,348
Total Restricted	$ 979,417	$ 1,078,193
Total Current Funds	$ 4,336,267	$ 4,564,072
PERKINS LOAN FUNDS		
Federal Contributions	$ 3,004,780	$ 2,974,091
St. John's University Contributions	333,865	330,455
Noncapital Balance	(485,606)	(445,362)
Total Perkins Loan Funds	$ 2,853,039	$ 2,859,184

ST. JOHN'S UNIVERSITY
BALANCE SHEETS (CONTINUED)
JUNE 30, 1989 AND 1988

ASSETS	1989	1988
ENDOWMENT AND SIMILAR FUNDS		
Cash	$ 225,585	$ 1,970
Investments - Scholarship Funds and Educational Programs (Market Value $17,369,941 and $15,195,785)	17,504,569	15,265,130
Investments - Phillips Chair (Market Value $619,527 and $613,776)	627,904	622,647
Investments - Quasi Endowments (Market Value $8,358,856 and $7,712,016)	8,405,570	7,685,274
Investments - Annuities (Market Value $1,906,820 and $1,419,000)	1,883,081	1,419,000
Investments - Unitrusts (Market Value $505,643 and $510,284)	403,835	411,571
Total Endowment and Similar Funds	$29,050,544	$25,405,592
PLANT FUNDS		
Retirement of Indebtedness and Capital Renewal Funds:		
Cash	$ 31,081	$ 134,220
U.S. Treasury Notes (Approximate Market)	695,268	652,154
Investments (Market Value $4,801,078 and $7,514,434)	4,824,018	5,228,377
Total Retirement of Indebtedness	$ 5,550,367	$ 6,014,751

LIABILITIES AND FUND BALANCES	1989	1988
ENDOWMENT AND SIMILAR FUNDS:		
Endowment Fund Balances:		
Scholarship Funds - Student	$ 8,861,487	$ 7,458,048
Endowment Funds - Educational Programs	8,778,181	7,804,883
Phillips Chair	654,730	625,474
Quasi Endowments	8,434,611	7,685,856
Annuities	1,917,700	1,419,760
Unitrusts	403,835	411,571
Total Endowment and Similar Funds	$29,050,544	$25,405,592
PLANT FUNDS:		
Retirement of Indebtedness and Capital Renewal Funds:		
Quasi Capital Renewal Funds:		
Educational and General	$ 493,392	$ 394,469
Auxiliary	63,287	629,160
SJU Quasi Debt Retirement Reserve	3,076,830	3,018,128
Unexpended Plant Funds - Auditorium	1,014,347	1,151,638
Total	$ 4,647,856	$ 5,193,395
Federal Required Reserves:		
Repair and Replacement Reserve	$ 279,175	$ 257,779
Debt Service Reserve	99,613	99,896
Sinking Fund Reserve	316,480	294,480
Debt Reserve - Seton and SWB	207,243	169,201
Total	$ 902,511	$ 821,356
Total Retirement of Indebtedness	$ 5,550,367	$ 6,014,751

ST. JOHN'S UNIVERSITY
BALANCE SHEETS (CONTINUED)
JUNE 30, 1989 AND 1988

ASSETS	1989	1988
INVESTMENT IN PLANT		
Cash	$ (345,628)	$ -
Land and Improvements	889,955	838,425
Buildings	24,845,251	23,061,702
Equipment - General	8,837,803	7,264,757
Equipment - Bus	156,572	-
Library Books	3,821,293	3,493,381
Library Microfilm and Books	2,923,029	2,840,501
Construction in Progress	4,682,915	4,253,042
Deferred Issuance Costs (MHEFA BD 83-A)	37,196	55,794
Total Investment in Plant	$45,848,386	$41,807,602
Total Plant Funds	$51,398,753	$47,822,353
AGENCY FUNDS		
Cash	$ 349,501	$ 301,015
Prepaid Expenses	48,943	33,387
Total Agency Funds	$ 398,444	$ 334,402

LIABILITIES AND FUND BALANCES	1989	1988
INVESTMENT IN PLANT:		
Debt:		
Notes Payable:		
Individuals and Organizations	$ 392,284	$ 395,578
Northwestern National Life Insurance Co.	937,579	957,052
MHEFA Pooled BD 83-A	1,192,602	1,533,170
Bonds Payable:		
U.S. Department of Education Bonds - Library and Science Hall	627,000	706,000
U.S. Department of Education Bonds Payable, Series "B" - Bernard, Patrick and Boniface	1,550,000	1,585,000
U.S. Department of Education Bonds Payable, Series "A" - St. Thomas Hall	274,000	329,000
Mortgages Payable:		
Mortgage Payable - DE Seton Apartments	1,255,975	1,277,504
U.S. Department of Education - Mortgage Payable - Engel	1,440,000	-
U.S. Department of Education - Mortgage Payable - Funds Not Advanced	(1,440,000)	-
Lease - Bus	144,540	-
Due to Current Funds - Michel Hall	400,000	500,000
Total Debt	$ 6,773,980	$ 7,283,304
Gifts Invested in Plant, Direct	$ 7,696,005	$ 7,345,667
U.S. Government Grants	1,636,146	1,636,146
Invested in Plant From Current Funds	16,222,739	14,835,466
Invested in Plant, Order of St. Benedict	3,148,156	3,113,996
Invested in Plant - Retirement of Indebtedness	9,203,848	7,593,023
Invested in Plant - Diocese St. Cloud Seminary	1,167,512	-
Net Invested in Plant	$39,074,406	$34,524,298
Total Investment in Plant	$45,848,386	$41,807,602
Total Plant Funds	$51,398,753	$47,822,353
AGENCY FUNDS		
Campus Checking Account	$ 19,826	$ 54,497
Funds Held for Others	378,618	279,905
Total Agency Funds	$ 398,444	$ 334,402