

OFFICIAL STATEMENT DATED MAY 6, 1992

NEW ISSUE

Rating: Requested from Standard  
& Poor's Corporation

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

**\$5,000,000**

**Minnesota Higher Education Facilities Authority**

**Revenue Bonds, Series Three-H**

**(St. John's University)**

**Dated Date: June 1, 1992**

**Interest Due: Each April 1 and October 1,  
commencing April 1, 1993**

The Bonds will mature annually on October 1 as follows:

1993 \$300,000	1997 \$435,000	2000 \$ 515,000
1994 \$375,000	1998 \$460,000	2001 \$ 545,000
1995 \$390,000	1999 \$485,000	2002 \$1,085,000
1996 \$410,000		

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after October 1, 2000 may be redeemed prior to maturity commencing October 1, 1999, and in whole on any date thereafter or in part on any interest payment date thereafter. The Bonds will also be subject to optional redemption in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in the event of a Determination of Taxability, as described herein.

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

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of the Order of St. Benedict (the "Corporation"), as owner and operator of St. John's University 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 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.

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than 102% with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the Underwriters of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than 102% until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale.

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. Certain legal matters will be passed upon by Hughes, Thoreen, Mathews & Knapp, St. Cloud, Minnesota, counsel to the Corporation. Bonds are expected to be available for delivery on or about June 17, 1992.

This cover page contains certain information for quick reference only. It is not a summary of this Issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**BID OPENING AND AWARD: May 19, 1992 (Tuesday) at 11:00 A.M., Central Time**



**SPRINGSTED**

PUBLIC FINANCE ADVISORS

Further information may be obtained from SPRINGSTED Incorporated, Financial Advisor to the Issuer, 85 East Seventh Place, Suite 100, Saint Paul, Minnesota 55101 (612) 223-3000.

This Official Statement constitutes a "near-final" Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission and, when supplemented by an addendum prepared by the Authority or Springsted Incorporated as its Financial Advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds together with certain additional information as more fully provided in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the Purchaser in connection with the sale of the Bonds, shall constitute a "Final Official Statement" of the Authority as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

No dealer, broker, salesman or other person has been authorized by the Authority or the Corporation 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 either the Authority or the Corporation. 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 and is not to be construed as a representation by the Authority. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE CORPORATION SINCE THE DATE THEREOF.

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.

Reference is made to the Official Terms of Offering set forth in this Official Statement and the Terms and Conditions for information relating to registration and reoffering the Bonds under the Minnesota Securities Act and certain obligations of the Authority and the Underwriters with respect to the preparation and delivery of the Final Official Statement.

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.

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 WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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.

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

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## **MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY**

### **MEMBERS**

Carol A. Blomberg, Chair

Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.

Kathryn D. Jarvinen, Vice Chair

Hospital Administrator, Winona, Minnesota.

Jack Amundson, Secretary

Partner, McMahon, Hartmann, Amundson & Co., Saint Cloud, Minnesota.

Kathryn Balstad Brewer

Student, New Brighton, Minnesota.

Earl R. Herring

Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.

Fred Hsiao

President, Shaw/Lundquist Associates, Saint Paul, Minnesota.

David B. Laird, Jr. (Ex Officio)

President, Minnesota Private College Council, Saint Paul, Minnesota.

Tom Martinson

Principal, Private City Planning Practice, Minneapolis, Minnesota.

David Powers (Ex Officio)

Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.

Catherine M. Warrick

Faculty Member, Metropolitan State University, Saint Paul, Minnesota.

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel  
Faegre & Benson

Financial Advisor  
Springsted Incorporated



## OFFICIAL TERMS OF OFFERING

**\$5,000,000**

### **MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES THREE-H**

**(St. John's University)**

Sealed bids for the Bonds will be received and will be opened by Dr. Joseph E. LaBelle, Executive Director, Minnesota Higher Education Facilities Authority (the "Authority") or his duly appointed representative on Tuesday, May 19, 1992 at 11:00 A.M., Central Time, at Suite 450, Galtier Plaza, 175 East Fifth Street, Saint Paul, Minnesota 55101, telephone (612) 296-4690. The Executive Director is authorized to award the sale of the Bonds immediately following the bid opening with no further act or approval by the Members of the Authority, provided the net interest cost does not exceed 8.0% per annum.

#### DETAILS OF THE BONDS

The Bonds will be dated June 1, 1992, as the date of original issue, and will bear interest payable on April 1 and October 1 of each year, commencing April 1, 1993. Interest will be computed upon the basis of a 360-day year of 12 30-day months and will be rounded pursuant to rules of the MSRB. The Bonds will be issued in the denomination of \$5,000 each, or in integral multiples thereof as requested by the Purchaser, and fully registered as to principal and interest. Principal will be payable at the main corporate office of the Trustee and interest on each Bond will be payable by check or draft of the Trustee mailed to the registered holder thereof at his address as it appears on the books of the Trustee as of the 15th day of the calendar month next preceding the interest payment.

The Bonds will mature annually on October 1 in the amounts and years as follows:

1993 \$300,000	1997 \$435,000	2000 \$ 515,000
1994 \$375,000	1998 \$460,000	2001 \$ 545,000
1995 \$390,000	1999 \$485,000	2002 \$1,085,000
1996 \$410,000		

The Bonds will bear additional interest at a rate of 2.00% per annum in the event of a Determination of Taxability as described in the Loan Agreement and the Trust Indenture.

#### OPTIONAL REDEMPTION

At the option of the Authority all Bonds maturing on or after October 1, 2000 may be redeemed prior to maturity commencing October 1, 1999. Redemption may be on any date if in whole or on any interest payment date if 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.

The Bonds are also subject to redemption in whole on any date or in part on any interest payment date in certain events of damage or destruction described in a Loan Agreement between the Order of St. Benedict (the "Corporation") as owner and on behalf of St. John's University (the "University") and the Authority and a Trust Indenture between the Authority and the Trustee, or in the event of a Determination of Taxability as defined therein. All prepayments shall be at a price of par and accrued interest. If in part, redemption may be in any maturity or maturities as the Corporation shall direct and by lot within a maturity in integral multiples of \$5,000.

## SECURITY AND PURPOSE

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the Corporation pursuant to the Loan Agreement or from other amounts pledged therefor pursuant to the Trust Indenture. Pursuant to the Loan Agreement, loan repayments sufficient to pay principal, premium (if any) and interest on the Bonds when due are a full faith and credit obligation of the Corporation. The Bonds are additionally secured by a debt service reserve in the amount of maximum annual debt service in any future Bond Year (initially \$500,000), 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 proceeds will be used for (i) construction, equipping and furnishing of a new Campus Center and (ii) construction, equipping and furnishing of a new 44-bed residence facility, both on the campus of the University in Collegeville, Minnesota, including appurtenant site improvements.

## TYPE OF BID

A sealed bid for not less than \$4,940,000 and accrued interest on the total principal amount of the Bonds shall be filed by an eligible bidder with the undersigned on the Official Bid Form prior to the time set for the opening of bids. Bids shall be accompanied by a good faith deposit ("Deposit") in the form of a certified or cashier's check or a financial surety bond in the amount of \$50,000, payable to the order of the Authority. If a check is used, it must accompany each bid. If a financial surety bond is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota, and preapproved by the Authority. Such bond must be submitted to Springsted Incorporated prior to the opening of the bids. The financial surety bond must identify each bidder whose Deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder using a financial surety bond, then that purchaser is required to submit its Deposit to Springsted Incorporated in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time, on the next business day following the award. If such Deposit is not received by that time, the financial surety bond may be drawn by the Authority to satisfy the Deposit requirement. The Authority will deposit the check of the purchaser, the amount of which will be deducted at settlement and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted bid, said amount will be retained by the Authority. No bid can be withdrawn after the time set for receiving bids unless the meeting of the Authority scheduled for award of the Bonds is adjourned, recessed, or continued to another date without award of the Bonds having been made. Rates offered by bidders shall be in integral multiples of 5/100 or 1/8 of 1%. No basic rate of interest specified for a maturity shall exceed the basic rate of interest specified for any subsequent maturity. Bonds of the same maturity shall bear a single basic rate from the date of the Bonds to the date of maturity.

## AWARD

Subject to the Authority's reservation of rights as described below, the Bonds will be awarded to the bidder offering the lowest dollar interest cost to be determined by the deduction of the premium, if any, from, or the addition of any amount less than par to, the total dollar interest on the Bonds from their date to their final scheduled maturity. In accordance with the Authority's customary practice, the computation of the total net dollar interest cost of each bid, in accordance with customary practice, will be controlling.

The Authority reserves the right to: (i) waive non-substantive informalities of any bid or of matters relating to the receipt of bids and award of the Bonds, (ii) reject all bids without cause, or, (iii) reject any bid which the Authority determines to have failed to comply with the terms herein.

## **TERMS AND CONDITIONS OF CONTRACT OF SALE**

In addition to the provisions of the Official Terms of Offering, the sale of the Bonds will be subject to the Terms and Conditions of Contract of Sale set forth on the Official Bid Form. Reference is made to the Official Bid Form for a complete statement of the Terms and Conditions of Contract of Sale.

### **REOFFERING OF BONDS**

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than 102% of par with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the Underwriters of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than 102% of par until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale set forth on the Official Bid Form to be executed by the Authority and the Underwriters in connection with the sale of the Bonds.

### **BOND INSURANCE AT PURCHASER'S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Authority has requested and received a rating on the Bonds from a rating agency, the Authority will pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the Purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

### **TRUSTEE/REGISTRAR/PAYING AGENT**

The Trustee will be First Trust National Association, St. Paul, Minnesota, which shall also act as Registrar and Paying Agent.

### **CUSIP NUMBERS**

If the Bonds qualify for assignment of CUSIP numbers such numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto will constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds. The CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

### **OFFICIAL STATEMENT**

The Authority has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will be distributed and designated as a "near-final" Official Statement as required by Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement and the Official Bid Form or for any additional information prior to sale, any prospective purchaser is referred to the Financial Advisor of the Authority, Springsted Incorporated, 85 East Seventh Place, Suite 100, Saint Paul, Minnesota 55101, telephone (612) 223-3000.

The Official Statement, when supplemented by an addendum prepared by the Authority or its Financial Advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds, together with certain additional information as more fully described in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the purchaser or purchasers (the "Underwriters") of the Bonds, shall constitute a "Final Official Statement" of the Authority, as that term is defined in Rule 15c2-12. Pursuant to the Terms and Conditions, the Authority shall agree that, no more than seven business days after the award of sale of the Bonds (unless the Underwriters fail to comply with the obligation to provide certain information as required by Section 1 of the Terms and Conditions), it shall provide without cost to the Underwriters c/o the account manager 200 copies of such Final Official Statement and shall designate the account manager as its agent for purposes of distributing copies of the Final Official Statement to each of the Underwriters named on the Official Bid Form.

#### SETTLEMENT

It is expected that on or about June 17, 1992, the Bonds will be delivered without cost to the Purchaser at the office of the Authority or at such other place mutually satisfactory to the Authority and the Purchaser. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Faegre & Benson of Minneapolis, Minnesota, as to the validity and exemption of the Bonds from federal and State of Minnesota income tax, which opinion will be printed on the Bonds, and of customary closing papers, including a no-litigation certificate and a certificate pertaining to information in the Official Statement. Certain legal matters will be passed on for the Corporation by its counsel, Hughes, Thoreen, Mathews & Knapp, Saint Cloud, Minnesota. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Trustee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms of payment.

Dated April 29, 1992

BY ORDER OF THE MINNESOTA HIGHER  
EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle  
Executive Director

# **SCHEDULE OF BOND YEARS**

**\$5,000,000**

## **MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES THREE-H**

<u>Year</u>	<u>Principal</u>	<u>Bond Years</u>	<u>Cumulative Bond Years</u>
1993	\$300,000	400.0000	400.0000 _____
1994	\$375,000	875.0000	1,275.0000 _____
1995	\$390,000	1,300.0000	2,575.0000 _____
1996	\$410,000	1,776.6667	4,351.6667 _____
1997	\$435,000	2,320.0000	6,671.6667 _____
1998	\$460,000	2,913.3333	9,585.0000 _____
1999	\$485,000	3,556.6667	13,141.6667 _____
2000	\$515,000 c	4,291.6667	17,433.3334 _____
2001	\$545,000 c	5,086.6667	22,520.0001 _____
2002	\$1,085,000 c	11,211.6667	33,731.6668 _____

**Average Maturity: 6.75 Years**

**Bonds Dated: June 1, 1992**

**Interest Due: April 1, 1993 and each October 1 and April 1 to maturity.**

**Principal Due: October 1, 1993-2002 inclusive.**

**Optional Call: Bonds maturing on or after October 1, 2000 are callable  
commencing October 1, 1999 at par.  
(See Official Terms of Offering.)**

**c: subject to optional call**

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## **OFFICIAL STATEMENT**

**\$5,000,000**

### **MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES THREE-H (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 (the "Corporation"), a Minnesota nonprofit corporation, as owner and operator of St. John's University (the "University"), an institution of higher education located in Collegeville, Minnesota, in connection with the issuance of the Authority's \$5,000,000 Revenue Bonds, Series Three-H (St. John's University), (the "Bonds," the "Series Three-H Bonds" or the "Issue").

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

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

Pursuant to a Loan Agreement between the Corporation and the Authority, the Corporation will covenant as a general obligation 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 acquisition, construction, furnishing and equipping of (i) an approximately 13,200 gross square foot student residence facility, and (ii) an approximately 58,600 gross square foot Campus Center, each including appurtenant site improvements and each to be owned by the Corporation and located on the campus of the University in Collegeville, Minnesota, as more fully described in "THE PROJECT," page 7 herein.

The Bonds are general obligations of the Corporation, secured by a pledge from the Authority to the Trustee of the Loan Repayments to be made by the Corporation, and by moneys received after June 1, 1992 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"). Pursuant to a security agreement (the "Security Agreement") between the Corporation and the Trustee, the Trustee shall have a security interest in all Gift Receipts as well as funds, securities and deposits in other accounts held by the Trustee. However, Bondholders should rely principally on current operations of the Corporation for debt service payments, not Gift Receipts.

The Reserve Account will be funded in the amount of the lesser of the maximum annual debt service payable in any future Bond Year or 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale), (the "Reserve Requirement"). The initial reserve requirement is expected to be \$500,000.

**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 not secured by the Authority's General Bond Reserve Account.

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

## **RISK FACTORS**

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

### Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge of amounts payable under the Loan Agreement, (b) a Reserve Account which will be held by the Trustee and applied to the payment of principal and interest on the Bonds, and (c) a security interest in certain contributions and payments on pledges restricted or designated by the donor to finance the Project. If an Event of Default occurs, there can be no assurance that such security will be sufficient to pay the principal of, premium, if any, or interest on the Bonds.

### Adequacy of Revenues

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

### Dependence on Tuition and Enrollment

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

### Financial Aid

Approximately 51% of the University's students currently receive some federal or State financial aid covering tuition and fees or living expenses. No assurance can be given that federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the University's revenues.



### Damage or Destruction

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

### Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the University and computed pro forma debt service coverage is provided in Appendix I under the caption "Annual Debt Service By Fiscal Year and Coverage Statement." The pro forma coverage assumes current levels of Corporation debt issued for the University and revenue available to pay debt, which may not in fact occur in the future. The pro forma coverage is merely an illustrative computation as reflected in the applicable table, and constitutes no assurance as to the future sufficiency of University revenues to satisfy University operating costs and Bond and other debt service requirements.

### Limited Obligation

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

### Bankruptcy

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

### Other Possible Risk Factors

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

- (1) Reinstatement of or establishment of mandatory governmental wage and price controls.
- (2) Inability to control increases in operating costs, including salaries, wages and fringe benefits, supplies and other expenses, without being able to obtain corresponding increases in revenues.
- (3) Employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without corresponding increase in revenues.
- (4) Adoption of federal, State or local legislation or regulations having an adverse effect on the future operating or financial performance of the Corporation.

## THE BONDS

The Bonds will be dated June 1, 1992 and will mature annually each October 1, commencing October 1, 1993, 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, 1993.

The Bonds will be registered at the office of First Trust National Association, St. Paul, Minnesota, as Trustee; the Trustee will also be the Registrar and Paying Agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Owner thereof or the Owner's authorized attorney satisfactory to the Trustee, subject to such reasonable regulations as the Trustee may prescribe, and shall be without expense to the Owner, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for new Bonds of the same maturity which may be of any authorized denominations so long as the aggregate principal amount thereof equals the aggregate principal sum of the Bonds surrendered. Payment of principal will be at the corporate 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, 2000 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, commencing October 1, 1999 and on any date if in whole and on any interest payment date thereafter, if in part, at par plus accrued interest.

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

### **Partial Redemption**

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

### **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 pages 15-17 and Appendix III, "DEFINITION OF CERTAIN TERMS."

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

### **Additional Bonds**

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

1. The exclusion of interest on the outstanding Bonds from gross income of the holders of the Bonds for purposes of federal income taxation under the Code shall not be jeopardized by the issuance of the Additional Bonds.
2. Supplements to the Loan Agreement, Indenture and Security Agreement are executed and delivered describing the Additional Bonds as additional indebtedness secured thereby.
3. No Default or Event of Default on the part of the Corporation exists under the Loan Agreement or the Security Agreement.
4. The Corporation furnishes evidence satisfactory to the Authority of the Corporation's ability to meet debt service on the Additional Bonds and complies with certain financial covenants as further provided in Section 6.14 of the Loan Agreement and deposits additional monies or investments in the Reserve Account, and grants to the Trustee a security interest in additional collateral to be held by the Trustee under the Security Agreement in such amount and value as the Authority may require.

## **SOURCES AND USES OF FUNDS**

Sources and Uses of Funds for the Project are expected to be approximately as follows:

### **Sources of Funds**

Bond Principal	\$5,000,000	
Less: Discount	<u>60,000</u>	
Net Proceeds		\$4,940,000
Other Funds of the University		<u>3,946,000</u>
Total Sources		<u>\$8,886,000</u>

### **Uses of Funds**

Student Residence Facility	\$1,472,000
Campus Center	6,844,000
Debt Service Reserve	500,000
Costs of Issuance	<u>70,000</u>
Total Uses	<u>\$8,886,000</u>

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, furnishing and equipping of a new Campus Center and a new 13,200 square foot student residence facility, each with appurtenant site improvements, to be located on the campus of the University. The construction of the residence facility began November, 1991 with expected completion in June, 1992. The construction of the Campus Center is anticipated to begin in June, 1992, with completion expected in late 1993.

The Campus Center will be located near the center of the campus, on the intersection of the major north-south and east-west axes. It will contain two main levels, with a small third floor, and tower floors on the fourth and fifth levels total 58,623 gross square feet. The snack bar, bookstore, student post office, pub/dance/entertainment space, game room, bus waiting area, lounges, conference rooms, and three offices will be located here. The Campus Center links up directly with Mary Hall, where student government, club and activities offices and areas will be located.

The student residence facility, located on the edge of the campus housing area across Lake Watab, will contain twelve apartments. Seven apartments house four students each; four have three levels, housing four students each; and one smaller apartment is for the faculty resident. Each student will have a private bedroom/study.

The University has undertaken a fund drive to solicit contributions for the capital improvement. As of May 1, 1992 the University has received \$1,908,250 in cash contributions and \$2,572,658 in future pledges, which the Corporation intends to use for construction of the Project.

## **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 at an amount equal to the maximum debt service on the Bonds in any future Bond Year (initially in the amount of \$500,000) 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 Bonds 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 Corporation covenants and agrees to charge tuition fees, other fees, rentals and charges which, together with the general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and other payments required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the Corporation related to the University as they become due. Certain prior debt incurred by the Corporation, as more fully described in Appendix I, "THE ORDER OF ST. BENEDICT AND THE UNIVERSITY - Long Term Debt of the Corporation," has resulted in prior liens on tuition revenues, and revenues derived from certain facilities owned by the Corporation.

The Corporation anticipates that debt service on the Bonds will be supported in part from Gift Receipts in excess of the amount required to complete the Project received as contributions and payments on pledges restricted or designated by the donor to be used for the Campus Center. 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. Bondholders should rely principally on current operations of the Corporation for debt service payments, not Gift Receipts.

**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 Account of the Authority (see "ACCOUNTS - General Bond Reserve Account").

## FINANCIAL COVENANTS

The Corporation will covenant that:

- a. For at least two of the preceding three complete Fiscal Years, Unrestricted Current Fund revenues shall be not less than Unrestricted Current Fund expenditures, including mandatory transfers, according to the principles of accounting used in the preparation of the University's financial statements for the Fiscal Year ended June 30, 1991. In the event that, following any Fiscal Year, the Corporation shall not be in compliance with this paragraph (a), the Corporation may cure such deficiency by making a deposit to the Unrestricted Current Fund, during or within 180 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposit may be made from unencumbered, unrestricted funds if such unrestricted funds may legally be transferred to the Unrestricted Current Fund by action of the Board of Regents of the University, but not if such deposit will cause the University's unencumbered, Board-Controlled Unrestricted Quasi-endowment Fund balance to be less than \$5,000,000. No such deposit may be made from any proceeds of the Bonds or other borrowed funds. If the failure to comply with this paragraph (a) gives rise to an Event of Default, the Corporation may cure such Event of Default as provided in the Loan Agreement.
- b. At June 30, 1992 and at the end of each Fiscal Year thereafter, the unencumbered, Board-Controlled, Unrestricted Quasi-endowment Fund Balance shall not be less than \$5,000,000. Within 30 days after the end of each Fiscal Year, the Corporation shall furnish to the Trustee a certificate of an authorized institution representative showing the unencumbered, Board-Controlled Unrestricted Quasi-endowment Fund Balance, the investments thereof, the estimated valuations of such investments, and the amount thereof (if any), which is pledged to secure obligations of the Corporation or is otherwise encumbered, all as of the end of the Fiscal Year. If at the end of any Fiscal Year, the unencumbered, Board-Controlled, Unrestricted Quasi-endowment Fund Balance does not equal or exceed \$5,000,000, the Corporation shall obtain (from gifts, removal of encumbrance or restriction, sale of tangible property or otherwise) and cause to be credited to the unencumbered, Board-Controlled, Unrestricted Quasi-endowment Fund Balance additional unencumbered Board-controlled moneys or investments at least equal to the amount of the deficiency as promptly as possible, but in any event within 180 days after the close of the Fiscal Year, and shall report the same to the Trustee, but proceeds of borrowed funds or from the sale of tangible property leased back by the Corporation or with a re-purchase option shall not be included in computation of amounts eligible to cure the deficiency. In the event failure to comply with this paragraph (b) gives rise to an Event of Default, the Corporation may cure such Event of Default as provided in the Loan Agreement.
- c. For so long as the Bonds remain outstanding, the Corporation shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding which does not increase Funded Debt and further excepting that portion of Funded Debt for capital projects for which the Corporation has obtained funds on hand or written and signed pledges of gifts for such project), unless the Debt Service Coverage Ratio for the most recent Fiscal Year for which audited financial statements are available was at least 120%, of Maximum Annual Debt Service of (A) then outstanding Funded Debt and (B) Funded Debt thereafter issued or proposed to be issued; provided that if the additional Funded Debt proposed to be issued is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for the most recent Fiscal Year for purposes of this paragraph (c), the estimated Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an

independent management consultant to the Corporation and the Trustee; and provided further that if the additional Funded Debt proposed to finance other Corporation facilities and if the Board of Directors has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, for purposes of this paragraph (c), there shall be added to Net Income Available for Debt Service for the earlier first complete such Fiscal Year the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the Corporation and the Trustee.

For purposes of (a), (b), and (c) above, all capitalized terms used but not otherwise defined in Appendix III, "DEFINITION OF CERTAIN TERMS" shall have the meanings provided for audits of colleges and universities, as applied in the Corporation's audited financial statements for the Fiscal Year ended June 30, 1991.

## **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 amount of 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, respectively, 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 amount of 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 Buildings 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, as further provided in the Loan Agreement.

### **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, from Loan Repayments made by the Corporation and from amounts held in the Gift Receipts Account, as required by the Loan Agreement. 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 and, to the extent required by the Loan Agreement, amounts held in the Gift Receipts Account 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 \$500,000.

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 forthwith, 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 annually by the Trustee as of the end of each Fiscal Year, provided that the valuation of investments with respect to the Reserve Account shall be adjusted whenever there is a withdrawal from or addition to the Reserve Account or any investment held in the Reserve Account is bought or sold or matures. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of earned or accrued interest on moneys or investments therein) is more than the amount of the Reserve Requirement, or more than the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the 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 in excess of the amount required to complete the Project 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 are not required to be made 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, the Bond and Interest Sinking Fund Account, the Reserve Account, the Gifts Receipts Account or the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments and state housing finance agencies, rated at least A; revenue bond obligations of states and local governments rated at least AA or Aa; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, state and local governments or in repurchase agreements or reverse repurchase agreements collateralized by the foregoing obligations; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation or collateralized by certain government obligations; certain guaranteed investment contracts issued by a bank or insurance company rated at least A; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.05 of the Indenture sets forth further restrictions as to type and maturity of investments.

## **THE AUTHORITY**

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed \$350 million. The Authority has had 64 issues (including refunded and retired issues) totaling \$246,905,000 of which \$152,319,767 (excluding the Bonds) is outstanding as of April 2, 1992. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

### **FINANCIAL ADVISOR**

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

### **RATING**

An application for a rating of the Bonds has been made to Standard & Poor's Corporation ("S & P"), 25 Broadway, New York, New York. If a rating is assigned, it will reflect only the opinion of S & P. Any explanation of the significance of the rating may be obtained only from S & P.

There is no assurance that a rating, if assigned, will continue for any given period of time, or that such rating will not be revised or withdrawn, if in the judgment of S & P, circumstances so warrant. A revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

### **BOND INSURANCE AT PURCHASER'S OPTION**

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Authority has requested and

received a rating on the Bonds from a rating agency, the Authority will pay that rating fee. Any other rating agency fees shall be the responsibility of the Purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

## **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, Mathews & Knapp, St. Cloud, Minnesota.

## **ENFORCEABILITY OF OBLIGATIONS**

While the Bonds are secured or payable pursuant to the Indenture, the Loan Agreement and the Security Agreement, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. In addition, the Trustee may not have available sufficient funds under the Indenture to pay the cost of proceeding with such remedies. Pursuant to the Indenture, the Trustee is entitled to require from Bondholders sufficient indemnity for such costs before proceeding to enforce its remedies. Accordingly, the remedies specified in the above documents may not be readily available or may be limited.

## **TAX EXEMPTION**

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

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the 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 non-hospital 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 current earnings," which may be an item of tax preference includable in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

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

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

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

the close of the taxable year if more than 25% of its gross receipts is passive investment income.

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

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

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

#### **NOT QUALIFIED TAX-EXEMPT OBLIGATIONS**

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

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**THE ORDER OF ST. BENEDICT AND THE UNIVERSITY**

The Order of St. Benedict 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 2,400 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 April 2, 1992, the Corporation's total long-term debt outstanding, adjusted to include the Bonds is \$14,106,990.

- 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 Corporation has annually pledged \$210,000 of the first tuition fees collected by the University. \$371,000 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. \$104,000 is currently outstanding.
  - 3) Department of Education (HUD) Auxiliary Facilities Construction and Refunding Bonds, Series B, dated November 1, 1966, secured by a mortgage on Bernard, Patrick and Boniface Halls, 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. \$1,440,000 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 Corporation. The mortgage is due in semiannual installments payable over 38 years of \$32,819 including principal and interest at 3% commencing in 1981 and continuing through May 1, 2019. \$1,229,506 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 at 3% commencing in 1985 and continuing through August of 2022. \$1,187,406 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 including interest is due. As collateral on the note, the related loan 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. \$865,674 is currently outstanding.
  - 7) 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. \$1,399,667 is outstanding.
  - 8) \$2,500,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-W, dated January 1, 1990, payable in ten annual installments ranging from \$150,000 to \$335,000 at interest ranging from 6.20% to 7.00%. The Series Two-W Bonds are secured by the full faith and credit of the Corporation, certain contributions and pledge receipts and a \$250,000 debt service reserve. \$2,150,000 is outstanding.
  - 9) The Bonds.

## **Notes Payable**

The Corporation has unsecured notes payable to various individuals and organizations, due on demand with interest rates ranging from 3.25% to 5% per annum. As of June 30, 1991, \$359,737 was outstanding.

## **Annual Debt Service By Fiscal Year and Coverage Statement**

The table on page I-4 sets forth the principal and estimated debt service on the Bonds and debt service on the Corporation's currently outstanding long-term debt for each fiscal year during the term of the Bonds. Actual long-term debt of the Corporation may increase in the future. Column 5 shows coverage of such annual debt service by the amount of revenue that was available for debt service in the Unrestricted Current Fund of the University as of June 30, 1991, as further detailed in footnote (c) of the table.

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

## **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. Appendix V sets forth the financial statements of the Corporation including the Balance Sheets and Changes in Unrestricted Current Fund Balances for the University for the years ended June 30, 1991 and 1990, 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.

**ANNUAL DEBT SERVICE BY FISCAL YEAR  
AND COVERAGE STATEMENT**

<b>FISCAL YEAR ENDING</b>	<b>DEBT SERVICE ON THE BONDS(a)</b>	<b>EXISTING LONG TERM DEBT SERVICE</b>	<b>COMBINED LONG TERM DEBT SERVICE</b>	<b>AMOUNT AVAILABLE FOR DEBT SERVICE(c)</b>	<b>COVERAGE (times)</b>
30-Jun-92	\$0	\$1,320,463	\$1,320,463	\$1,753,000	1.33
30-Jun-93	219,935	871,853	1,091,788	1,753,000	1.61
30-Jun-94	586,721	848,459	1,435,180	1,753,000	1.22
30-Jun-95	646,571	1,570,754 (b)	2,217,325	1,753,000	0.79
30-Jun-96	643,001	741,410	1,384,411	1,753,000	1.27
30-Jun-97	641,986	655,642	1,297,628	1,753,000	1.35
30-Jun-98	643,518	654,981	1,298,499	1,753,000	1.35
30-Jun-99	642,435	647,906	1,290,341	1,753,000	1.36
30-Jun-2000	638,836	654,061	1,292,897	1,753,000	1.36
30-Jun-2001	637,571	305,836	943,407	1,753,000	1.86
30-Jun-2002	633,644	304,336	937,980	1,753,000	1.87
30-Jun-2003	1,120,534	307,761	1,428,295	1,753,000	1.23
30-Jun-2004	0	306,111	306,111	1,753,000	5.73
30-Jun-2005	0	304,461	304,461	1,753,000	5.76
30-Jun-2006	0	307,736	307,736	1,753,000	5.70
30-Jun-2007	0	305,936	305,936	1,753,000	5.73
30-Jun-2008	0	304,136	304,136	1,753,000	5.76
30-Jun-2009	0	307,261	307,261	1,753,000	5.71
30-Jun-2010	0	305,311	305,311	1,753,000	5.74
30-Jun-2011	0	303,361	303,361	1,753,000	5.78
30-Jun-2012	0	306,336	306,336	1,753,000	5.72
30-Jun-2013	0	304,236	304,236	1,753,000	5.76
<b>Totals</b>	<b>\$7,054,752</b>	<b>\$11,938,346</b>	<b>\$18,993,098</b>		

(a) Estimated, based on average rate of 6.17%.

(b) Includes an \$890,354 balloon payment on a note due Jan. 23, 1995; the University has funds set aside in its Plant Fund to provide for that payment.

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

Unrestricted Current Fund ("UCF") Revenues:	\$29,879,000
Less UCF Expenditures & Mandatory Transfers:	28,425,000
Excess of UCF Revenues over UCF Expenditures and Mandatory Transfers:	\$1,454,000
Add: Mandatory Transfers for Debt Service:	299,000
<b>Amount Available for Debt Service:</b>	<b>\$1,753,000</b>

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

	1991					
	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Elimin- ations	Total
Revenues	\$5,861,531	\$33,343,881	\$2,655,494	\$7,515,344	\$4,245,486	\$45,130,764
Expenditures and Transfers(a)	5,850,908	33,340,558	2,711,074	7,326,898	4,245,486	44,983,952
Excess (Deficiency) of Revenues and Transfers Over Expenditures and Transfers	<u>\$10,623</u>	<u>\$3,323</u>	<u>(\$55,580)</u>	<u>\$188,446</u>	<u>\$0</u>	<u>\$146,812</u>

	1990					
	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Elimin- ations	Total
Revenues	\$5,801,194	\$30,869,359	\$2,424,033	\$6,680,535	\$4,556,127	\$41,218,994
Expenditures and Transfers(a)	5,782,334	30,867,680	2,514,451	6,386,149	4,556,127	40,994,487
Excess (Deficiency) of Revenues and Transfers Over Expenditures and Transfers	<u>\$18,860</u>	<u>\$1,679</u>	<u>(\$90,418)</u>	<u>\$294,386</u>	<u>\$0</u>	<u>\$224,507</u>

	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	<u>\$63,793</u>	<u>\$1,622</u>	<u>(\$92,651)</u>	<u>\$212,818</u>	<u>\$0</u>	<u>\$185,582</u>

	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	<u>\$146,620</u>	<u>\$1,054</u>	<u>(\$82,127)</u>	<u>\$204,362</u>	<u>\$0</u>	<u>\$269,879</u>

	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	<u>\$147,292</u>	<u>\$1,898</u>	<u>(\$26,368)</u>	<u>\$222,262</u>	<u>\$0</u>	<u>\$345,084</u>

(a) Includes both mandatory and non-mandatory transfers.

Source: Corporation's audited annual 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**

Rev. Thomas Andert, OSB	Headmaster, St. John's Preparatory School, Collegeville, Minnesota
Gordon J. Bailey, Jr.	President, Bailey Nurseries, Inc., Saint Paul, Minnesota
Dr. John Brandl	Professor of Public Affairs, Hubert H. Humphrey Institute of Public Affairs, University of Minnesota, Minneapolis, Minnesota
Nicky B. Carpenter	Educational Consultant, Wayzata, Minnesota
Norbert Conzemius	President, Community Bank, First Bank Saint Paul, Saint Paul, Minnesota
J. Michael Dady	Attorney, Lindquist & Vennum, Minneapolis, Minnesota
The Honorable David F. Durenberger	U.S. Senator, Washington, D.C.
Rev. Daniel Durken, OSB	Assoc. Professor of Theology, St. John's University, Collegeville, Minnesota
Albert A. Eisele	Managing Director, Cornerstone Associates, Washington, D.C.
John Gerlach	Director of the Center for Policy Issues and Special Assistant to the President, Sacred Heart University, Fairfield, Connecticut

Dr. Delores Henderson	Rondo Education Center, Saint Paul, Minnesota
Don J. Hodapp	Group Vice President-Administration, George H. Hormel & Co., Austin, Minnesota
Dr. Kenneth Jones	Associate Professor of History, St. John's University, Collegeville, Minnesota
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	Associate Professor of Chemistry, St. John's University, Collegeville, Minnesota
Frank S. Ladner	Financial Systems President, Lawrenceville, Illinois
Robert Mahowald, Sr.	Mahowald Insurance Company, Saint Cloud, Minnesota
Rev. Rene McGraw, OSB	Associate Professor of Philosophy, St. John's University, Collegeville, Minnesota
Thomas W. McKeown	Executive Vice President, The Saint Paul Companies, Inc., Saint Paul, Minnesota
Mark Mulrooney	Student, St. John's University, Collegeville, Minnesota
The Honorable Diana E. Murphy	United States District Judge, Minneapolis, Minnesota
Rev. Michael Naughton, OSB	Director, The Liturgical Press, Collegeville, Minnesota
Edward Jay Phillips	Chair, Phillips Beverage Company, Minneapolis, Minnesota
Br. Dietrich Reinhart, OSB	President, St. John's University, Collegeville, Minnesota
Sr. Emmanuel Renner, OSB	Professor of History, Convent of St. Benedict, St. Joseph, Minnesota
Bruce A. Richard	President, Electric Utility Systems Consult., Inc., Roseville, Minnesota
Roger Scherer	Scherer Brothers Lumber Company, Brooklyn Park, Minnesota
William Sexton	Vice Chairman, Old Northwest Agents, Inc., Incline Village, Nebraska
Robert L. Shafer	Vice President, Pfizer, Inc., New York, New York
Morris M. Sherman	Attorney, Leonard, Street & Deinard, Minneapolis, Minnesota
Thomas J. Sinner	Sinner Seed, Casselton, North Dakota

Rev. William Skudlarek, OSB	Associate Professor of Theology, St. John's University, Collegeville, Minnesota
Rev. Columba Stewart, OSB	Assistant Professor of Theology, St. John's University, Collegeville, Minnesota
Rev. Gordon Tavis, OSB	Corporate Treasurer, Order of St. Benedict, Collegeville, Minnesota
Edwin M. Theisen	President and CEO, Northern States Power Company, Minneapolis, Minnesota
Abbot Jerome Theisen, OSB	Abbot/Chancellor, St. John's Abbey, Collegeville, Minnesota
Jon Theobald	Senior Vice President and Trust Division Manager, American National Bank & Trust Company, St. Paul, Minnesota
Rev. Jerome Tupa, OSB	Associate Professor of French, St. John's University, Collegeville, Minnesota
Mary Unger	St. Cloud, Minnesota
John Van deNorth	Attorney, Briggs & Morgan, Saint Paul, Minnesota
Rev. Daniel Ward, OSB	Corporate Secretary, Order of St. Benedict, Collegeville, Minnesota
John Weitzel	President, Bankers Systems, Inc. Saint Cloud, Minnesota

### **President of the University**

Brother Dietrich Reinhart, OSB, has been the President of St. John's University since July 1991 and has been associated with the University and St. John's Abbey since his Monastic profession in 1972. He received his B.A. degree from the University in 1971 and was awarded a Ph.D. in History from Brown University in 1984.

During his tenure at the University, Brother Dietrich has held numerous positions including Associate Professor of History, Dean of the College and Acting Vice President for Academic Affairs.

Brother Dietrich currently serves on the boards of the Hill Monastic Manuscript Library, the Institute for Ecumenical and Cultural Research, the Advisory Board of St. John's School of Theology, the St. John's Preparatory School Board of Overseers and the Minnesota Private College Council Board of Directors.

### **Academic Information**

The University confers the Bachelor of Arts degree to undergraduates completing all departmental and University requirements. The School of Theology currently offers the Master of Arts degree in theology, liturgical studies and liturgical music; the Master of Divinity degree; and the Master of Arts in Pastoral Ministry.

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 475,000 volumes, 2,100 periodical subscriptions, 210,000 government documents and 78,000 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 estimated for the next five years is:

<u>Fiscal Year</u>	<u>Head Count (Actual)</u>	<u>FTE (Actual)</u>	<u>Fiscal Year</u>	<u>Head Count (Estimated)</u>	<u>FTE (Estimated)</u>
1987-88	1,929	1,892	1992-93	1,905	1,855
1988-89	1,998	1,954	1993-94	1,875	1,825
1989-90	2,003	1,951	1994-95	1,850	1,800
1990-91	2,035	1,986	1995-96	1,870	1,820
1991-92	1,956	1,906	1996-97	1,905	1,855

Of the 415 persons enrolled in the 1991-92 freshman class, 318 or 76.6% are Minnesota residents.

### Freshman Applications, Acceptances and Enrollments

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
Applications	1,029	1,005	1,038	999	824
Acceptances	919	857	900	890	763
Percent Accepted	89%	85%	87%	89%	93%
Enrolled	509	515	499	475	415
Percent Enrolled to Accepted	55%	60%	56%	53%	54%
Mean ACT Score	24	24	23	23	23
Mean SAT Verbal/Math Scores	480/550	470/550	470/550	480/560	470/540

As of April 29, 1992, the University has received 797 freshman applications for the Fall 1992 term, compared to 766 received by the same date a year ago. Approximately 85% of the 1992 applicants have been accepted for enrollment. Transfer/readmit applications for the Fall 1992 term are up 21 (28%) over the comparable date a year ago.

### 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.

	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Freshmen	83.5%	86.0%	83.0%	88.0%	86.1%
Sophomores	80.9	87.9	89.7	90.2	88.3
Juniors	93.7	95.3	93.8	93.3	94.2
Seniors*	94.2	96.2	91.9	97.4	93.0
Four-Year	59.6	69.6	64.8	72.0	66.6

\* 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.

	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>	<u>1991-92</u>
Tuition	\$6,670	\$ 7,695	\$ 8,810	\$ 9,430	\$10,055
Room*	1,415	1,500	1,580	1,665	1,750
Board	1,560	1,645	1,735	1,835	1,925
Activity Fee	<u>60</u>	<u>70</u>	<u>80</u>	<u>80</u>	<u>80</u>
Total	\$9,705	\$10,910	\$12,205	\$13,010	\$13,810

\* 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.

## 1991-92 Undergraduate Rate Comparison of Minnesota Private Colleges (Ranked by Total Fee)

	<u>Tuition &amp; Fees</u>	<u>Room &amp; Board</u>	<u>Total</u>
Carleton College	\$16,296	\$3,324	\$19,620
Macalester College	13,331	3,970	17,301
St. Olaf College	12,080	3,345	15,425
Hamline University	11,550	3,711	15,261
Gustavus Adolphus College*	11,900	2,900	14,800
University of St. Thomas	10,528	3,535	14,063
Augsburg College	10,148	3,832	13,980
College of St. Benedict	10,135	3,750	13,885
<b>St. John's University</b>	<b>10,135</b>	<b>3,675</b>	<b>13,810</b>
Minneapolis College of Art and Design	10,340	3,400	13,740
College of St. Catherine	10,140	3,593	13,733
Bethel College	9,950	3,590	13,540
College of St. Scholastica	9,921	3,255	13,176
St. Mary's College of Minnesota*	9,205	3,170	12,375
Concordia College (Moorhead)	8,690	2,710	11,400
Concordia College (St. Paul)	8,268	2,910	11,178
Average	\$10,789	\$3,412	\$14,200

\* Figures for Gustavus Adolphus College and St. Mary's College of Minnesota are for fall, 1991 new students only.

Source: Minnesota Private College Council.

## Financial Aid

Approximately 70% 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.

	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>1990-91</u>
Loans:					
Perkins	\$ 368,475	\$ 326,475	\$ 362,550	\$ 384,600	\$ 383,425
GSL (Stafford)	1,761,952	1,362,376	1,346,721	1,568,945	1,918,704
PLUS	58,965	96,950	139,991	146,514	271,467
SELF (State of Minnesota)	<u>310,635</u>	<u>452,760</u>	<u>795,642</u>	<u>811,188</u>	<u>842,079</u>
Total Loans	\$2,500,027	\$2,238,561	\$2,644,904	\$2,911,247	\$ 3,415,675
Student Employment (All Sources)	848,198	917,147	1,004,099	925,388	1,189,910
Gift Aid:					
Federal/State	1,902,900	2,034,556	2,138,236	2,537,976	2,827,696
University	<u>1,570,785</u>	<u>1,888,461</u>	<u>2,127,693</u>	<u>2,547,619</u>	<u>3,046,568</u>
Total Financial Aid	\$6,821,910	\$7,078,725	\$7,914,932	\$8,922,230	\$10,479,849

## Faculty and Staff

The student-faculty ratio is approximately 14 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 1991-92 Fiscal Year, the University has 129 full-time and 49 part-time faculty. The number and average salary by rank for full-time faculty during the 1991-92 Fiscal Year were:

<u>Rank</u>	<u>Number</u>	<u>Average Salary</u>
Professor	30	\$48,558
Associate Professor	50	40,580
Assistant Professor	43	32,637
Instructor/Lecturer	6	27,833

Sixty-six 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, 1991 and 1990 were \$930,000 and \$880,000, 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 \$6.8 million is being sought for the construction and associated expenses of the Campus Center. Of the \$6.8 million, \$4.5 million has been received or pledged as of May 1, 1992.

## Endowment Funds

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

<u>Years Ended June 30</u>	<u>Endowment Funds</u>	<u>Quasi- Endowment Funds</u>	<u>Annuities and Unitrusts</u>	<u>Totals</u>
1991	\$23,285,793	\$9,718,389	\$2,672,575	\$35,676,757
1990	21,371,794	9,162,820	2,681,519	33,216,133
1989	18,294,398	8,434,611	2,321,535	29,050,544
1988	15,888,405	7,685,856	1,831,331	25,405,592
1987	15,248,948	7,862,424	1,875,393	24,986,765

## 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, and the revised Unrestricted Current Fund budget for current Fiscal Year 1992.

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

	1987	1988	1989	1990	1991	Revised Budget 1992
<b>REVENUES:</b>						
Educational and general:						
Tuition and fees	\$12,191,637	\$13,199,230	\$14,822,225	\$16,387,615	\$18,140,421	\$18,863,795
Private gifts, grants and contracts:						
Benedictine Division	804,855	850,457	884,800	918,802	872,526	951,161
Student aid purposes	115,000	115,000	135,000	145,000	160,000	160,000
General educational	0	0	15,790	0	0	0
Unrestricted purposes	776,233	801,605	885,085	980,539	981,777	1,017,000
Endowment income:						
Abbey supplement grant	128,762	0	0	0	0	0
General	432,914	394,124	484,623	506,077	550,207	590,000
Sales and services of educational activities	18,986	11,528	17,253	14,215	11,461	17,000
Other sources	559,839	592,026	552,033	587,683	653,097	721,945
Total Educational and General	<u>15,028,226</u>	<u>15,963,970</u>	<u>17,796,809</u>	<u>19,539,931</u>	<u>21,369,489</u>	<u>22,320,901</u>
Auxiliary Enterprises :						
Dining service	2,750,143	2,971,587	3,220,298	3,315,950	3,399,133	3,450,000
Residence halls	1,944,611	2,079,329	2,464,432	2,527,837	2,669,925	2,568,237
Bookstore	1,298,127	1,366,611	1,537,500	1,553,740	1,543,623	2,424,174
Other auxiliary enterprises	712,215	705,997	718,597	778,608	897,295	988,753
Total Auxiliary Enterprises	<u>6,705,096</u>	<u>7,123,524</u>	<u>7,940,827</u>	<u>8,176,135</u>	<u>8,509,976</u>	<u>9,431,164</u>
Total Revenues	<u>21,733,322</u>	<u>23,087,494</u>	<u>25,737,636</u>	<u>27,716,066</u>	<u>29,879,465</u>	<u>31,752,065</u>
<b>EXPENDITURES AND MANDATORY TRANSFERS:</b>						
Educational and general:						
Instruction	5,366,808	5,686,599	6,226,070	6,925,171	7,049,173	7,190,951
Research	40	27,669	14,196	3,162	79,939	22,740
Academic support	1,664,163	1,785,564	2,136,237	2,110,696	2,374,871	2,411,407
Student support	2,298,182	2,481,567	2,737,213	2,989,999	3,138,158	3,172,314
Institutional support	2,690,659	3,015,788	3,303,476	3,542,683	3,830,617	3,871,261
Operation and maintenance of plant	1,611,783	1,735,730	1,739,843	2,003,281	2,160,192	2,165,789
Scholarships and grants	1,062,134	1,381,611	1,594,276	1,944,787	2,367,340	2,963,340
Reallocation of government supported student work	(159,860)	(160,720)	(165,900)	(170,470)	(169,869)	(170,150)
Total Educational and General Expenditures	<u>\$14,533,909</u>	<u>\$15,953,808</u>	<u>\$17,585,411</u>	<u>\$19,349,309</u>	<u>\$20,830,421</u>	<u>\$21,627,652</u>

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

	1987	1988	1989	1990	1991	Revised Budget 1992
<b>Mandatory Transfers For:</b>						
Principal and interest	\$135,840	\$46,159	\$0	\$77,286	\$110,690	\$123,194
Perkins contributions	3,094	0	3,410	4,273	20,582	0
Total Educational and General Mandatory Transfers	<u>138,934</u>	<u>46,159</u>	<u>3,410</u>	<u>81,559</u>	<u>131,272</u>	<u>123,194</u>
Total Educational and General Expenditures and Mandatory Transfers	<u>14,672,843</u>	<u>15,999,967</u>	<u>17,588,821</u>	<u>19,430,868</u>	<u>20,961,693</u>	<u>21,750,846</u>
<b>Auxiliary enterprises expenditures:</b>						
Dining services	2,445,078	2,679,066	2,857,897	2,956,773	3,077,635	3,150,000
Residence halls	1,714,227	1,853,696	2,097,711	2,077,709	2,234,775	2,207,726
Bookstore	1,188,373	1,315,888	1,457,555	1,498,451	1,512,318	2,399,174
Other auxiliary enterprises	388,045	405,367	553,093	482,929	609,584	798,353
Reallocation of government supported student work	(130,800)	(131,505)	(135,738)	(139,500)	(139,000)	(139,600)
Total Auxiliary Enterprise Expenditures	<u>5,604,923</u>	<u>6,122,512</u>	<u>6,830,518</u>	<u>6,876,362</u>	<u>7,295,312</u>	<u>8,415,653</u>
<b>Auxiliary enterprises mandatory transfers:</b>						
Transfer to plant funds:						
Principal	105,284	105,897	111,529	112,179	112,850	122,540
Interest	99,575	98,962	91,869	91,217	87,904	82,692
Debt reserve	10,821	15,779	10,000	18,320	10,000	10,279
Total Auxiliary Enterprise Mandatory Transfers	<u>215,680</u>	<u>220,638</u>	<u>213,398</u>	<u>221,716</u>	<u>210,754</u>	<u>215,511</u>
Total Auxiliary Enterprise Other Transfers	<u>751,750</u>	<u>646,701</u>	<u>759,323</u>	<u>938,412</u>	<u>861,396</u>	<u>800,000</u>
Total Educational and General and Auxiliary Enterprise Expenditures and Transfers	<u>21,245,196</u>	<u>22,989,818</u>	<u>25,392,060</u>	<u>27,467,358</u>	<u>29,329,155</u>	<u>31,182,010</u>
<b>OTHER TRANSFERS:</b>						
Transfers to (from) capital renewal fund	184,748	90,407	305,128	345,222	459,849	405,000
Transfers to (from) current restricted funds	10,655	(9,497)	18,554	(193)	(29,942)	(20,000)
Transfers to (from) endowment funds	290,825	15,712	20,272	(98,000)	117,080	120,000
Total Other Transfers	<u>486,228</u>	<u>96,622</u>	<u>343,954</u>	<u>247,029</u>	<u>546,987</u>	<u>505,000</u>
Total Expenditures and Transfers	<u>21,731,424</u>	<u>23,086,440</u>	<u>25,736,014</u>	<u>27,714,387</u>	<u>29,876,142</u>	<u>31,687,010</u>
<b>Net Increase in Fund Balance</b>	<u>\$1,898</u>	<u>\$1,054</u>	<u>\$1,622</u>	<u>\$1,679</u>	<u>\$3,323</u>	<u>\$65,055</u>

Source: University's annual audited financial statements for the years ended June 30, 1987 - 1991.

## PROPOSED FORM OF LEGAL OPINION

## FAEGRE &amp; BENSON

2200 NORWEST CENTER

90 SOUTH SEVENTH STREET

MINNEAPOLIS, MINNESOTA 55402-3901

612/336-3000

FACSIMILE 336-3026

\$5,000,000

Minnesota Higher Education Facilities Authority  
Revenue Bonds, Series Three-H  
(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 Three-H (St. John's University), in the aggregate principal amount of \$5,000,000 (the "Bonds"), dated June 1, 1992, 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:

<u>Year</u>	<u>Amount</u>	<u>Basic Interest Rate</u>
1992	\$ 300,000	
1993	\$ 375,000	
1994	\$ 390,000	
1995	\$ 410,000	
1996	\$ 435,000	
1997	\$ 460,000	
1998	\$ 485,000	
1999	\$ 515,000	
2000	\$ 545,000	
2001	\$1,085,000	

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, 1993. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the principal corporate trust office of First Trust National Association, in St. Paul, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to the Order of St. Benedict, a Minnesota nonprofit corporation (the "Corporation"), as owner and operator of St. John's University, a Minnesota nonprofit institution of higher education having its main campus in the Town of Collegeville, Minnesota (the "Institution"), in order to finance the costs of a project consisting of the acquisition, construction, renovation,

improving, furnishing and equipping, including appurtenant site improvements, of buildings on the campus of the Institution, (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the Corporation, the Trust Indenture (the "Indenture") between the Authority and the Trustee, and the Security Agreement (the "Security Agreement") from the Corporation to the Trustee, all dated as of June 1, 1992, the opinion of Hughes, Thoreen, Mathews & Knapp, 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 without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Hughes, Thoreen, Mathews & Knapp, 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 right of the Corporation to use of the Project Site (as defined in the Loan Agreement and 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, as amended, 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 not includable in gross income for purposes of Federal income taxation or in taxable income of individuals, estates and trusts for purposes of Minnesota income taxation under present laws and rulings. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code") or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds is includable in "adjusted current earnings" for the purpose of determining the "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the environmental tax imposed on corporations, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture, 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, June \_\_, 1992.

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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 Institution 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 the Secretary of its Board of Directors or the President or a Vice President of the Institution. Such certificate may designate an alternate or alternates.

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

**Board-controlled:** When used with reference to Unrestricted Quasi-endowment Funds, means funds designated by the Board of Regents of the University, and not by the donor, to function as Unrestricted Quasi-endowment Funds and which may be transferred to the Unrestricted Current Fund by action of the Board of Regents of the University and used for the general purposes of the University.

**Board of Directors:** The Board of Directors of the Corporation, including the 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:** \$5,000,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-H (St. John's University) and any Additional Bonds then outstanding.

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

**Bond Resolution:** The Resolution to Issue and Sell and Authorizing Notice of Sale and Series Resolution of the Authority adopted on April 29, 1992, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

**Bond Year:** The (a) the period from the Issue Date to the close of business on April 1, 1993 and (b) each succeeding 12-month period ending at the close of business on April 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, shall be outstanding.

**Building Equipment:** Those items of goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property now or hereafter owned by the Corporation and located in the Project Buildings 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 to be used for the payment of Project Costs.

**Contributions and Pledge Receipts:** Contributions to the Corporation 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 non-profit corporation, its successors and assigns, as owner and operator of the Institution.

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

**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. 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 Corporation's fiscal year, initially the 12-month period commencing on July 1 in each year.

**Funded Debt:** Indebtedness for borrowed money having a maturity date of more than one year and as defined in Section 6.13 of the Loan Agreement.

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

**Gift Receipts:** Contributions and Pledge Receipts.

**Gift Receipts Accounts:** 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 the Trustee, dated as of June 1, 1992, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

**Institution or University:** St. John's University, a Minnesota non-profit institution of higher education located in the Town of Collegeville, Minnesota.

**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 June 1, 1992, 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.

**Maximum Annual Debt Service:** The largest total amount of principal of and interest on Funded Debt payable by the Corporation in any future Fiscal Year during which Bonds will (if paid at their stated maturity dates) be outstanding, and as further defined in Section 6.14 of the Loan Agreement.

**Net Income Available for Debt Service:** The excess of Unrestricted Current Fund revenues over Unrestricted Current Fund expenditures but excluding depreciation, amortization and interest from expenditures plus income from investment of the St. John's University Debt Retirement Reserve of the Plant Fund and of Accounts held by the Trustee under the Indenture, all as determined by generally accepted accounting principles.

**Net Proceeds:** When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the Corporation as owner or lessee and the Trustee as secured party, 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 Corporation, and (iv) those additional encumbrances set forth in Exhibit C of the Loan Agreement.

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

**Project:** The acquisition, construction, furnishing and equipping of (i) a student residence facility and (ii) Campus Center, each including appurtenant site improvements and each to be owned and operated by the Corporation and located on the campus of the Institution in Collegeville, Minnesota.

**Project Buildings:** The Campus Center and the student residence facility to be acquired, improved or 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 Buildings or other College buildings or elsewhere as part of the Project.

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

**Project Site:** The land on which the Project Buildings are to be located or otherwise to be improved as part of the Project.

**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 Bond proceeds in the amount of the initial Reserve Requirement (approximately \$500,000). Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefor and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

**Reference Rate:** The interest rate per annum announced from time to time by First Bank National Association as its prime or reference rate.

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

**Security Agreement:** The Security Agreement dated as of June 1, 1992, between the Corporation and the Trustee.

**Series Three-H Bonds:** The Bonds.

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

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

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

**SUMMARY OF DOCUMENTS****THE LOAN AGREEMENT**

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

**Construction of Project**

The Corporation represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than June 30, 1994 subject only to "force majeure," as provided in the Loan Agreement, provided that the 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. In addition, the College covenants that it will not apply proceeds of the Bonds in an amount exceeding 2.00% of the proceeds (par value less original discount, if any, according to the reoffering scale) of the Bonds to the payment of any costs of issuance of the Bonds, including underwriting discount, initial fees of the Trustee and the Authority, financial advisory fees, legal fees, and other issuance expenses.

**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 College 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 in excess of the amount needed to complete the Project 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, 1993, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest, or as principal and interest, on the Series Three-H 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 Three-H Bonds, into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Series Three-H 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 Three-H 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 (relating to arbitrage rebate).

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 College will keep the Project Facilities in good repair and good operating condition at its own cost, making such repairs and replacements as are necessary so that the Project will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation. The 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 comprehensive general public liability insurance and workers' compensation insurance coverage, upon such terms and conditions as the Trustee may require, and (ii) shall permit modifications to such insurance requirements and deductible amounts, including permission for self-insurance, in accordance with the recommendation of an independent insurance consultant employed by the 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 or in part as more fully provided in the Loan Agreement. For purposes of this provision, "pro rata portion" shall mean 59.89% of the principal amount of outstanding Bonds in the case of the Campus Center to be constructed as part of the Project; 30.11% of the principal amount of outstanding Bonds in the case of the student residence facility to be constructed as part of the Project.

## **Condemnation**

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to any Project Building or Buildings 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 in part 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 Institution**

The Corporation agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and will maintain the Institution'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 Institution, 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: (a) if the surviving, resulting or transferee corporation or institution, as the case may be, is other than the

Corporation, 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 Institution be nonsectarian; and (b) 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 Non-Hospital 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 Non-Hospital 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 Institution as an entirety if the effect of any such transaction would be to cause the sum of the principal amount of the Series Three-H 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.

#### **Institution To Be Nonsectarian**

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

#### **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 or in part, on the next practicable date and on any date thereafter and the redemption price therefor shall be equal to par plus accrued interest (including additional interest from the Date of Taxability).

## **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 in excess of the amount needed to complete the Project 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 Business 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 creates or permits to exist any lien, security interest or other charge or encumbrance upon or with respect to the Gift Receipts Account, 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 fails to observe the financial covenants set forth in Section 6.14 of the Loan Agreement, provided that failure to comply with Section 6.14(a) (relating to the ratio of Unrestricted Current Fund revenues to Unrestricted Current Fund expenditures) or (b) (relating to the Unrestricted Quasi-endowment Fund Balance) shall not become an Event of Default unless the Corporation fails to restore the deficiency within a period

of 180 days after the close of the Fiscal Year in which such deficiency has occurred; and provided further that any Event of Default arising from a failure to comply with 6.14 (a) or (b) and failure to restore the deficiency thereunder within 180 days shall cease to be an Event of Default if in any subsequent Fiscal Year the Corporation shall be in compliance with such covenants;

- (f) 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
- (g) If there shall occur an event of default (as defined therein) under the Security Agreement; or
- (h) 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 the Institution; or
- (i) 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 or the Institution, 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
- (j) 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 Corporation or the Institution or of the whole or any substantial part of the property of the Corporation or the Institution, 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 (f) 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 Three-H 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, 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 of, premium, if any, and interest on the outstanding Bonds by depositing with the Trustee at or at any time before maturity an amount either in cash or direct obligations of the United States 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 on or before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or
- (d) surrender to the Trustee for cancellation 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 or the Loan Agreement or the Security Agreement as set forth in the 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 principal corporate trust office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for a new Bond or Bonds of the same series, aggregate principal amount, maturity and basic interest rate of any authorized denominations. Payment of principal will be at the principal corporate trust office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Trustee.

## **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 College'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, 1991 AND 1990**

**AND**

**ST. JOHN'S UNIVERSITY  
BALANCE SHEETS  
AND CHANGES IN UNRESTRICTED CURRENT FUND BALANCES  
JUNE 30, 1991 AND 1990**

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of the ORDER OF ST. BENEDICT, INC. as of June 30, 1991 and 1990, and the related statements of changes in fund balances and current funds revenues, expenditures and transfers for the years 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 audits.

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

As of June 30, 1989, the Order of St. Benedict is recognizing depreciation in accordance with the Financial Accounting Standards Board Statement No. 93, Recognition of Depreciation by Not-For-Profit Organizations. The property, plant and equipment accounts for June 30, 1990 have been restated to comply with this standard.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ORDER OF ST. BENEDICT, INC. at June 30, 1991 and 1990, and the changes in fund balances and the current funds revenues, expenditures and transfers for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in pages B-1 through B-14, U-1 through U-27, P-1 through P-7 and L-1 through L-4 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 15, 1991

ORDER OF ST. BENEDICT, INC.  
BALANCE SHEETS  
JUNE 30, 1991 AND 1990

	1991	1990		1991	1990
<b>ASSETS</b>					
<b>CURRENT FUNDS</b>			<b>LIABILITIES AND FUND BALANCES</b>		
Unrestricted:			<b>CURRENT FUNDS</b>		
Cash			Unrestricted:		
Accounts and Notes Receivable, Less			Accounts Payable	\$ 1,688,627	\$ 1,366,836
Allowance for Doubtful Accounts of			Accrued Wages and Payroll Taxes	2,297,993	1,876,524
\$710,025 and \$727,050			Accrued Expenses	1,028,832	911,251
Inventories, Less Allowance for			Advance Payments - Students	657,453	621,834
Obsolescence of \$40,000 and \$35,000			Royalties Payable	440,271	267,543
Cash Surrender Value, Life Insurance			Deferred Income	1,082,753	980,977
Investments in Stocks and Bonds			Reserve for Unemployment Compensation	104,958	100,198
(Approximates Market)			Reserve for Auto Insurance	94,776	71,935
Accrued Interest Income	1,996,192	711,465	Other Reserves	484,521	387,791
Prepaid Expenses	457,609	61,914	Due to Michael Glazier	450,000	500,000
Advances to Minnesota Public Radio, Inc.	939,735	1,151,958	Funds Held for Others	75,325	49,985
Less: Reserve for Doubtful Accounts	151,174	151,174	Little Rock Capital	73,107	56,626
Pueblo - Goodwill	(151,174)	(151,174)	Fund Balance	2,593,783	2,488,721
Glazier - Goodwill	320,625	-			
Glazier - Non-Complete Contract	550,000	630,000			
Due From Plant Funds	450,000	500,000			
Due From Sun Sound	200,000	300,000			
Total Unrestricted	25,173	33,152			
	<u>\$11,072,399</u>	<u>\$9,680,211</u>	Total Unrestricted	<u>\$11,072,399</u>	<u>\$9,680,211</u>
Restricted:			Restricted:		
Cash	\$ 846,211	\$ (520,624)	Accounts Payable	\$ 26,252	\$ 29,846
Accounts Receivable	39,574	104,818	Fund Balance	1,215,430	1,083,671
Investments (Market Value - \$312,731					
and \$1,490,468)			Total Restricted	<u>\$ 1,241,682</u>	<u>\$ 1,113,517</u>
Prepaid Expenses	325,097	1,502,738	Total Current Funds	<u>\$12,314,081</u>	<u>\$10,793,728</u>
Total Restricted	<u>\$ 1,241,682</u>	<u>\$ 1,113,517</u>			
Total Current Funds	<u>\$12,314,081</u>	<u>\$10,793,728</u>			
			<b>PERKINS LOAN FUNDS</b>		
			Federal Contributions	\$ 3,056,658	\$ 3,043,238
			St. John's University Contributions	388,720	336,138
			Noncapital Balance	(507,100)	(529,492)
			Total Perkins Loan Funds	<u>\$ 2,938,278</u>	<u>\$ 2,851,884</u>

ORDER OF ST. BENEDICT, INC.  
BALANCE SHEETS (CONTINUED)  
JUNE 30, 1991 AND 1990

		1991	1990
ASSETS			
ENDOWMENT AND SIMILAR FUNDS			
Cash			
Investments (Market Value - \$57,587,853 and \$52,972,021)		\$ (323,506)	\$ 145,807
		<u>59,116,890</u>	<u>53,385,818</u>
LIABILITIES AND FUND BALANCES			
ENDOWMENT AND SIMILAR FUNDS			
Deferred Income - Annuities		\$ 2,756,709	\$ 2,760,117
Endowment Fund Balances:			
Scholarship Funds - Students		\$12,867,575	\$11,673,064
Endowment Funds - Educational Programs		11,531,654	10,658,105
Quasi Endowments		9,718,389	9,162,820
Phillips Chair		701,293	663,283
Unitrusts		604,700	608,241
Clara W. Kremer Fund		8,744,336	8,190,727
Rooney Family Fund		1,290,849	1,158,592
Lindeke Fund		1,101,425	1,005,195
Monks' Health and Welfare Fund		7,211,711	6,366,971
Other		2,264,743	1,284,510
Total		<u>\$56,036,675</u>	<u>\$50,771,508</u>
Total Endowment and Similar Funds		<u>\$58,793,384</u>	<u>\$53,531,625</u>
DEPOSIT AND TRUST FUNDS			
Reserve for Life Income Fund		\$ 33,347	\$ 32,262
Reserve for Mass Funds		18,775	18,800
Reserve for Various Monasteries		1,395,469	1,681,498
Reserve for Various Individuals		499,687	422,205
Surplus		103,653	51,245
Total Deposit and Trust Funds		<u>\$ 2,050,931</u>	<u>\$ 2,206,010</u>
AGENCY FUNDS			
Campus Checking Account		\$ 24,072	\$ 28,030
Funds Held For Others		467,843	499,437
Total Agency Funds		<u>\$ 491,915</u>	<u>\$ 527,467</u>



ORDER OF ST. BENEDICT, INC.  
BALANCE SHEETS (CONTINUED)  
JUNE 30, 1991 AND 1990

ASSETS

PLANT FUNDS	1991	1990
Retirement of Indebtedness and Capital Renewal Funds:		
Cash	\$ 267,553	\$ 138,640
U.S. Treasury Notes (Approximates Market)	764,770	718,722
Investments (Market Value - \$7,582,617 and \$4,715,756)	6,901,627	4,843,149
Due from Invested in Plant Funds	352,784	352,784
Other	95,004	225,328
	<u>\$ 8,381,738</u>	<u>\$ 6,278,623</u>
Total Retirement of Indebtedness and Capital Renewal Funds		
Capital Fund Drives:		
Cash	\$ 3,612	\$ 351
Investments (Approximates Market)	460,000	330,000
Guest Facility	2,637	2,637
Bells	227,917	227,509
	<u>\$ 694,166</u>	<u>\$ 560,497</u>
Total Capital Fund Drives		
Investment in Plant:		
Cash	\$ (203,458)	\$ (149,320)
Land and Improvements	1,854,069	1,749,617
Buildings	48,403,272	45,482,775
Equipment	15,526,817	14,381,227
Library Books	4,709,475	4,309,865
Library Microfilm and Books	3,122,998	3,025,004
Stamp Collection	82,615	80,343
Construction in Progress	3,242,996	4,582,897
Deferred Issue Costs - MHEFA BD. 83-A	-	18,598
MHEFA Reserve Funds (Two-W)	250,000	250,000
MHEFA - Accounts Receivable	-	37,098
Minneapolis Residence	-	74,789
Investment in Plant	<u>\$76,988,784</u>	<u>\$73,842,893</u>
Less: Accumulated Depreciation	<u>19,903,726</u>	<u>17,880,626</u>

Total Investment in Plant	\$57,085,058	\$55,962,267
Total Plant Funds	<u>\$66,160,962</u>	<u>\$62,801,387</u>

See accompanying Notes To Financial Statements.

LIABILITIES AND FUND BALANCES

PLANT FUNDS	1991	1990
Accounts Payable	\$ 7,911	\$ 458
Retirement of Indebtedness and Capital Renewal Funds:		
Capital Renewal Funds	\$ 2,029,772	\$ 811,395
SJU Debt Retirement Reserve	3,741,298	3,587,668
Unexpended Plant Funds	1,534,072	799,364
	<u>\$ 7,305,142</u>	<u>\$ 5,198,427</u>
Federal Required Reserves:		
Repair and Replacement Reserve	\$ 366,879	\$ 341,407
Sinking Fund Reserve	298,083	277,182
Debt Service Reserve	389,230	350,116
Debt Reserves - Art Building and Engel Hall	14,493	111,033
	<u>\$ 1,068,685</u>	<u>\$ 1,079,738</u>
Total Retirement of Indebtedness and Capital Renewal Funds	<u>\$ 8,381,738</u>	<u>\$ 6,278,623</u>
Capital Fund Drives:		
Gifts - Bells	\$ 68,059	\$ 64,291
Gifts - Guest Facility - Donor Designated	43,083	36,782
Gifts - Guest Facility - Undesignated	462,924	459,424
Allocated From Current Funds	20,100	-
Transfer from Current Fund	100,000	-
	<u>\$ 654,166</u>	<u>\$ 560,497</u>
Total Capital Fund Drives		
Investment in Plant:		
Accounts Payable	\$ 134	\$ 30,669
Debt:		
Due to Retirement of Indebtedness and Capital Renewal Funds	285,670	352,784
Due to Current Fund	200,000	300,000
Notes Payable:		
Individuals and Organizations	359,737	404,205
Northwestern National Life Insurance Co.	892,127	916,012
MHEFA Pooled BD. 83-A	428,884	825,417
MHEFA BD Two-W	2,350,000	2,500,000
MHEFA BD Two-W (Funds not Advanced)	-	(746,664)
U.S. Dept. of Education Bonds Payable, Series "A"	164,000	219,000
Mortgage Payable - DE (HUD) Solid Waste Boiler	1,243,670	1,271,372
Mortgage Payable - DE Seton Apartments	1,210,946	1,233,796
Mortgage Payable - Engel Hall	1,410,164	1,430,323
U.S. Department of Education Bonds	460,000	545,000
U.S. Dept. of Education Bonds Payable, Series "B"	1,480,000	1,515,000
Lease - Bus	118,365	132,826
Mortgage Payable - Minneapolis Residence	37,713	-
Total Debt	<u>\$10,603,697</u>	<u>\$10,967,453</u>
Net Investment in Plant	<u>\$46,481,361</u>	<u>\$44,994,814</u>
Total Investment in Plant	<u>\$57,085,058</u>	<u>\$55,962,267</u>
Total Plant Funds	<u>\$66,160,962</u>	<u>\$62,801,387</u>

ORDER OF ST. BENEDICT, INC.  
 STATEMENTS OF CHANGES IN UNRESTRICTED CURRENT FUND BALANCES  
 FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
FUND BALANCE, Beginning of Year	\$ 2,488,721	\$ 2,264,214
Adjustment for Prior Year Royalties, Liturgical Press	(41,750)	-
ADDITIONS		
Excess of Revenue Over Expenditures and Transfers	<u>146,812</u>	<u>224,507</u>
FUND BALANCE, End of Year	<u>\$ 2,593,783</u>	<u>\$ 2,488,721</u>

See accompanying Notes To Financial Statements.

ORDER OF ST. BENEDICT, INC.  
STATEMENTS OF CHANGES IN PERKINS LOAN FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
FUND BALANCE, Beginning of Year	<u>\$ 2,851,884</u>	<u>\$ 2,853,039</u>
ADDITIONS		
Federal Contributions	\$ 13,420	\$ 38,458
St. John's Contributions	20,582	4,273
Other Additions	22,392	-
Total Additions	<u>\$ 56,394</u>	<u>\$ 42,731</u>
DEDUCTIONS		
Net Expense for Year	\$ -	\$ 43,886
FUND BALANCE, End of Year	<u><u>\$ 2,908,278</u></u>	<u><u>\$ 2,851,884</u></u>

See accompanying Notes To Financial Statements.

ORDER OF ST. BENEDICT, INC.  
STATEMENTS OF CHANGES IN ENDOWMENT AND SIMILAR FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	Principal and Transfers			Cumulative Gains (Losses)		
	Balance June 30, 1990	Additions	Transfers	Balance June 30, 1990	Current Gains (Losses)	Fund Balance June 30, 1991
Endowment Funds - Student	\$ 8,361,234	\$ 482,801	\$ (40,804)	\$ 8,803,231	\$ 752,514	\$ 12,867,575
Endowment Funds - Program	7,299,739	163,146	96,470	7,559,355	613,933	11,531,654
Endowment Funds - Quasi	5,580,935	-	(793)	5,580,142	556,362	9,718,389
Phillips Chair	561,356	-	15,222	576,578	101,927	701,293
Unitrusts	333,993	-	-	333,993	22,788	604,700
Clara W. Kremer Fund	4,158,330	-	-	4,158,330	(3,541)	270,707
Rooney Family Fund	1,033,634	-	-	1,033,634	553,609	8,744,336
Lindeke Fund	745,600	-	-	745,600	132,257	1,290,849
Monks' Welfare and Health Fund	3,499,708	362,749	-	2,867,263	96,230	1,101,425
Other	1,006,195	859,768	-	278,315	481,991	7,211,711
	<u>\$32,580,724</u>	<u>\$ 1,868,464</u>	<u>\$ 70,095</u>	<u>\$18,190,784</u>	<u>\$ 3,326,608</u>	<u>\$56,036,675</u>

	Principal and Transfers			Cumulative Gains (Losses)		
	Balance June 30, 1989	Additions	Transfers	Balance June 30, 1989	Current Gains (Losses)	Fund Balance June 30, 1990
Endowment Funds - Student	\$ 7,843,275	\$ 485,490	\$ 32,469	\$ 8,361,234	\$ 977,434	\$ 11,673,064
Endowment Funds - Program	6,399,140	968,382	(67,783)	7,299,739	979,325	10,658,105
Endowment Funds - Quasi	5,774,433	(95,498)	(98,000)*	5,580,935	921,707	9,162,820
Phillips Chair	547,413	13,943	-	561,356	107,317	663,283
Unitrusts	333,993	-	-	333,993	(5,390)	608,241
Clara W. Kremer Fund	4,158,330	-	-	4,158,330	67,981	8,190,727
Rooney Family Fund	1,033,634	-	-	1,033,634	412,113	1,158,592
Lindeke Fund	745,600	-	-	745,600	39,816	1,005,195
Monks' Welfare and Health Fund	2,957,362	542,346	-	2,664,511	38,486	6,366,971
Other	937,887	68,308	-	232,744	45,571	1,284,510
	<u>\$30,731,067</u>	<u>\$ 1,982,971</u>	<u>\$ (133,314)</u>	<u>\$14,510,989</u>	<u>\$ 3,679,795</u>	<u>\$50,771,508</u>

\* Transferred to Current Unrestricted Funds.

See accompanying Notes To Financial Statements.

ORDER OF ST. BENEDICT, INC.  
STATEMENTS OF CHANGES IN DEPOSIT AND TRUST FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
FUND BALANCE, BEGINNING OF YEAR	<u>\$2,206,010</u>	<u>\$1,953,912</u>
NET INCREASE (DECREASE) IN FUND RESERVES		
Life Income Fund	\$ 1,085	\$ 1,928
Mass Funds	(25)	(1)
Various Monasteries	(286,029)	245,494
Various Individuals	77,482	10,460
Surplus	52,408	(5,783)
Total Increase (Decrease) in Fund Reserves	<u>\$ (155,079)</u>	<u>\$ 252,098</u>
FUND BALANCE, END OF YEAR	<u><u>\$2,050,931</u></u>	<u><u>\$2,206,010</u></u>

See accompanying Notes To Financial Statements.

ORDER OF ST. BENEDICT, INC.  
STATEMENT OF CHANGES IN PLANT FUND BALANCES -  
RETIREMENT OF INDEBTEDNESS AND CAPITAL RENEWAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 1991

	SJU Debt Retirement Reserve	Educational And General	Unexpended Plant Funds	Auxiliary Enterprises	FED Required Reserve Art Building	FED Required Seton Apartments 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, 1990	\$ 3,587,668	\$ 293,824	\$ 799,364	\$ 360,175	\$ 111,033	\$ 249,993	\$ 341,407	\$ 277,182	\$ 100,133	\$ 157,396	\$ 6,278,165
<b>ADDITIONS</b>											
From Current Operations for:											
Library, Science Hall and Dormitory Payments - HEW-DE Gifts, Tennis Courts	-	-	-	-	\$ 12,320	\$ 79,694	-	\$ 141,060	-	-	\$ 233,074
Telephone System - Debt Payments	-	-	-	750	-	-	-	-	-	-	750
Capital Renewal Fund - Annual Contribution	-	-	-	125,000	-	-	-	-	-	-	125,000
EMPC in Process	-	1,005,157	350,000	200,000	-	-	-	-	-	-	1,555,157
Capital Renewal Fund - Auxiliaries:	-	44,925	-	-	-	-	-	-	-	274,000	318,925
Dining Service	-	-	-	317,000	-	-	-	-	-	-	317,000
Bookstore	-	-	-	25,000	-	-	-	-	-	-	25,000
Mary Union	-	-	-	20,000	-	-	-	-	-	-	20,000
Telephone System	-	-	-	147,000	-	-	-	-	-	-	147,000
Duplicating Center	-	-	-	3,000	-	-	-	-	-	-	3,000
Dorms	-	-	-	178,986	-	-	-	-	-	-	178,986
Unexpended Plant Fund Gifts	-	-	743,726	-	-	-	-	-	-	-	743,726
Other Transfers:											
Net Investment Income - Required Reserves - FED	-	-	-	-	877	19,439	25,472	20,901	6,948	-	73,637
Net Investment Income - Other Reserves	425,606	50,300	283,621	54,800	-	-	-	-	-	-	814,327
Transferred Interest Earned on FED Required Reserves to SJU Debt Maintenance Reserve	7,273	-	-	-	-	-	-	-	-	-	7,273
Transferred to Solid Waste Boiler	67,114	-	-	-	-	-	-	-	-	140,100	67,114
Gifts	-	-	-	-	-	-	-	-	-	4,084	140,100
Investment Income	-	-	-	-	-	-	-	-	-	-	4,084
Total Additions	\$ 499,993	\$ 1,100,382	\$ 1,377,347	\$ 1,071,536	\$ 13,197	\$ 99,133	\$ 25,472	\$ 161,961	\$ 6,948	\$ 418,184	\$ 4,774,153
<b>DEDUCTIONS</b>											
Transfer to Plant Funds:	\$	\$ 108,364	\$ 36,583	-	\$	-	\$	-	-	-	\$ 108,364
Networking	-	-	-	-	109,737	-	-	-	-	-	146,320
Art Building	-	-	-	47,538	-	-	-	-	-	-	47,538
Tunnel	-	-	-	25,590	-	-	-	-	-	-	25,590
Abbey Investment in Plant	-	-	-	-	-	-	-	-	-	-	-
Debt Retirement	108,885	-	546,533	-	-	22,850	-	90,000	-	-	768,268
Interest and Fees	237,478	-	58,773	-	-	36,844	-	51,060	-	-	384,155
Capital Campaign Expense	-	150,000	-	200,000	-	-	-	-	-	-	350,000
Transfer to Other Debt Reserve	-	-	-	-	-	-	-	-	-	-	-
Transfer to Auxiliary	-	-	-	-	-	-	-	-	7,273	-	7,273
Enterprise Res.	-	-	-	-	-	-	-	-	-	-	-
Transfer to University Current Funds:	-	-	750	-	-	-	-	-	-	-	750
Departmental Capital	-	244,657	-	-	-	-	-	-	-	-	244,657
EMPC	-	275,000	-	250,000	-	-	-	-	-	-	525,000
Roof Repairs	-	59,339	-	-	-	-	-	-	-	-	59,339
Matching Grant Support	-	11,237	-	-	-	-	-	-	-	-	11,237
Total Deductions	\$ 346,363	\$ 848,597	\$ 642,639	\$ 523,128	\$ 109,737	\$ 59,694	\$	\$ 141,060	\$ 7,273	\$	\$ 2,678,491
BALANCE, June 30, 1991	\$ 3,741,298	\$ 545,609	\$ 1,534,072	\$ 908,583	\$ 14,493	\$ 289,422	\$ 366,879	\$ 298,083	\$ 99,808	\$ 575,580	\$ 8,373,827

ORDER OF ST. BENEDICT, INC.  
STATEMENT OF CHANGES IN PLANT FUND BALANCES -  
RETIREMENT OF INDEBTEDNESS AND CAPITAL RENEWAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1990

	SJU Debt Retirement Reserve	Educational And General	Unexpended Plant Funds	Auxiliary Enterprises	FED Required Reserve Art Building	FED Required Reserve Seton Apartments 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, 1989	\$ 3,429,614	\$ 493,392	\$ 1,014,347	\$ 63,287	\$ -	\$ 207,243	\$ 279,175	\$ 316,480	\$ 99,613	\$ 415,787	\$ 6,318,938
ADDITIONS											
From Current Operations for:											
Library, Science Hall and Dormitory Payments - HEW-DE	\$ -	\$ -	\$ -	\$ 27,450	\$ -	\$ 85,013	\$ -	\$ 116,253	\$ -	\$ -	\$ 228,716
Gifts Transferred to Board Trustee (Art)	-	-	-	-	108,945	-	-	-	-	-	108,945
Gifts, Tennis Courts	-	-	-	1,210	-	-	-	-	-	-	1,210
Telephone System - Debt Payments	-	-	-	144,000	-	-	-	-	-	-	144,000
Capital Renewal Fund - Annual Contribution	-	858,000	-	200,000	-	-	-	-	-	291,000	1,349,000
EMPC in Process	-	-	-	10,200	-	-	-	-	-	-	10,200
Capital Renewal Fund - Auxiliaries:											
Dining Service	-	-	-	340,000	-	-	-	-	-	-	340,000
Bookstore	-	-	-	45,000	-	-	-	-	-	-	45,000
Mary Union	-	-	-	20,000	-	-	-	-	-	-	20,000
Telephone System	-	-	-	138,000	-	-	-	-	-	-	138,000
Duplicating Center	-	-	-	23,000	-	-	-	-	-	-	23,000
Dorms	-	-	-	90,212	-	-	-	-	-	-	90,212
Unexpended Plant Fund Gifts	-	-	419,182	-	-	-	-	-	-	-	419,182
Other Transfers:											
Net Investment Income - Required Reserves - FED	-	-	-	-	2,088	17,420	24,175	26,209	8,127	-	78,019
Net Investment Income - Other Reserves	368,147	38,100	236,610	-	-	-	-	-	-	-	642,857
Transferred Interest Earned on FED Required Reserves to SJU Debt Maintenance Reserve	7,607	-	-	-	-	-	38,057	-	-	-	45,664
Gifts	-	-	-	-	-	-	-	-	-	120,834	120,834
Investment Income	-	-	-	-	-	-	-	-	-	9,285	9,285
Total Additions	\$ 375,754	\$ 896,100	\$ 655,792	\$ 1,039,072	\$ 111,033	\$ 102,433	\$ 62,232	\$ 142,462	\$ 8,127	\$ 421,119	\$ 3,814,124

ORDER OF ST. BENEDICT, INC.  
STATEMENT OF CHANGES IN PLANT FUND BALANCES -  
RETIREMENT OF INDEBTEDNESS AND CAPITAL RENEWAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1990

	SJU Debt Retirement Reserve	Educational And General	Unexpended Plant Funds	Auxiliary Enterprises	FED Required Reserve Art Building	FED Required Reserve Seton Apartments 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
<b>DEDUCTIONS</b>											
Transfer to Plant Funds:											
Engel Hall Renovation	\$ -	\$ 300,000	\$ -	\$ 114,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 414,724
Seminary Renovation	-	82,890	-	-	-	-	-	-	-	-	82,890
Art Building	-	-	410,927	-	-	-	-	-	-	-	410,927
Benet Hall Planning	-	-	-	1,619	-	-	-	-	-	-	1,619
Department of Energy/SJU	-	-	-	-	-	-	-	-	-	-	-
Match	-	-	-	-	-	-	-	-	-	-	-
Campus Lighting	-	-	-	6,701	-	-	-	-	-	-	6,701
Tunnel	-	-	-	50,837	-	-	-	-	-	-	50,837
College Green	-	200,000	-	-	-	-	-	-	-	-	200,000
Tennis Courts	-	-	-	72,731	-	-	-	-	-	-	72,731
Science Hall Renovation	-	-	-	245,555	-	-	-	-	-	-	245,555
EMPC-in-Process	-	-	-	50,017	-	-	-	-	-	-	50,017
Abbey Investment in Plant	-	43,500	-	-	-	-	-	-	-	-	43,500
Debt Retirement	103,566	-	367,185	-	-	22,179	-	90,000	-	557,520	557,520
Interest and Fees	114,134	-	92,663	-	-	37,514	-	53,703	-	-	582,930
Transfer to SJU Debt Maintenance	-	-	-	-	-	-	-	-	-	-	298,014
Reserve	-	-	-	-	-	-	-	38,057	7,607	-	45,664
Capital Campaign Expense	-	-	-	-	-	-	-	-	-	121,990	121,990
Transfer to University Current	-	-	-	-	-	-	-	-	-	-	-
Funds:											
Departmental Capital	-	225,000	-	200,000	-	-	-	-	-	-	425,000
EMPC	-	200,000	-	-	-	-	-	-	-	-	200,000
Roof Repairs	-	6,358	-	-	-	-	-	-	-	-	6,358
Matching Grant Support	-	37,920	-	-	-	-	-	-	-	-	37,920
<b>Total Deductions</b>	<b>\$ 217,700</b>	<b>\$ 1,095,668</b>	<b>\$ 870,775</b>	<b>\$ 742,184</b>	<b>\$ -</b>	<b>\$ 59,693</b>	<b>\$ -</b>	<b>\$ 181,760</b>	<b>\$ 7,607</b>	<b>\$ 679,510</b>	<b>\$ 3,854,897</b>
<b>BALANCE, June 30, 1990</b>	<b>\$ 3,587,668</b>	<b>\$ 293,824</b>	<b>\$ 799,364</b>	<b>\$ 360,175</b>	<b>\$ 111,033</b>	<b>\$ 249,983</b>	<b>\$ 341,407</b>	<b>\$ 277,182</b>	<b>\$ 100,133</b>	<b>\$ 157,396</b>	<b>\$ 6,278,165</b>

See accompanying Notes To Financial Statements.



ORDER OF ST. BENEDICT, INC.  
STATEMENTS OF CHANGES IN INVESTMENT IN PLANT  
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
BALANCE, INVESTMENT IN PLANT, Beginning of Year, As Originally Reported	\$44,994,814	\$57,787,235
Adjustment for Prior Years' Depreciation	<u>-</u>	<u>16,060,949</u>
BALANCE, INVESTMENT IN PLANT, Beginning of Year, Restated	<u>\$44,994,814</u>	<u>\$41,726,286</u>
ADDITIONS		
From Unrestricted Current Funds:		
Capital Outlay for Buildings, Equipment and Improvements	\$ 2,211,444	\$ 2,539,774
Debt Retirement	<u>233,009</u>	<u>221,856</u>
	\$ 2,444,453	\$ 2,761,630
Debt - Maintenance Reserve - Debt Retirement	108,885	103,566
Direct Capitalizations	94,817	193,276
From Capital Fund Drive	588,911	780,147
From Capital Renewal Fund	272,581	1,249,586
Total Additions	<u>\$ 3,509,647</u>	<u>\$ 5,088,205</u>
DEDUCTIONS		
Depreciation	<u>\$ 2,023,100</u>	<u>\$ 1,819,677</u>
BALANCE, INVESTMENT IN PLANT, End of Year	<u><u>\$46,481,361</u></u>	<u><u>\$44,994,814</u></u>

See accompanying Notes To Financial Statements.

ORDER OF ST. BENEDICT, INC.  
STATEMENTS OF CURRENT FUND REVENUES,  
EXPENDITURES AND TRANSFERS  
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

1991

	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Eliminations	Total
REVENUES	\$ 5,861,531	\$33,343,881	\$ 2,655,494	\$ 7,515,344	\$ 4,245,486	\$45,130,764
EXPENDITURES AND TRANSFERS	5,850,908	33,340,558	2,711,074	7,326,898	4,245,486	44,983,952
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES AND TRANSFERS	\$ 10,623	\$ 3,323	\$ (55,580)	\$ 188,446	\$ -	\$ 146,812

1990

	Benedictine Division	St. John's University	St. John's Preparatory School	Liturgical Press	Eliminations	Total
REVENUES	\$ 5,801,194	\$30,869,359	\$ 2,424,033	\$ 6,680,535	\$ 4,556,127	\$41,218,994
EXPENDITURES AND TRANSFERS	5,782,334	30,867,680	2,514,451	6,386,149	4,556,127	40,994,487
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS OVER EXPENDITURES AND TRANSFERS	\$ 18,860	\$ 1,679	\$ (90,418)	\$ 294,386	\$ -	\$ 224,507

See accompanying Notes To Financial Statements.

ORDER OF ST. BENEDICT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1991 AND 1990

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% 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 of accounting.

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 the date of the gift, if donated.

Inventories

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment  
Property, plant and equipment are stated at cost since 1942 or historically based on appraised value in 1942.

In accordance with Statement of Financial Accounting Standards No. 93, Recognition of Depreciation by Not-For-Profit Organizations, the Order began recognizing depreciation on its long-lived tangible assets. The Order uses the straight-line method of depreciation over the following estimated useful lives:

	15-30 Years
Land Improvements	
Buildings	50-100 Years
Equipment	7-50 Years

The June 30, 1989 fund balance of the investment in plant fund was adjusted for prior years accumulated depreciation in the amount of \$16,060,949. Depreciation expense for the fiscal years ended June 30, 1991 and 1990 was \$2,023,100 and \$1,819,677, respectively.

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.

NOTE 2 INVESTMENTS

Investments of all funds combined are composed of the following at June 30:

	1991		% of		1990	
	Cost	Market	Cost	Total	Cost	Market
Cash and Cash Equivalents	\$19,904,384	\$19,904,384	28.0 %	\$21,777,655	\$21,817,655	\$21,817,655
Fixed Securities	28,199,580	28,316,106	39.9	13,682,269	13,559,963	21.4
Equity Securities	23,195,594	22,090,736	31.1	28,227,170	27,715,050	43.7
Other	653,311	678,447	1.0	396,201	389,317	.5
Total	\$71,952,869	\$70,989,673	100.0 %	\$64,083,295	\$63,481,985	100.0 %

## NOTE 3 DEBT

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

<u>Bonds Payable</u>	<u>1991</u>	<u>1990</u>
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 principal installment of \$85,000 is due October 1, 1991.	\$ 460,000	\$ 545,000
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 principal installment of \$35,000 is due November 1, 1991.	1,480,000	1,515,000
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 2-7/8% until final maturity on November 1, 1993. A current principal installment of \$55,000 is due on November 1, 1991.	164,000	219,000
<b>Total Bonds Payable</b>	<u>\$2,104,000</u>	<u>\$2,279,000</u>

Notes Payable

Unsecured notes payable to various individuals and organizations, due on demand with interest rates ranging from 3-1/4% to 9% per annum.

\$ 359,737 \$ 404,205

## NOTE 3 DEBT (CONTINUED)

Notes Payable

10-3/4% of Northwestern National Life Insurance Company note payable (Warner Palaestra) in equal annual installments of \$122,356 including interest until January 23, 1995, at which time a final payment of \$767,997 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.

\$ 892,127 \$ 916,012

Unsecured Note (Auditorium Renovation) 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%.

428,884 825,417

## Notes Payable (Continued)

Unsecured note (Art Building) payable to the Minnesota Higher Education Facilities Authority, in ten annual installments ranging from \$150,000 to \$335,000 commencing October 1, 1990 with the final payment due October 1, 1999. The principal amount on each installment is subject to a specific interest rate ranging from 6.2% to 7%; with an effective rate over the length of the loan of 8%. A current installment of \$150,000 is due on October 1, 1991.

## Total Notes Payable

	1991	1990
	<u>\$2,350,000</u>	<u>\$1,753,336</u>
	<u>\$4,030,748</u>	<u>\$3,898,970</u>

## Mortgages Payable

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 at 3% commencing in 1981 and continuing through May 1, 2019.

\$1,243,670

\$1,271,372

Department of Education (HUD) mortgage payable secured by the Seton Apartments. Semi-annual interest payments are due for first two years through 1984. The mortgage is due in semi-annual installments payable over 38 years of \$29,847 including principal and interest at 3%, commencing in 1985 and continuing through August 2022. A current installment of \$29,847 is due on August 26, 1991.

1,210,946

1,233,796

Department of Education - Engel Hall general obligation note, secured Engel Hall, payable over a thirty-year period at an interest rate of 5-1/2% with semi-annual installments of \$49,276.82, including principal and interest commencing in 1990 and continuing through November 2019. A current installment of \$49,276.82 is due November 1, 1991.

1,410,164

1,430,323

## Total Mortgages Payable

\$3,864,780

\$3,935,491

## NOTE 3 DEBT (CONTINUED)

## Capital Lease Obligation

1991

1990

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 commencing July 1, 1989.

\$ 118,365

\$ 132,826

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

Year	Amount
1992	\$ 943,980
1993	538,701
1994	541,725
1995	1,291,202
1996	451,390
Later Years	6,026,093
Subtotal	\$ 9,793,091
Amount of Minimum Lease Payments	34,935
Representing Interest	\$ 9,758,156
Total	

## NOTE 4 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, 1991 and 1990 were \$930,000 and \$880,000, respectively.

## NOTE 5 COMMITMENTS AND CONTINGENCIES

The Order of St. Benedict adopted a self-insurance plan for its employee's health insurance. The Order is responsible for a maximum reimbursement of \$75,000 per year for each employee. Amounts in excess of the \$75,000 cap and those amounts in excess of 125% of the expected monthly claims are insured.

The Order of St. Benedict entered into a lease agreement for substantially all of its communications equipment subsequent to June 30, 1991. The lease requires monthly payments of approximately \$11,000 for 84 months.

## NOTE 6 INCOME TAXES

The Order is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

ST. JOHN'S UNIVERSITY  
BALANCE SHEETS  
JUNE 30, 1991 AND 1990

		ASSETS		LIABILITIES AND FUND BALANCES	
		1991	1990	1991	1990
CURRENT FUNDS					
Unrestricted:					
Cash		\$ 354,903	\$ 759,408		
Accounts Receivable:					
Student, Less Allowance for Doubtful					
Accounts of \$612,492 and \$552,817					
General		516,712	482,573	\$ 1,148,187	\$ 860,936
Investments (Approximates Market)		617,195	802,944	1,733,059	1,598,700
Inventories		1,586,192	615,148	556,810	491,880
Accrued Interest Income		675,098	598,669	976,159	911,226
Prepaid Expenses		457,609	61,914	427,552	287,865
Due From Plant Funds		661,322	753,892	227,264	223,941
Total Unrestricted		<u>\$ 5,069,031</u>	<u>\$ 4,374,548</u>	<u>\$ 5,069,031</u>	<u>\$ 4,374,548</u>
Restricted:					
Cash		\$ 846,211	\$ (520,624)	\$ 26,252	\$ 29,846
Accounts Receivable		39,574	104,818	1,215,430	1,083,671
Investments (Market Value \$312,731 and \$1,490,468)					
Prepaid Expenses		325,097	1,502,738		
Total Restricted		<u>\$ 1,241,682</u>	<u>\$ 1,113,517</u>	<u>\$ 1,241,682</u>	<u>\$ 1,113,517</u>
Total Current Funds		<u>\$ 6,310,713</u>	<u>\$ 5,488,065</u>	<u>\$ 6,310,713</u>	<u>\$ 5,488,065</u>
PERKINS LOAN FUNDS:					
Cash		\$ -	\$ (7,527)	\$ 3,056,658	\$ 3,043,238
Student Loans Receivable		2,908,278	2,859,411	358,720	338,138
				(507,100)	(529,492)
Total Perkins Loan Funds		<u>\$ 2,908,278</u>	<u>\$ 2,851,884</u>	<u>\$ 2,908,278</u>	<u>\$ 2,851,884</u>

ST. JOHN'S UNIVERSITY  
BALANCE SHEETS (CONTINUED)  
JUNE 30, 1991 AND 1990

	1991	1990		1991	1990
ASSETS					
ENDOWMENT AND SIMILAR FUNDS					
Cash			LIABILITIES AND FUND BALANCES		
Investments - Endowment/Annuities			ENDOWMENT AND SIMILAR FUNDS:		
(Market Value \$34,338,217 and \$31,831,917)			Deferred Income - Annuities	\$ 2,268,040	\$ 2,268,747
Investments - Phillips Chair (Market			Endowment Fund Balances:		
Value \$655,260 and \$626,455)			Deferred Income - Unitrusts	\$ 404,535	\$ 412,772
Investments - Unitrusts (Market Value			Scholarship Funds - Student	11,052,846	10,050,406
\$492,109 and \$499,772)			Endowment Funds - Educational Programs	11,531,654	10,658,105
			Phillips Chair	701,293	663,283
			Quasi Endowments	9,718,389	9,162,820
			Total	\$33,408,717	\$30,947,386
Total Endowment and Similar Funds	\$35,676,757	\$33,216,133	Total Endowment and Similar Funds	\$35,676,757	\$33,216,133
PLANT FUNDS					
Retirement of Indebtedness and Capital			PLANT FUNDS:		
Renewal Funds:			Accounts Payable	\$ 7,911	\$ 458
Cash	\$ 260,692	\$ 95,539	Retirement of Indebtedness and Capital		
U.S. Treasury Notes (Approximates Market)	764,770	718,722	Renewal Funds:		
Investments (Market Value \$6,341,562 and			Quasi Capital Renewal Funds:		
\$4,715,756)			Auxiliary	\$ 908,583	\$ 293,824
Investments (MHEFA Reserves) (Approximates	6,426,627	4,843,149	Educational and General	545,609	360,175
Market)	1,285	111,033	SJU Quasi Debt Retirement Reserve	3,388,514	3,234,884
			Unexpended Plant Funds - Auditorium and Art Bldg.	1,534,072	799,364
			Total	\$ 6,376,778	\$ 4,688,247
Total Retirement of Indebtedness	\$ 7,453,374	\$ 5,768,443	Federal Required Reserves:		
			Repair and Replacement Reserve	\$ 366,879	\$ 341,407
			Debt Service Reserve	99,808	100,133
			Sinking Fund Reserve	298,083	277,182
			Debt Reserves - Seton and SWB	289,422	249,983
			MHEFA Reserves - Art Bldg. and Engel	14,493	111,033
			Total	\$ 1,068,685	\$ 1,079,738
			Total Retirement of Indebtedness	\$ 7,453,374	\$ 5,768,443

See accompanying Notes To Financial Statements.

ST. JOHN'S UNIVERSITY  
BALANCE SHEETS (CONTINUED)  
JUNE 30, 1991 AND 1990

ASSETS

INVESTMENT IN PLANT

	1991	1990
Cash	\$ (240,534)	\$ (149,320)
Land and Improvements	1,262,933	1,158,481
Buildings	31,495,650	28,968,907
Equipment - General	10,931,310	10,126,043
Equipment - Bus	156,572	156,572
Library Books	4,594,011	4,199,387
Library Microfilm and Books	3,122,998	3,025,004
Construction in Progress	3,242,996	4,582,897
Deferred Issuance Costs (MHEFA BD 83-A)	-	18,598
MHEFA Reserve Funds (Two-W)	250,000	250,000
MHEFA - Accounts Receivable	-	37,098

LIABILITIES AND FUND BALANCES

INVESTMENT IN PLANT:

	1991	1990
Accounts Payable	\$	\$
Debt:		
Notes Payable:		
Individuals and Organizations	309,157	353,625
Northwestern National Life Insurance Co.	892,127	916,012
MHEFA Pooled BD 83-A	428,884	825,417
MHEFA BD Two-W	2,350,000	2,500,000
MHEFA BD Two-W Funds Not Advanced	-	(746,664)
Bonds Payable:		
U.S. Department of Education Bonds - Library and Science Hall	460,000	545,000
U.S. Department of Education Bonds Payable, Series "B" - Bernard, Patrick and Boniface	1,480,000	1,515,000
U.S. Department of Education Bonds Payable, Series "A" - St. Thomas Hall	164,000	219,000
Mortgages Payable:		
Mortgage Payable - DE Seton Apartments	1,210,946	1,233,796
U.S. Department of Education - Mortgage Payable - Engel	1,410,164	1,430,323
Lease - Bus	118,365	132,826
Due to Current Funds - Michel Hall	200,000	300,000
Total Debt	\$ 9,023,777	\$ 9,255,004
Gifts Invested in Plant, Direct	\$ 9,065,064	\$ 8,476,152
U.S. Government Grants	1,636,146	1,636,146
Invested in Plant From Current Funds	20,023,417	18,213,620
Invested in Plant, Order of St. Benedict	3,202,745	3,192,745
Invested in Plant - Retirement of Indebtedness	10,697,275	10,432,488
Invested in Plant - Diocese St. Cloud Seminary	1,167,512	1,167,512
Investment in Plant	\$45,792,159	\$43,118,663
Less: Accumulated Depreciation	13,160,066	11,628,989
Net Investment in Plant	\$32,632,093	\$31,489,674
Total Investment in Plant	\$41,655,870	\$40,744,678
Total Plant Funds	\$49,109,244	\$46,513,121

AGENCY FUNDS

Campus Checking Account	\$ 24,072	\$ 28,030
Funds Held for Others	467,843	499,437
Total Agency Funds	\$ 491,915	\$ 527,467

See accompanying Notes To Financial Statements.



ST. JOHN'S UNIVERSITY  
STATEMENTS OF CHANGES IN UNRESTRICTED CURRENT FUND BALANCES  
FOR THE YEARS ENDED JUNE 30, 1991 AND 1990

	<u>1991</u>	<u>1990</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 223,941	\$ 222,262
ADDITIONS:		
Current Revenues and Expenditures:		
College of Arts and Sciences:		
Current Revenues:		
Educational and General	\$23,191,538	\$20,919,485
Auxiliary Enterprises and Sponsored Programs	8,935,005	8,637,662
Total Current Revenues	<u>\$32,126,543</u>	<u>\$29,557,147</u>
Current Expenditures:		
Educational and General and Mandatory Transfers	\$22,393,396	\$20,368,378
Auxiliary Enterprises, Sponsored Programs and Related Transfers	8,931,491	8,637,517
Other Institutional Transfers	546,987	247,029
Total Current Expenditures	<u>\$31,871,874</u>	<u>\$29,252,924</u>
Net Increase in Fund Balance	<u>\$ 254,669</u>	<u>\$ 304,223</u>
School of Theology:		
Current Revenues - Educational and General	\$ 1,093,218	\$ 1,193,089
Current Expenditures - Educational and General	<u>1,240,592</u>	<u>1,361,323</u>
Net Decrease in Fund Balance	<u>\$ (147,374)</u>	<u>\$ (168,234)</u>
Seminary:		
Current Revenues:		
Educational and General	\$ 35,880	\$ 37,035
Auxiliary Enterprises	88,240	82,088
Total Current Revenues	<u>\$ 124,120</u>	<u>\$ 119,123</u>
Current Expenditures:		
Educational and General	\$ 139,852	\$ 171,345
Auxiliary Enterprises	88,240	82,088
Total Current Expenditures	<u>\$ 228,092</u>	<u>\$ 253,433</u>
Net Decrease in Fund Balances	<u>\$ (103,972)</u>	<u>\$ (134,310)</u>
NET INCREASE IN CURRENT UNRESTRICTED FUND BALANCE	<u>\$ 3,323</u>	<u>\$ 1,679</u>
FUND BALANCE, END OF YEAR	<u>\$ 227,264</u>	<u>\$ 223,941</u>

See accompanying Notes To Financial Statements.

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**OFFICIAL BID FORM**

**TO:** Dr. Joseph E. LaBelle, Executive Director  
Minnesota Higher Education Facilities Authority  
Suite 450, Galtier Plaza  
175 East Fifth Street  
Saint Paul, MN 55101

**SALE DATE:** May 19, 1992

**RE:** \$5,000,000 Revenue Bonds, Series Three-H  
(St. John's University)

**Offer**

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$\_\_\_\_\_ (Note: This amount may not be less than \$4,940,000) and accrued interest to the date of delivery.

_____ % 1993	_____ % 1997	_____ % 2000
_____ % 1994	_____ % 1998	_____ % 2001
_____ % 1995	_____ % 1999	_____ % 2002
_____ % 1996		

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated May 6, 1992. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ \_\_\_\_\_

NET EFFECTIVE RATE: \_\_\_\_\_ %

Account Members

\_\_\_\_\_  
Account Manager

BY: \_\_\_\_\_

.....  
**Acceptance**

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: May 21, 1992

\_\_\_\_\_  
Executive Director

\_\_\_\_\_ SURE-BID      \_\_\_\_\_ Good Faith Check Submitted

## TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").
2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than 102%. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than 102% until such time as such amendment to the Order of Registration is effective.
3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 250 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.
4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.
5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.

**OFFICIAL BID FORM**

**TO:** Dr. Joseph E. LaBelle, Executive Director  
Minnesota Higher Education Facilities Authority  
Suite 450, Galtier Plaza  
175 East Fifth Street  
Saint Paul, MN 55101

**SALE DATE:** May 19, 1992

**RE:** \$5,000,000 Revenue Bonds, Series Three-H  
(St. John's University)

**Offer**

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of \$\_\_\_\_\_ (Note: This amount may not be less than \$4,940,000) and accrued interest to the date of delivery.

_____ % 1993	_____ % 1997	_____ % 2000
_____ % 1994	_____ % 1998	_____ % 2001
_____ % 1995	_____ % 1999	_____ % 2002
_____ % 1996		

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated May 6, 1992. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

Not as a part of our offer, the above quoted prices being controlling, but only as an aid for the verification of the offer, we have made the following computations:

NET INTEREST COST: \$ \_\_\_\_\_

NET EFFECTIVE RATE: \_\_\_\_\_ %

Account Members

\_\_\_\_\_  
Account Manager

BY: \_\_\_\_\_

.....  
**Acceptance**

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: May 21, 1992

\_\_\_\_\_  
Executive Director

\_\_\_\_\_ SURE-BID      \_\_\_\_\_ Good Faith Check Submitted

## TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").
2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than 102%. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than 102% until such time as such amendment to the Order of Registration is effective.
3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 250 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.
4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders-Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.
5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.



