OFFICIAL STATEMENT DATED JANUARY 26, 2001

NEW ISSUE

Rating: Moody's A3

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.")

$14,270,000

Minnesota Higher Education Facilities Authority

Revenue Bonds, Series Five-I
(St. John's University)

(DTC Book Entry Only)

Dated Date and Date of Delivery: February 1, 2001

Interest Due: April 1 and October 1, commencing October 1, 2001

$4,215,000 serial bonds to mature annually on October 1 as follows:

Year	Amount	Interest Rate	Yield	Year	Amount	Interest Rate	Yield
2002	$310,000	3.625%	3.625%	2008	$395,000	4.300%	4.300%
2003	$320,000	3.800%	3.800%	2009	$410,000	5.000%	4.400%
2004	$335,000	3.900%	3.900%	2010	$430,000	5.000%	4.500%
2005	$345,000	4.000%	4.000%	2011	$455,000	5.000%	4.600%
2006	$360,000	4.100%	4.100%	2012	$480,000	5.000%	4.750%
2007	$375,000	4.200%	4.200%				

$2,175,000 5.00% Term Bonds due October 1, 2016 Price 99.563%
$3,430,000 5.25% Term Bonds due October 1, 2021 Price 99.368%
$4,450,000 5.25% Term Bonds due October 1, 2026 Price 98.468%

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), the Bonds are subject to redemption prior to maturity, as described herein. See "THE BONDS -- Prior Redemption -- Optional Redemption." The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and the Indenture. The Bonds will be subject to optional redemption in whole or in part in the event of a Determination of Taxability, as described herein. The Bonds maturing October 1in the years 2016, 2021 and 2026 are subject to mandatory redemption in installments as described herein.

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

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 on behalf 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 SHALL THEY CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OF THE AUTHORITY OR THE STATE OF MINNESOTA, OR THE TAXING POWERS OF THE STATE, ARE PLEDGED. THE AUTHORITY HAS NO TAXING POWERS.

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriters named below subject to the opinion as to validity and tax exemption of the Bonds by Leonard, Street and Deinard Professional Association, St. Paul, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the Corporation by Quinlivan & Hughes, P.A., St. Cloud, Minnesota, and for the Underwriters by Faegre & Benson LLP, Minneapolis, Minnesota. The Bonds are expected to be available for delivery to the Underwriters at DTC on or about February 1, 2001.

Dain Rauscher Incorporated

Dougherty & Company LLC

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

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

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

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

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

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

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(ST. JOHN'S UNIVERSITY)

(DTC Book Entry Only)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the Order of St. Benedict, a Minnesota nonprofit corporation (the "Corporation"), as owner and on behalf of St. John's University, an institution of higher education located in Collegeville, Minnesota (the "Institution" or the "University") in connection with the issuance of the Authority's $14,270,000 Revenue Bonds, Series Five-I (St. John's University) (the "Bonds," the "Series Five-I 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 (the "Indenture") between the Authority and Wells Fargo Bank Minnesota, National Association, Minneapolis, 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 relating to the Bonds, the Corporation will covenant as a general obligation of the Corporation to make Loan Repayments in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Bonds will be loaned to the Corporation by the Authority to finance the following improvements:

- Construction of two new student housing facilities to be known as St. Maur and St. Placid Houses
- Renovation of the first floor of the Main Quadrangle
- Improvements to the third and fourth floors of Sexton Commons and the lower level of St. Mary's Hall
- Re-roofing the Great Hall

The improvements above are cumulatively referred to as the "Project" and are to be owned by the Corporation and operated by the University and located on the University campus in Collegeville, Minnesota. See "USE OF PROCEEDS" herein.

The Bonds are secured by a pledge of the Loan Repayments, which is a general obligation of the Corporation. Under the Loan Agreement, the Corporation will agree to provide the funds necessary to make timely payment of the Loan Repayments.

The Bonds are also secured by the Reserve Account created under the Indenture and held by the Trustee. The Reserve Account will be funded in the amount of $1,037,525 from proceeds of the Bonds. (See "ACCOUNTS -- Reserve Account" herein.)

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

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

RISK FACTORS

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

Risk of Insufficient Collateral

The Bonds are secured solely by (a) a pledge by the Authority to the Trustee of amounts payable by the Corporation under the Loan Agreement, and (b) amounts in the Reserve Account and other accounts and funds which will be held by the Trustee and applied to the payment of principal and interest on the Bonds. The Bonds are not secured by a mortgage on or security interest in any real property or personal property. If an Event of Default occurs, there can be no assurance that security for the Bonds will be sufficient to pay the principal, premium, if any, or interest on the Bonds.

Adequacy of Revenues

Payment of principal and interest on the Bonds is intended to be made from the Corporation's Loan Repayments. 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 many conditions and factors, some of which may be beyond the control of the Corporation and may change in the future to an extent that cannot be presently determined.

The operation of the Project will increase the University's overall expenditures, and the University's ability to generate unrestricted revenues in excess of expenditures will depend upon the extent to which it realizes increased revenues from its on-campus student housing facilities, including the Project's new housing facilities after they are placed in service. Units in the new housing facilities initially will rent at higher average rates than other available student housing. There can be no assurance, however, that the new housing facilities alone will generate sufficient unrestricted revenues in excess of expenditures to provide for the increased debt service obligations of the University as a result of the issuance of the Bonds, or that the opening of the new housing facilities will not result in a net decrease of unrestricted revenues in excess of expenditures derived from on-campus housing as a whole.

Liens and Mortgages

Certain debt of the Corporation is secured by mortgage liens on the property financed. The aggregate amount of debt secured by mortgage as of December 31, 2000 was $4,083,993. Certain other indebtedness of the Corporation is secured by liens on revenues. (See "THE CORPORATION AND THE UNIVERSITY -- The Corporation -- Long-Term Debt of the Corporation" herein). Such liens will take priority as to the secured assets over the claims of the Bondholders in the event of a default. No portion of the Project will lie on or reside in any land or building secured by the above-described mortgages.

Competition

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

Reliance on Tuition

The adequacy of the Corporation's revenues will be largely dependent on the amount of future tuition revenue the University receives. Such revenue in turn will depend primarily on the University's ability to charge sufficient rates for tuition and to maintain enrollment levels. Future enrollment levels will depend on the number of students applying to the University and accepting offers of admission. A number of factors, including, without limitation, levels of tuition rates and other fees, competition from other colleges, a change in the number of college age students and changing general economic conditions will influence the number of applicants to the University.

Financial Aid

Approximately 92% of the University's students currently receive some form of financial aid covering tuition and fees or living expenses. See Appendix I, "THE CORPORATION AND THE UNIVERSITY -- The University -- Financial Aid" herein. No assurance can be given that federal and state financial aid will continue to be funded at current levels or that the University will continue to fund student aid at current levels. Curtailment of such aid could cause a decline in enrollment, which could in turn have an adverse effect on the Corporation'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 Corporation and computed pro forma debt service coverage is provided in Appendix I under the caption "Annual Debt Service by Fiscal Year and Coverage Statement." The pro forma coverage is merely a mathematical computation as reflected in the applicable table, and constitutes no assurance as to the future sufficiency of Corporation revenues to satisfy Corporation operations 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, or the Bonds or the other obligations of the Corporation under such documents. Accordingly, for payment of principal and interest on the Bonds, holders of the Bonds must look solely to the Loan Repayments to be made by the Corporation under the Loan Agreement and the Reserve Account and other funds, if any, the Trustee holds under the Indenture.

Bankruptcy

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

Construction Risks

Construction on the Projects' student housing facilities began in July 2000. The Corporation expects to complete the student housing facilities in time for occupation by the 2001 Fall term. Other portions of the Project are scheduled to commence in January and April of 2001.

The Project is subject to ordinary risks associated with new construction, such as risks of cost overruns, noncompletion and delays due to a variety of factors, including, among other things, site difficulties, necessary design changes or final detailing, labor shortage or strife, delays in and shortages of materials, weather conditions, fire and casualty. Any delays in construction would adversely impact the Corporation's ability to complete the Project in time, which may result in, among other things, cost overruns and delays in receipt of revenues from the Project.

Other Possible Risk Factors

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

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

(2) Adoption of federal, State or local legislation or regulations having an adverse effect on the future operating or financial performance of the Corporation.

CONTINUING DISCLOSURE

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

THE BONDS

General

The Bonds will be dated February 1, 2001 and will mature annually each October 1, commencing October 1, 2002, 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 October 1, 2001.

Book Entry Only System

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

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the security documents. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of the notices be provided directly to them.

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

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

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).
Principal and interest payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or redeemed, through its Participant, to the nominee holding the Bonds, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Direct Participant's interest in the Bonds, on DTC's records, to the nominee holding the Bonds. The requirement for physical delivery of Bonds in connection with a purchase or redemption will be deemed satisfied when the ownership rights in the Bonds are transferred by the Direct Participants on DTC's records and followed by a book-entry credit of purchased or redeemed Obligations to the nominee holding the Obligations.

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

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

The information in this section concerning DTC and its book entry system has been obtained from DTC, which is solely responsible for such information. Neither the Authority nor the Corporation takes any responsibility for the accuracy thereof.

Prior Redemption

Mandatory Redemption

Bonds maturing on October 1 in the years 2016, 2021 and 2026 shall be called for redemption on October 1 in the years as described immediately below at the principal amount thereof to be redeemed, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account, in the respective amounts set forth below.

Term Bond Due October 1, 2016		Term Bond Due October 1, 2021		Term Bond Due October 1, 2026	
Year	Amount	Year	Amount	Year	Amount
2013	$505,000	2017	$615,000	2022	$800,000
2014	$530,000	2018	$650,000	2023	$840,000
2015	$555,000	2019	$685,000	2024	$890,000
2016*	$585,000	2020	$720,000	2025	$935,000

The Bonds or portions thereof to be so redeemed shall be selected by the Trustee by lot or in such other random manner as the Trustee shall determine.

The Bonds maturing in 2016, 2021 and 2026, to be retired pursuant to the mandatory redemption provisions set forth above, may, at the option of the Corporation, be reduced by the principal amount of any Bonds of such maturity which at least 45 days prior to such redemption:

(1) have been delivered to the Trustee for cancellation; or

(2) have been purchased or redeemed (other than through operation of the Sinking Fund Subaccount) and canceled by the Trustee and not theretofore applied as a credit against such mandatory redemption obligations.

Optional Redemption

At the Corporation's request, the Authority may elect to prepay on October 1, 2011 and on any day thereafter Bonds due on or after October 1, 2012. Redemption may be in whole or in part and if in part at the Authority's option and in such manner as the Authority shall determine as the Corporation directs. All prepayments shall be at a price of par plus accrued interest.

Extraordinary Optional Redemption

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

Partial Redemption

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

In the case of Bonds of denominations greater than $5,000, if fewer than all of such Bonds then outstanding are to be called for redemption, then for all purposes in connection with redemption, each $5,000 of principal amount shall be treated as though it were a separate Bond of the denomination of $5,000 bearing the number borne by such fully registered Bond and a subnumber assigned by the Trustee. Interest shall cease to accrue on the portion of the principal amount of such Bond represented by such $5,000 unit or units of principal amount on and after the date fixed for redemption provided that funds sufficient for payment of the redemption price shall have been deposited with the Trustee and available for the redemption of said $5,000 unit or units on the date fixed for redemption, and in such event, such Bond shall not be entitled to the benefit or security of the Indenture or the Loan Agreement to the extent of the portion of its principal amount (and accrued interest to the date fixed for redemption and applicable premium, if any) represented by such $5,000 unit or units of principal amount, nor shall new Bonds be thereafter issued corresponding to said unit or units.

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 interest rate from the Date of Taxability effective until the date on which the principal of the Bonds is paid. **If a Determination of Taxability should occur, any monetary damages or loss resulting from or incident thereto shall be limited to the increased interest rate on the Bonds.** See "TAX EXEMPTION" herein and Appendix IV, "DEFINITION OF CERTAIN TERMS."

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

USE OF PROCEEDS

Bond proceeds will finance several improvements on the University's campus, including the following:

- Construction of two new student housing facilities containing approximately 104 beds to be known as St. Maur and St. Placid Houses
- Renovation of the first floor of the Main Quadrangle
- Improvements to the third and fourth floors of Sexton Commons and the lower level of St. Mary's Hall
- Re-roofing the Great Hall

Construction of the two student housing facilities, St. Maur and St. Placid Houses, began in July, 2000. The Corporation expects the work to be substantially completed by August, 2001. Breitbach Construction is the Construction Manager for the student housing facilities RRT Architects is the architect of record and LKPB Engineers is the engineer of record. Each building consists of four stories plus a basement level. Each apartment style unit has common living area with each bedroom having its own bathroom. These housing units will also be used for summer programming.

The first floor of the Quadrangle houses many of the administrative departments such as Admissions; Financial Aid; Human Resources; Registrar; Academic Advising; Provost; President; Dean; Student Accounts; and Academic Affairs.

The improvements to be done to the third and fourth floors of Sexton Commons and to St. Mary's Hall are expected to be started in January 2001. The third and fourth floors of Sexton Commons are currently unfinished space and are being improved to provide space for student activities. On the main floor of Sexton Commons is a student dining area, and on the lower level is the University's bookstore. The upper levels of Mary Hall are student housing. The lower level currently houses many small offices used for various purposes. These offices will be relocated to other buildings on campus and this area will be improved to house the University's Personal Advising and Career Counseling Services Offices

The re-roofing of the Great Hall is expected to start in April 2001. The Construction Managers for these projects have not been named at this point. The Great Hall is a reception center where a variety of University events are held. The University's Information Center is also housed in this building.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds	
Series Five-I Bond Proceeds	$14,270,000
Corporation Funds	93,031
Total Sources	$14,363,031
Uses of Funds	
Construction of St. Maur and St. Placid Houses	$ 7,500,000
Main Quadrangle renovation	4,000,000
Other Project Costs	1,562,000
Debt Service Reserve	1,037,525
Original Issue Discount	39,340
Underwriter Discount	114,160
Issuance Costs	110,006
Total Uses	$14,363,031

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

SOURCE OF PAYMENT FOR THE BONDS

General

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 Reserve Account. The Reserve Account will be fully funded to the Reserve Requirement from proceeds of the Bonds in the amount of $1,037,525.

The Bonds are secured by the pledge of the Loan Repayments, which are a general obligation of the Corporation, the Reserve Account and other funds the Trustee holds under the Indenture. 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 agrees to make such payments out of its operating funds or any other moneys legally available.

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 as they become due.

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

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

Financial Covenants

The Corporation will also covenant in the Loan Agreement that so long as the Bonds shall remain outstanding:

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

b. At June 30, 2001 and at the end of each Fiscal Year thereafter, Unrestricted Resources, shall be not less than $5,000,000. Within 120 days after the end of each Fiscal Year, the Corporation shall furnish to the Trustee a certificate of an Authorized University Representative showing the Unrestricted Resources as of the end of the Fiscal Year. If at the end of any Fiscal Year, Unrestricted Resources do not equal or exceed $5,000,000, the Corporation shall obtain (from gifts, removal of encumbrance or restriction, sale of tangible property or otherwise) additional Unrestricted Resources 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 for a term of more than two years or with a repurchase option shall not be included in computation of amounts eligible to cure the deficiency.

c. The Corporation shall incur no Funded Debt (except for a refunding or refinancing of Funded Debt which does not increase the Maximum Annual Debt Service and further excepting indebtedness for capital projects for which the Corporation has secured funds on hand or written and signed pledges of gifts in an amount equal to 80% of the estimated cost of such project), unless the Funded Debt Ratio, as of the date of incurrence, expressed as a percentage, is greater than 140%. In addition, the Corporation shall incur no Funded Debt which is includable in the Funded Debt Ratio and is variable rate indebtedness in an amount exceeding 30% of the Unrestricted Resources, based upon the most recent audited financial statements of the Corporation. Furthermore, the Corporation shall incur no indebtedness for borrowed money with a maturity of two years or less in an amount exceeding ten (10%) of the Unrestricted Resources based upon the most recent audited financial statements of the Corporation; provided that for a period of thirty consecutive calendar days in each two Fiscal Year Period (beginning with the two Fiscal Year period of July 1, 2001 through June 30, 2003) the total amount of such indebtedness shall be zero.

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

"Adjusted Increase (Decrease) in Unrestricted Net Assets" means the Increase (decrease) in Unrestricted Net Assets, as reported in the Statement of Activities section of the audited financial statements of the Corporation, adjusted to: (a) exclude depreciation expense and include (as a reduction to unrestricted net assets) the cost of current year equipment acquisitions which have been funded through operations and capitalized; (b) exclude net assets released from restriction representing acquisition of land, buildings and equipment and not funded through operations; (c) exclude extraordinary gains or losses; (d) exclude Total Return on long-term investments; and (e) include an amount equal to the actual draw on long-term investment funds as reported in the notes to the audited financial statements.

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

"Funded Debt Ratio" shall consist of (i) the Unrestricted Resources based upon the most recent audited financial statements of the Corporation as the numerator and (ii) the aggregate amount of Notes, Bonds and Mortgage Notes Payable, including Current Portion of Notes, Bonds and Mortgage Notes Payable outstanding as of the date of calculation and the principal amount of the proposed Funded Debt as the denominator.

"Maximum Annual Debt Service", as used in paragraph (c) above, means the largest total amount of principal 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 or redeemed in accordance with a mandatory sinking fund schedule) be outstanding and subject to adjustments in accordance with Section 6.14 of the Loan Agreement.

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

"Total Return" is the sum of interest and dividends, realized gain or loss and unrealized gain or loss.

"Unrestricted Resources" means the Total Unrestricted Net Assets of the Corporation adjusted to exclude Investment in Property, Plant and Equipment as reported in the Balance Sheet section of the audited financial statements of the Corporation.

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

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, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Construction Account, except that the amount of the Reserve Requirement will be deposited into the Reserve Account, and accrued interest, if any, will be deposited in the Bond and Interest Sinking Fund Account. Following Bond Closing, amounts received by the Trustee from the Corporation as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account, and the Redemption Account, as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due.

Construction Account

There shall be deposited initially into the Construction Account certain Bond proceeds, except as otherwise required to be deposited into the Bond and Interest Sinking Fund Account and the Reserve Account. In addition to such Bond proceeds, the Corporation will agree in the Loan Agreement to provide for payment of all Project Costs in excess of Bond proceeds 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 Bond proceeds (principal less original issue discount). 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 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 Redemption Account, or the Bond and Interest Sinking Fund Account under certain conditions.

Bond and Interest Sinking Fund Account

Deposits shall be made to the Bond and Interest Sinking Fund Account from transfers of amounts in other accounts, as permitted by the Indenture, and from Loan Repayments made by the Corporation. A separate Sinking Fund Subaccount will be maintained within the Bond and Interest Sinking Fund Account for the retirement of Term Bonds, if any, on each Sinking Fund redemption date. Deposits into the Sinking Fund Subaccount shall be made at least five Business Days prior to each October 1 on which a sinking fund payment is due in amounts equal to the redemption price of the principal specified for mandatory redemption.

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

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of 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 not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the Corporation shall immediately restore the deficiency, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the Corporation for amounts so withdrawn. Investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued by the Trustee not less frequently than as of the first day of the calendar month next preceding October 1, 2001 and semiannually thereafter. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of accrued but unrealized interest on moneys or investments therein) is more than the lesser of the Reserve Requirement, or the amount permitted for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If on any valuation date the amount on deposit in the Reserve Account is less than the Reserve Requirement, then (unless the value of the amount on deposit exceeds the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not less than 30 days.

Interest and income in the Reserve Account shall be transferred first to the Bond and Interest Sinking Fund Account to the extent the amount on deposit in the Bond and Interest Sinking Fund Account is less than the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, and second to the Redemption Account any excess interest and income. 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.

Redemption Account

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

Amounts on deposit to the credit of the Redemption Account shall be used, first, to make up deficiencies in the Bond and Interest Sinking Fund Account; second, to create and maintain the required balance in the Reserve Account; and, third, for the redemption of outstanding Bonds at the request or direction of the Corporation for the purchase of outstanding Bonds on the market at prices not exceeding the redemption price on the next available date for redemption. Notwithstanding the foregoing, the Trustee is authorized in its discretion to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the 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, and the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments, rated at least in the rating category of "AA" or "Aa"; revenue bond obligations of states and local governments insured by municipal bond insurance and rated "AAA" or "Aaa"; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, state and local governments; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation; certain guaranteed investment contracts issued by a bank or insurance company rated at least in the highest two rating categories of a nationally recognized rating agency; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.04 of the Indenture sets forth further restrictions as to type and maturity of investments.

FUTURE FINANCING

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

THE AUTHORITY

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

Marianne T. Remedios has been the Executive Director of the Authority since May 1, 2000. Ms. Remedios was the partner in charge of bond counsel services to the Authority at Faegre & Benson LLP, Minneapolis, Minnesota since 1991. She was an associate and partner at Faegre & Benson LLP for almost 20 years.

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $650 million. The Authority has had 123 issues (including refunded and retired issues) totaling $798,033,307, of which $456,049,723 is outstanding as of January 2, 2001. Bonds issued by the Authority are payable only from the loan repayments, rentals, and other revenues and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds are being purchased by Dain Rauscher Incorporated and Dougherty & Company LLC (the "Underwriters"). The Underwriters have agreed to purchase the Bonds at a purchase price of $14,116,500.05 (representing the aggregate principal amount of the Bonds less an underwriter's discount of $114,160.00 and original issue discount of $39,339.95).

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

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

RATING

As noted on the cover page hereof, Moody's Investors Service ("Moody's") has assigned a long-term rating of "A3" to the Bonds. Moody's rating report also assigns a positive outlook to the University. The rating reflects only the view of such rating agency. Further information concerning the rating is available from Moody's. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

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 Leonard, Street and Deinard Professional Association, of St. Paul, 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 Quinlivan & Hughes, P.A., St. Cloud, Minnesota; and for the Underwriters by Faegre & Benson LLP, Minneapolis, Minnesota.

Although it is representing the Underwriters in connection with the issuance and sale of the Bonds, Faegre & Benson LLP previously has represented the Authority as bond counsel in connection with other bond transactions and related financings. In the future Faegre & Benson LLP may perform services for the Authority or other Underwriters.

TAX EXEMPTION

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

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

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

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

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

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

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

The dollar amount of the initial offering price to the public of the Series Five-I Bonds with stated maturities in 2016, 2021 and 2026 (the "Discount Bonds") is less than the principal amount of such maturities. The difference between the initial public offering price of each such Discount Bond (assuming a substantial amount of the Discount Bonds is sold at such price) and its principal amount represents original issue discount. Under existing laws, regulations, rulings and decisions, Bond Counsel is of the opinion with respect to the Discount Bonds that the amount of original issue discount constitutes tax-exempt interest to the extent that it is deemed to accrue to an owner for federal and State of Minnesota income tax purposes (other than Minnesota corporate franchise taxes measured by taxable income and the alternative minimum tax base). Original issue discount is deemed to accrue for such purposes on the basis of a constant yield to maturity taking into account semiannual compounding. The amount of original issue discount that accrues during any accrual period to a holder of a Discount Bond who acquires the Discount Bond in this offering generally equals (i) the issue price of such Discount Bond plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Discount Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Discount Bond during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes to the same extent as stated interest and will increase the holder's tax basis in such Discount Bond. Any gain realized by a holder from a sale, exchange, payment or redemption of a Discount Bond would be treated as gain from the sale or exchange of such Discount Bond.

It is possible under the applicable provisions governing state and local income taxation in states other than Minnesota that interest on Discount Bonds may be taxable in the year of accrual, and may be deemed to accrue earlier than under federal law.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

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THE CORPORATION AND THE UNIVERSITY

The Corporation

The Order of St. Benedict (the "Corporation") 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 2,450 acres.

The Abbot of St. John's Abbey is the President of the Corporation. The Corporation's other officers are the Secretary and the Treasurer who are 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 members of St. John's Abbey also elect eight of their 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 December 31, 2000, the Corporation's total long-term debt outstanding, adjusted to include the Bonds, is $49,271,921.

1) 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. $1,040,000 is currently outstanding.

2) 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. $934,951 is currently outstanding.

3) Department of Housing and Urban Development (HUD) 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. $956,304 is currently outstanding.

4) Department of Education loan in the amount of $1,440,000 dated September 28, 1989 payable in semiannual payments over 30 years of $49,276.82 including principal and interest at 5.50%, commencing May 1, 1990 and continuing through November 1, 2019. 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. $1,152,738 is outstanding.

5) $29,850,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Four-L, dated July 1, 1997; interest rates range from 3.9% to 5.4%; final maturity is due October 1, 2022; $27,840,000 is outstanding. The full faith and credit of the Corporation and a reserve fund secure the bonds.

6) $3,000,000 Stearns County, Minnesota Revenue Bonds, Series 1999, Order of St. Benedict (St. John's Preparatory School), dated July 1, 1999; interest rates range from 3.9% to 5.6%; final maturity is due October 1, 2024; $2,940,000 is outstanding. The full faith and credit of the Corporation and a reserve fund secure the bonds.

7) Unsecured notes payable to various individuals and organizations, due on demand with interest rates ranging from 4% to 6% per annum. $137,928 is outstanding.

8) The Bonds – at $14,270,000.

Summary Statement of Activities for Fiscal Years 2000, 1999, 1998, 1997 and 1996

The following table sets forth summaries of Total Revenues, Gains and Other Support over Total Expenses for each of the Corporation's four operating divisions. The table was derived from the Corporation's audited financial statements prepared in accordance with generally accepted accounting principles (GAAP).

ORDER OF ST. BENEDICT
SUMMARY STATEMENT OF RESTRICTED AND UNRESTRICTED ACTIVITIES
For the Fiscal Years Ended June 30,

2000

	St. John's Abbey	St. John's University	St. John's Preparatory School	Liturgical Press	Total
Total Revenues, Gains and Other Support (other than Total Return on Investments)	$ 6,178,451	$50,040,958	$ 3,797,643	$ 9,523,086	$69,540,138
Total Return on Investments (a)	222,941	10,927,401	36,041	8,910	11,195,293
Total Expenses	7,219,775	45,831,040	3,784,059	9,432,587	66,267,461
Excess (Deficiency) of Revenues over Expenses	$ (818,383)	$15,137,319	$ 49,625	$ 99,409	$14,467,970

1999

	St. John's Abbey	St. John's University	St. John's Preparatory School	Liturgical Press	Total
Total Revenues, Gains and Other Support (other than Total Return on Investments)	$ 6,705,264	$45,782,237	$ 4,184,616	$ 9,551,622	$66,223,739
Total Return on Investments (a)	728,123	3,214,332	74,739	9,306	4,026,500
Total Expenses	7,450,585	41,079,895	3,343,652	9,166,434	61,040,566
Excess (Deficiency) of Revenues over Expenses	$ (17,198)	$ 7,916,674	$ 915,703	$ 394,494	$ 9,209,673

1998

	St. John's Abbey	St. John's University	St. John's Preparatory School	Liturgical Press	Total
Total Revenues, Gains and Other Support (other than Total Return on Investments)	$ 6,537,074	$44,504,822	$ 3,197,182	$ 9,024,611	$63,263,689
Total Return on Investments (a)	7,967,135	19,444,214	781,231	8,022	28,200,602
Total Expenses	7,054,395	39,118,855	3,047,443	8,671,013	57,891,706
Excess (Deficiency) of Revenues over Expenses	$ 7,449,814	$24,830,181	$ 930,970	$ 361,620	$33,572,585

1997

	St. John's Abbey	St. John's University	St. John's Preparatory School	Liturgical Press	Total
Total Revenues, Gains and Other Support (other than Total Return on Investments)	$ 6,601,266	$42,631,321	$ 2,587,139	$ 8,879,291	$60,699,017
Total Return on Investments (a)	6,501,612	11,303,703	676,809	6,900	18,489,024
Total Expenses	7,072,682	37,065,026	2,541,255	8,498,555	55,177,518
Excess (Deficiency) of Revenues over Expenses	$ 6,030,196	$16,869,998	$ 722,693	$ 387,636	$24,010,523

1996

	St. John's Abbey	St. John's University	St. John's Preparatory School	Liturgical Press	Total
Total Revenues, Gains and Other Support (other than Total Return on Investments)	$ 6,385,004	$38,202,915	$ 2,796,820	$ 8,840,176	$56,224,915
Total Return on Investments (a)	3,911,835	8,521,645	449,947	6,473	12,889,900
Total Expenses	6,566,579	34,705,500	2,546,861	8,394,654	52,213,594
Excess (Deficiency) of Revenues over Expenses	$ 3,730,260	$12,019,060	$ 699,906	$ 451,995	$16,901,221

(a) Total Return on Investments includes endowment income, net realized gains (losses) and net unrealized gains (losses) on investments.

Source: Audited financial statements of the Corporation for fiscal years ended June 30, 1996 - 2000.

Annual Debt Service By Fiscal Year and Coverage Statement

The table on page I-5 sets forth the actual 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 6 shows coverage of such annual debt service by the amount of Corporation revenue that was available for debt service as of June 30, 2000, as further detailed in footnote (b) 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 statement of combined annual debt service of the Corporation after giving effect to the issuance of the Bonds based on actual interest rates and the 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.

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Order of St. Benedict, Inc. (St. John's University)
Annual Debt Service by Fiscal Year
and Coverage Statement

Fiscal Year Ending June 30, (1)	Actual Debt Service on the Bonds (a) (2)	Existing Long-Term Debt Service (3)	Combined Long-Term Debt Service (b) (4)	Amount Available for Debt Service (5)	Pro Forma Coverage (Times) (d) (6)
2000	$0	$2,586,461	$2,586,461	$9,905,189	3.83
2001	0	2,679,252	2,679,252	9,905,189	3.70
2002	827,117	2,684,032	3,511,149	9,905,189	2.82
2003	1,013,339	2,686,143	3,699,482	9,905,189	2.68
2004	1,011,640	2,675,806	3,687,446	9,905,189	2.69
2005	1,014,028	2,672,964	3,686,992	9,905,189	2.69
2006	1,010,595	2,677,422	3,688,017	9,905,189	2.69
2007	1,011,315	2,674,066	3,685,381	9,905,189	2.69
2008	1,011,060	2,672,874	3,683,934	9,905,189	2.69
2009	1,014,693	2,673,419	3,688,112	9,905,189	2.69
2010	1,010,950	2,670,365	3,681,315	9,905,189	2.69
2011	1,009,950	2,668,532	3,678,482	9,905,189	2.69
2012	1,012,825	2,667,429	3,680,254	9,905,189	2.69
2013	1,014,450	2,666,833	3,681,283	9,905,189	2.69
2014	1,014,825	2,661,858	3,676,683	9,905,189	2.69
2015	1,013,950	2,662,641	3,676,591	9,905,189	2.69
2016	1,011,825	2,659,170	3,670,995	9,905,189	2.70
2017	1,013,325	2,656,205	3,669,530	9,905,189	2.70
2018	1,012,556	2,573,548	3,586,104	9,905,189	2.76
2019	1,014,350	2,572,809	3,587,159	9,905,189	2.76
2020	1,014,306	2,451,621	3,465,927	9,905,189	2.86
2021	1,012,425	2,400,579	3,413,004	9,905,189	2.90
2022	1,013,575	2,397,909	3,411,484	9,905,189	2.90
2023	1,012,625	2,369,162	3,381,787	9,905,189	2.93
2024	1,009,575	217,640	1,227,215	9,905,189	8.07
2025	1,014,163	221,020	1,235,183	9,905,189	8.02
2026	1,011,256	0	1,011,256	9,905,189	9.79
2027	1,010,856	0	1,010,856	9,905,189	9.80

(a) Based on the January 17, 2001 sale of the Bonds.
(b) Column 2 plus Column 3.
(c)

Fiscal Year ended June 30, 2000 Increase in Unrestricted Net Assets			$9,376,913
Plus:	Depreciation & amortization		3,398,118
	Debt Service Interest		1,867,560
Less:	Net assets released from restriction for Land, Building and Equipment		(1,258,657)
	Investment Return in Excess of Spending Policy		(3,478,745)
Amount available for debt service:			$9,905,189

(d) Column 5 divided by Column 4.

The University

St. John's University (the "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 St. Benedict, a four-year undergraduate college for women, which is four miles from the University. The Corporation does not own or control the College of St. 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 Services Office in accordance with Minnesota Statutes.

The University admits qualified students 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

John Agee	President, KaPo'E Hana, LLC, McLean, VA
George Allen	Retired Senior Vice President, 3M Research and Development, St. Paul, Minnesota
Nina Archabal	Director of Minnesota Historical Society, Minnesota History Center, St. Paul, Minnesota
Rev. Timothy Backous, OSB	Chaplain/Assistant Professor, Campus Ministry, St. John's University, Collegeville, Minnesota
Terri Barreiro	Senior Director, United Way of Minneapolis Area, Minneapolis, Minnesota
Jerry Bauerly	President, Bauerly Bros., Inc., Sauk Rapids, Minnesota
Br. Dennis Beach, OSB	Assistant Professor of Philosophy, St. John's University, Collegeville, Minnesota
Richard Cohen	Vice Chairman, Norstan, Inc., Minnetonka, Minnesota
Iris Cornelius	Clinical/Consulting Psychologist, Edina, Minnesota
Brian Crevoiserat	Vice President & National Sales Director, Wells Fargo, Master Trust and Custody Services, Minneapolis, Minnesota

Br. Paul Fitt, OSB	Senior Systems Analyst, St. John's University, Collegeville, Minnesota
Barbara Forster	Retired Chair, Heritage Bank, Minneapolis, Minnesota
Robert Gavin	President, Cranbrook Educational Community, Bloomfield Hills, Michigan
Dave Gruenes	District Manager, Stearns Electric Association, Saint Cloud, Minnesota
Jim Hoesley	Managing Director, CS First Boston Corporation, Chicago, Illinois
John Hooley	Executive Vice President, Partner Alliances, Stillwater, Minnesota
Rev. John Klassen, OSB	Abbot/Chancellor, St. John's Abbey, Collegeville, Minnesota
Rev. Robert Koopman, OSB	Professor of Music, St. John's University, Collegeville, Minnesota
Rev. John Kulas, OSB	Professor of Modern and Classical Languages, St. John's University, Collegeville, Minnesota
Rev. Dale Launderville, OSB	Professor of Theology, St. John's Abbey, Collegeville, Minnesota
Br. Benedict Leuthner, OSB	Corporate Treasurer, Order of St. Benedict, Collegeville, Minnesota
Rev. Jonathan Licari, OSB	Corporate Secretary, Order of St. Benedict, Collegeville, Minnesota
Diane Liemandt	Chair of Liemandt Foundation of the Catholic Foundation, Tonka Bay, Minnesota
Peggy Lucas	Partner, Brighton Development Corporation, Minneapolis, Minnesota
Rev. Eugene McGlothlin, OSB	Pastor, St. Elizabeth Ann Seton Parish, Hastings, Minnesota
Dan McGlynn	CEO, McGlynn Bakery & Concept 2 Bakers, McGlynn Bakeries, Inc., Fridley, Minnesota
Joe Mucha	Vice President, Human Resources, General Mills Sales, Foodservice, & Channel Dev., Minneapolis, Minnesota
Kingsley Murphy	Owner, Northland Stations, Minneapolis, Minnesota
Dick Nigon	Chief Financial Officer, Dantis, Inc., Wayzata, Minnesota

Br. Richard Oliver, OSB	Abbey Web Master, Order of St. Benedict, Collegeville, Minnesota
Greg Palen, Vice Chair	CEO/Chairman, Spectro Alloys Corporation, North Oaks, Minnesota
John Pellegrene	Executive Vice President, Marketing, Target Corporation, Minneapolis, Minnesota
Bonnie Reim	Volunteer, White Bear Lake, Minnesota
Br. Dietrich Reinhart, OSB	President, St. John's University, Collegeville, Minnesota
Lois Rogers	Volunteer, Long Lake, Minnesota
Jim Sexton	Partner/Employee Benefits Spec., Northwest Benefit Group, Hinsdale, Illinois
William Sexton	Retired Owner, Old Northwest Agents, Inc., Incline Village, Nevada
Tom Sibley	Professor of Mathematics, St. John's University, Collegeville, Minnesota
Steve Slaggie	Corporate Secretary & Shareholder Rel. Officer, Fastenal Co., Winona, Minnesota
Mike Slavik	Student Regent, St. John's University, Collegeville, Minnesota
Robert Spinner, Chair	Systems Vice President & President, Allina Hospitals, Allina Health System, Minnetonka, Minnesota
Michael Sullivan	Corporate Executive/President, International Dairy Queen, Minneapolis, Minnesota
Dan Whalen	President, Whalen Family Foundation, Oakland, California
Frank Wilderson	Wilderson and Associates, Inc., Minneapolis, 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 St. John's School of Theology, the St. John's Preparatory School, the Minnesota Private College Council Board of Directors, and First American National Bank of St. Cloud.

Corporate Treasurer

Brother Benedict Leuthner, OSB has been Corporate Treasurer of the Order of St. Benedict since January 1996, and has been associated with St. John's University and St. John's Abbey since his Monastic profession in 1987. He received a B.A. degree from St. John's University in 1982 and was awarded a Masters of Business Administration in Non-profit Management from Case Western Reserve University in Cleveland in 1994.

As Corporate Treasurer, Brother Benedict serves on the governing boards for St. John's University and St. John's Preparatory School, Board of Directors (Senior Council) for St. John's Abbey and The Liturgical Press, and the President's Council for the American-Cassinesse Congregation.

Vice President of Administrative Services

Warren Janzen has been VP of Administrative Services since 1975 and has held various positions in the St. John's University Business Office since his start in 1967. He received a BA from St. John's University in 1964.

As VP of Administrative Services, Mr. Janzen is responsible to the President of the University, and serves as his chief advisor on all matters pertaining to the financial and business affairs of the University.

Mr. Janzen has announced his retirement effective June 30, 2001. The University is conducting a national search to find a replacement.

University Facilities

There are twelve academic buildings and twenty-nine student residence facilities on the University campus. Eight of the academic buildings are on the National Register of Historic Places. The oldest building, the Quadrangle, was originally built in 1868.

The Abbey/University Church, Alcuin Library, the Peter Engel Science Center and several residence halls were designed by Marcel Breuer, internationally known Bauhaus architect. A new $8 million, 48,000 square-foot Science Center opened in August 1998. A $7 million athletic renewal project in 1997 included renovation of the football stadium and Warner Palastra, and an outdoor track and all-purpose field house. Improvements include a 6,200 square foot health and fitness center, and athletic training area; and a 300-foot by 210-foot field house, featuring a championship 200-meter, six-lane track and five tennis courts.

University Housing

The chart below shows historical occupancy levels at the University housing system.

St. John's University Undergraduate Student Housing Recap

Fiscal Year	Spaces Available	Total Housed On Campus*	Occupancy Rate	Total Fr. - Sr. Student Body*	Percent Housed On Campus
1996-97	1,312	1,267	96.6%	1,623	78.1%
1997-98	1,339	1,324	98.9%	1,638	80.8%
1998-99	1,370	1,365	99.6%	1,687	80.9%
1999-00	1,390	1,390	100.0%	1,756	79.2%
2000-01	1,463	1,453	99.3%	1,838	79.1%

*Fall enrollment figures

Once the Project's new student resident facilities are completed, the University will have approximately 1,567 beds in 31 student residence facilities. This includes the approximately 104 beds added by the student housing facility portion of the Project funded by the Bonds.

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 581,889 volumes, 2,373 paper and over 6,000 electronic periodical subscriptions that total over 8,373 periodical subscriptions, 271,462 government documents and 116,497 microfilms. MINITEX, a computerized interlibrary exchange program, provides access to the collections of the University of Minnesota and other libraries in the state and region. A new state-funded service, MnLINK, will extend online access to catalogs in 80 other libraries throughout Minnesota and the upper Midwest.

Student Enrollment

The University's total historic enrollment for undergraduate and graduate students for the past five years and the estimated enrollment for fiscal year 2001/02 is as follows:

Fiscal Year	Head Count	FTE
Actual:		
1996/97	1,796	1,740
1997/98	1,823	1,762
1998/99	1,854	1,786
1999/00	1,932	1,870
2000/01	2,020	1,950
Estimated:		
2001/02	2,000	1,950

Of the 522 persons enrolled in the 2000/01 freshman class, 434 or 83.1% are Minnesota residents.

Freshman Applications, Acceptances and Enrollments

	1996/97	1997/98	1998/99	1999/00	2000/01
Applications	893	917	891	1,119	1,189
Acceptances	773	799	766	950	1,005
Percent Accepted	87%	87%	86%	85%	85%
Enrolled	426	450	430	475	522
Percent Enrolled to Accepted	55%	56%	56%	50%	52%
Mean ACT Score	25	25	25	25	25
Mean SAT Verbal/ Math Scores*	583/606	572/593	587/599	582/601	570/607

* *All scores recentered.*

As of November 1, 2000, the University has received 121 freshman applications for the fall 2001 term, compared to 71 received by the same date a year ago. Approximately 32% of the 2001 applicants have been accepted for enrollment.

Student Retention

The University reports the following student retention percentages, based on tracking incoming freshmen through to graduation.

Fall Semester	New Freshmen	Percent of Students Returning				Percent of Graduates	
		2nd Year	3rd Year	4th Year	5th Year	4 Years	By 5th Year
1993	444	83.3%	73.0%	72.5%	7.2%	60.0%	67.0%
1994	430	84.7	76.5	74.2	6.3	65.0	72.0
1995	430	83.5	79.5	77.7	5.6	67.0	73.0
1996	426	90.1	85.7	82.4	6.8	69.0	
1997	450	90.9	87.8	84.2			
1998	427	92.3	85.7				
1999	475	89.7					
2000	522						

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 fees for the past five years, charged to a full-time, incoming freshman.

	1996/97	1997/98	1998/99	1999/00	2000/01
Tuition	$13,858	$14,620	$15,424	$16,195	16,995
Room*	2,078	2.179	2,279	2,364	2,473
Board	2,314	2,395	2,479	2,566	2,656
Activity Fee	138	138	150	150	150
Technology Fee				96	96
Total	$18,388	$19,332	$20,332	$21,371	$22,370

* *Amounts represented above are average room charges; actual amounts 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.

Comparison of Undergraduate Charges for Minnesota Private Colleges (2000-2001)

College/University	Tuition and Required Fees	Room and Board	Comprehensive Charges*
Carleton College	$24,390	$4,950	$29,340
Macalester College	21,614	5,932	27,546
Minneapolis College of Art & Design	19,360	4,640	24,000
St. Olaf College	19,400	4,500	23,900
Gustavus Adolphus College	18,330	4,605	22,935
University of St. Thomas	17,308	5,407	22,715
College of Saint Benedict	17,241	5,272	22,513
St. John's University	**17,241**	**5,129**	**22,370**
Augsburg College	16,340	5,320	21,660
Bethel College	15,940	5,660	21,600
Hamline University	16,291	5,304	21,595
College of St. Scholastica	16,290	4,952	21,242
College of St. Catherine	16,442	4,690	21,132
Concordia University (St. Paul)	14,752	5,160	19,912
Saint Mary's University of Minnesota	14,335	4,640	18,975
Concordia College (Moorhead)	14,020	3,900	17,920
Average	$17,456	$5,004	$22,460

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

NOTE: Comprehensive charges are reduced for many students through financial assistance. Approximately three out of four private college students apply for and receive financial assistance, with the amounts and types of aid determined in relation to family resources, calculated need, government funding, institutional policies and other factors. Among private college students who qualified for grant aid in 1998-99, average grant support was $12,000, including approximately $3,500 for those who qualified for state grants, $1,800 for those who qualified for federal Pell grants and $5,500 for those who qualified for institutional grants, along with other sources. More than 50 percent of grant assistance went to students from families with incomes below $50,000. In addition to grants, student assistance packages include loans (averaging $5,300 per year) and work-study.

Source for the table and note above: Minnesota Private College Council.

Financial Aid

Approximately 92% 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.

	1995/96	1996/97	1997/98	1998/99	1999/00
Loans:					
Perkins	$ 399,300	$ 423,625	$ 424,200	$ 396,850	$ 405,750
GSL (Stafford)	4,601,060	3,900,459	3,863,483	4,206,452	3,992,356
PLUS	974,719	1,141,659	1,091,037	807,107	810,064
SELF (State of Minnesota)	849,697	726,736	807,815	1,479,123	1,878,121
Total Loans	$ 6,824,776	$ 6,192,479	$ 6,186,535	$ 6,889,532	$ 7,086,291
Student Employment (All Sources)	$ 1,880,234	$ 1,934,249	$ 2,030,848	$ 2,093,301	$ 2,196,338
Gift Aid:					
Federal/State	$ 2,698,023	$ 2,606,693	$ 2,567,597	$ 2,844,058	$ 2,606,612
University	5,435,577	6,133,993	6,860,909	7,677,697	8,703,284
Total Gift Aid	$ 8,133,600	$ 8,740,686	$ 9,428,506	$10,521,755	$11,309,896
Total Financial Aid	$16,838,610	$16,867,414	$17,645,889	$19,504,588	$20,592,525

Faculty

The student-faculty ratio is approximately 14 to 1. Approximately 20% of the faculty are members of the Order of St. Benedict or other religious orders. 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 1999/00 Fiscal Year, the University has 145 full-time and 42 part-time faculty. The number and average salary by rank for full-time faculty during the 1999/00 Fiscal Year were:

Rank	Number	Average Salary
Professor	38	$60,850
Associate Professor	51	47,630
Assistant Professor	42	38,738
Instructor/Lecturer	14	34,058

Sixty-one percent of the full-time faculty are tenured.

Pension Plan

The Order of St. Benedict has a defined contribution pension plan covering substantially all of its full-time lay employees. The Corporation contributes 9% of the covered employees' salaries and the employees contribute 2%. Total pension contributions for the Corporation for the years ended June 30, 2000 and 1999 were $1,361,991 and $1,288,322, respectively.

Corporation Investments

Funds of the Corporation are currently invested approximately 70% in equity securities, 14% in short-term investments, 12% in debt securities, and 4% in other investments.

Capital Campaign

The University continues to experience strong growth in charitable giving from alumni, parents, friends, corporations and foundations. Over the past decade, the University has raised approximately $95 million in three capital campaigns. This includes $36 million toward the $27 million goal for the campaign which ended February 1994; $37 million toward the $28 million goal for the capital campaign which ended December 1998; and $22 million toward the $19.5 million goal for the University's current campaign which runs through June 2001. The University is currently in the planning stages for a comprehensive capital campaign for the University (and its sponsored programs) and the Abbey. The quiet phase for the campaign will begin in July 2001, and, pending the results of the feasibility study, the goal will be in the range of $100 - $200 million.

In addition to the University's strong campaign performance, it has just completed the most successful fund raising year in its history. All told, the University raised a record $12.5 million in outright gifts, pledges and planned gifts. Along the way, the University set records for total number of donors (7,951), unrestricted annual fund support ($1,389,653), board giving (100%), and average gift size. The University is also on target to raise its alumni giving participation percentage to 45% by 2003; the current participation rate is 28.99%. Over the next five years, the University plans to steadily increase its total fiscal giving from an average of $10 million/year to $20 million/year.

The Corporation believes a number of factors have contributed to the University's fund raising success, including visionary and dedicated leadership (from both the Board and the President), experienced development staff, positive and widespread visibility from projects such as The Saint John's Bible, and the implementation of ambitious and creative fund raising strategies.

Endowment Funds

The following table lists the fund balances for the Order of St. Benedict endowment and similar funds for the Fiscal Years ended June 30, 1997 through 2000.

Years Ended June 30	Permanently Restricted Net Assets	Temporarily Restricted Net Assets	Unrestricted Net Assets	Totals
1997	$ 28,209,222	$ 1,771,292	$ 76,762,410	$ 106,742,924
1998	29,625,260	75,486	101,852,368	131,553,114
1999	31,728,803	73,808	108,858,510	140,661,121
2000	34,023,226	78,087	113,742,267	147,843,580

Financial Statements

Appendix VI sets forth the financial statements of the Corporation for the fiscal years ended June 30, 2000 and 1999, audited by Larson, Allen, Weishair & Co., LLP, St. Paul, Minnesota and prepared in accordance with generally accepted accounting principles (GAAP). The firm has not participated in the preparation of this Official Statement and expresses no opinion on its contents.

Statement of Activities (Unrestricted Portion Only) for Fiscal Years 2000, 1999, 1998, 1997 and 1996

The table on page I-16 sets forth the statement of activities (unrestricted portion only) prepared in accordance with GAAP for the fiscal years 2000, 1999, 1998, 1997 and 1996 from the Corporation's audited financial statements. Only St. John's University is represented in the table, although the Corporation has four operating divisions, consisting of St. John's Abbey, St. John's University, St. John's Preparatory School, and The Liturgical Press. For more complete financial information of the Corporation for the Fiscal Years ended June 30, 2000 and 1999, see Appendix VI of this Official Statement.

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ST. JOHN'S UNIVERSITY
Statement of Unrestricted Activities

For the Years Ended June 30,

	1996	1997	1998	1999	2000
REVENUES, GAINS AND OTHER SUPPORT					
Tuition & Fees	$16,453,480	$24,343,894	$25,735,103	$27,870,526	$30,580,348
Less: Scholarships and grants		(6,629,953)	(7,336,729)	(8,130,125)	(9,158,097)
Net tuition and fees	16,453,480	17,713,941	18,398,374	19,740,401	21,422,251
Government grants					
Federal	643,756	657,699	605,503	611,860	614,449
State	80,017	78,141	115,201	196,168	271,474
Private gifts and grants	3,558,892	3,285,973	3,027,731	3,258,863	3,416,829
Other investment income		253,989	1,097,998	1,304,079	507,058
Endowment income	632,027	1,003,276	1,431,445	1,267,023	1,289,198
Net realized gains (losses) on investments	1,030,753	4,666,674	8,821,412	4,624,131	3,351,915
Net unrealized gains (losses) on investments	1,976,764	2,101,365	3,200,571	(3,340,160)	3,953,540
Investment income on annuities and unitrusts	683,859				
Changes in value of split-interest agreements	(176,179)				
Other sources	1,063,632	1,142,957	1,341,559	1,279,574	1,475,815
Sales of services of auxiliary enterprises					
Residence halls	2,878,707	3,275,319	3,403,281	3,628,562	3,820,344
Food services	3,551,208	3,545,471	3,571,700	3,748,984	3,918,794
Other auxiliaries	5,516,290	5,646,911	5,971,039	6,299,948	6,698,410
Adjustment of actuarial liability		966,785	1,567,366	(183,925)	(58,190)
	37,893,206	44,338,501	52,553,180	42,435,508	50,681,887
Net assets released from restrictions	3,725,462	4,554,856	9,396,163	9,310,818	5,352,270
Total Revenues, Gains and Other Support	41,618,668	48,893,357	61,949,343	51,746,326	56,034,157
EXPENSES AND LOSSES					
Program expenses					
Instruction	9,880,088	11,533,088	12,145,125	13,386,885	14,800,902
Research	49,412				
Academic support	4,384,443	3,934,793	4,684,271	5,330,433	6,369,555
Student services	4,086,696	4,561,571	4,585,991	4,649,711	4,899,162
Auxiliary enterprises					
Residence halls	2,281,486	2,416,805	2,253,577	2,363,673	2,626,988
Food services	3,083,080	3,088,365	2,980,246	2,980,186	3,272,998
Other auxiliaries	4,803,834	4,816,675	5,040,964	5,366,045	5,902,746
Support expenses					
Institutional support	5,259,969	5,785,743	6,279,529	5,792,156	6,718,982
Other					
Sponsored programs	876,492	927,986	1,149,152	1,210,806	1,239,707
Total Expenses	34,705,500	37,065,026	39,118,855	41,079,895	45,831,040
Increase (Decrease) in Net Assets	6,913,168	11,828,331	22,830,488	10,666,431	10,203,117
NET ASSETS -- Beginning of Year	73,021,742	79,934,910	104,847,562	127,678,050	138,344,481
Reclassification of Net Assets		13,084,321			
ADJUSTED NET ASSETS	73,021,742	93,019,231	104,847,562	127,678,050	138,344,481
NET ASSETS -- END OF YEAR	**$79,934,910**	**$104,847,562**	**$127,678,050**	**$138,344,481**	**$148,547,598**

Source: Audited financial statements of the University for fiscal years ended June 30, 1996 - 2000.

PROPOSED FORM OF LEGAL OPINION

LEONARD, STREET AND DEINARD

PROFESSIONAL ASSOCIATION

February __, 2001

$14,270,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Five-I
(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 (initially book-entry) Revenue Bonds, Series Five-I (St. John's University), in the aggregate principal amount of $14,270,000 (the "Bonds"), dated February 1, 2001. The Bonds mature on October 1 in the years 2002 through 2012 and on October 1, 2016, October 1, 2021 and October 1, 2026, and bear interest at the interest rate per annum specified in the Indenture (defined below) for each maturity subject to an increase in such interest rates in the event of a Determination of Taxability. The Bonds are subject to optional, mandatory and extraordinary redemption prior to maturity as provided in the Indenture.

The Bonds are issued for the purpose of funding a loan from the Authority to the Order of St. Benedict (the "Corporation"), a Minnesota nonprofit corporation as owner and operator of St. John's University, an institution of higher education (the "Institution"), located in Collegeville, Minnesota, in order to finance the construction of new facilities and improvement of existing facilities, all owned or to be owned and operated by the Corporation and located in Collegeville, Minnesota. We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the Corporation and the Trust Indenture (the "Indenture") between the Authority and Wells Fargo Bank Minnesota, National Association, in Minneapolis, Minnesota, as Trustee (the "Trustee") each dated as of February 1, 2001, one or more opinions of Quinlivan & Hughes, P.A. 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 Quinlivan & Hughes, P.A., as to the Loan Agreement having been duly authorized and executed and being binding upon the Corporation, as to the corporate organization, tax-exempt status, good standing and powers of the Corporation, and as to title to the Project Site (as defined in the Loan Agreement and Indenture), all 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, and we express no opinion relating thereto (except to the extent, if any, stated in the Official Statement).

500 Lawson Commons 380 St. Peter Street Saint Paul, Minnesota 55102 Tel 651-222-7455 Fax 651-222-7644

Law offices in Minneapolis, Saint Paul and Mankato

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

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

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

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

4. Assuming compliance with certain covenants in the Loan Agreement and Indenture, under existing laws, regulations, rulings and decisions as presently construed, the interest on the Bonds is not includable in gross income for purposes of Federal income taxation or in taxable income of individuals, estates and trusts for purposes of Minnesota income taxation. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Internal Revenue Code of 1986, as amended (the "Code"') or Minnesota alternative minimum tax applicable to individuals, trusts and estates. Interest on the Bonds, however, is includable in "adjusted current earnings" for purposes of the computation of "alternative minimum taxable income" of corporations under Section 55 of the Code and is subject to the Minnesota franchise tax imposed upon corporations, including financial institutions, measured by taxable income and the alternative minimum tax base. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

The rights of the holders of the Bonds and the enforceability of the Bonds, the Indenture and the Loan Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and receivership proceedings and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in accordance with principles of equity.

Very truly yours,

LEONARD, STREET AND DEINARD
Professional Association

APPENDIX III

ANNUAL REPORT INFORMATION

The Annual Report Date will be 270 days after each fiscal year end, commencing with the fiscal year ended June 30, 2001. The Annual Report will contain:

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

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

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

        - University Housing
        - Student Enrollment
        - Applications, Acceptances and Enrollments
        - Geographic Distribution of Entering Freshmen
        - Student Retention
        - Tuition and Fees
        - Faculty and Staff
        - Financial Aid

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

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

    d. An update of footnote (c) on the Annual Pro Forma Debt Service by Fiscal Year and Pro Forma Coverage Statement – Order of St. Benedict provided in the Official Statement.

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DEFINITION OF CERTAIN TERMS

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

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

Authority: The Minnesota Higher Education Facilities Authority.

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

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

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

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

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

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

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

Bond Resolution: The Series Resolution of the Authority adopted on January 17, 2001, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bonds: Minnesota Higher Education Facilities Authority Revenue Bonds, Series Five-I (St. John's University) and any Additional Bonds.

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 on the Project Site acquired with 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 the Depository or banks in Minnesota are not open for business.

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

Corporation: Order of St. Benedict, a Minnesota nonprofit corporation, as owner and operator of the Institution, its successors and assigns.

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

Depository or DTC: The Depository Trust Company in New York, New York, its successors or assigns, or any other person who shall be a Holder of all Bonds of any series directly or indirectly for the benefit of Beneficial Owners and approved by the Authority, Corporation and Trustee to act as the Depository; provided any Depository shall be registered or qualified as a "clearing agency" within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended.

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

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

Financial Journal: *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.

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

Holder, Bondholder, or Owner: The person in whose name a Bond shall be registered except if any Bond is in Book Entry Form, with respect to any consent or approval of a Holder of Bonds of such series, the terms shall mean the Beneficial Owner.

Indenture: The Trust Indenture between the Authority and Wells Fargo Bank Minnesota, National Association, Minneapolis, Minnesota, as Trustee, dated as of February 1, 2001, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: St. John's University, a Minnesota institution of higher education located in Collegeville, Minnesota and owned and operated by the Corporation.

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

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

Loan Agreement: The Loan Agreement between the Authority and the Corporation relating to the Bonds, dated as of February 1, 2001, 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(a), (b), (c) and (f) of the Loan Agreement.

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

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities (including, with respect to Project Equipment, purchase money security interests and equipment leases), and as do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Corporation, (iv) those additional encumbrances set forth in Exhibit C to the Loan Agreement, and (v) liens granted by the Corporation to secure Funded Debt allowed under the Loan Agreement.

Project: The Project consists of the following: (a) construction of St. Maur and St. Placid Halls for approximately 100 undergraduate and summer program students, (ii) renovation of the first floor of Main Quadrangle, (iii) completion of the third and fourth floors of Sexton Commons, (iv) reroofing of the Great Hall and (v) the renovation of the lower level of St. Mary's Hall.

Project Buildings: St. Maur and St. Placid Houses, the first floor of Main Quadrangle, the third and fourth floors of Sexton Commons, the roof of Great Hall and the lower level of St. Mary's Hall, each of which is to be renovated, refurbished, improved or constructed with proceeds of the Bonds, including investment earnings.

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

Project Equipment: All fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds, including investment earnings.

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

Project Site: The land on which the Project Buildings are or will 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 balance in the Reserve Account; and (iii) to redeem or prepay outstanding Bonds or to purchase outstanding Bonds for redemption and cancellation. Moneys in the Redemption Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the Corporation or the Authority fails to provide for payment of any rebate.

Reference Rate: The interest rate per annum announced from time to time by Wells Fargo Bank Minnesota, National Association, Minneapolis, Minnesota as its prime or reference rate.

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 Reserve Requirement. Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient thereof and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the Corporation or the Authority fails to provide for payment of any rebate.

Reserve Requirement: (i) If no Additional Bonds are outstanding, the lesser of 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, if any) received from the issuance and sale of the Bonds or 125% of the average annual debt service of the Bonds or (ii) if Additional Bonds are outstanding, the sum of (A) the amount set forth in subsection (i) plus (B) the maximum amount of principal of and interest on Additional Bonds payable in any Bond Year or 10% of the proceeds (par value less original issue discount, if any) received from the issuance and sale of the Additional Bonds or 125% of the average annual debt service of the Additional Bonds.

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

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

Trustee, Registrar, Paying Agent: Wells Fargo Bank Minnesota, National Association, Minneapolis, Minnesota.

Underwriters: Collectively, Dain Rauscher Incorporated and Dougherty & Company LLC as original purchasers of the Bonds.

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SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The Corporation represents that the acquisition, construction and installation of the Project are to be substantially completed by no later than December 31, 2002 subject only to "force majeure," as provided in the Loan Agreement. 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, or both, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the 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 and an opinion of counsel to such effects is furnished. 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 exceed the proceeds of the Bonds, including investment earnings in the Construction Account.

Loan Repayments

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

(a) at least five (5) Business Days prior to each April 1 and October 1, commencing October 1, 2001, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Bonds on the next succeeding interest payment date, or the amount payable as principal (whether at maturity or mandatory sinking fund redemption) on such principal payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account; and (ii) any credits permitted by Sections 5.01, 5.02, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

(b) on or prior to a date established for the optional redemption or mandatory redemption and prepayment of the Bonds, into the Redemption Account such amount, if any, as shall be necessary and sufficient to provide for the redemption of any Bonds called for redemption from the Redemption Account; and

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

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

(e) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.05 of the Indenture (relating to arbitrage rebate); and

(f) at least five (5) business days prior to each October 1, commencing October 1, 2013, into the Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account, the amount, if any, as shall be necessary and sufficient to redeem on the next succeeding October 1, at par plus accrued interest, the amount of the Bonds specified in the Indenture.

There is reserved to the Corporation the right to prepay all or part of the Loan and to redeem Bonds prior to their maturity in certain events as described under "THE BONDS."

As additional payments the Corporation agrees to pay the annual fee of the Authority, fees and expenses of the Trustee, rebate of certain excess investment earnings to the United States, and certain other expenses.

Use of Project Facilities

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

Maintenance of Project Facilities

The Corporation agrees that, so long as there are Bonds outstanding, the Corporation will keep the Project Facilities in good repair and good operating condition at its own cost, making such repairs, modifications, and replacements as are necessary so that the Project will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation. The Corporation may lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities, (i) so long as the tax-exempt status of the Bonds will not be affected thereby, (ii) such lease, sublease or use agreement shall not be inconsistent with the Loan Agreement, the Indenture or the Act, (iii) the Corporation shall remain fully obligated under the Loan Agreement as if such lease, sublease or use agreement had not been made, and (iv) in the case of any lease to or occupancy by persons who are not students, employees or faculty, an opinion of Bond Counsel is provided to the Trustee to the effect that tax exemption of the interest on the Bonds is not adversely affected.

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 the acquisition and construction of the Project, or 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. Notwithstanding the foregoing, to the extent certain Project Equipment become fixtures of Corporation buildings which are not Project Buildings, liens and encumbrances may be placed on such Project Equipment.

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 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 and any appeal therefrom 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, with certain deductible amounts, as follows:

(a) Insurance against loss and/or damage to the Project Buildings and contents and Project Equipment, including fire and extended coverage in an amount not less than insurable replacement value of the Project Buildings and Project Equipment or the principal amount of the outstanding Bonds or (if greater) 80% of the full insurable replacement value of the Project Buildings and Project Equipment, with a deductible amount of up to $500,000.

(b) Comprehensive general public liability insurance including blanket contractual liability and personal injury liability and automobile insurance in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $5,000,000 with a deductible amount of up to $500,000 and against liability for property damage in the minimum amount for each occurrence of $500,000.

(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 comprehensive general public liability insurance, 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 $1,000,000, 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 $1,000,000, 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.

If the Bonds are redeemed, the available Net Proceeds or (if less) the pro rata portion in respect of any Project Building shall be used for redemption or purchase of outstanding Bonds. "Pro rata portion" means the following percentages of the principal amount of outstanding Bonds:

(i) twenty-six and one-tenth percent (26.1%) of the principal amount of outstanding Bonds in the case of St. Maur House; and

(ii) twenty-six and one-tenth percent (26.1%) of the principal amount of outstanding Bonds in the case of St. Placid House; and

(iii) twenty-seven and eight tenths percent (27.8%) of the principal amount of outstanding Bonds in the case of the Main Quadrangle.

Condemnation

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

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

Removal or Release of Project Equipment and Building Equipment

The Corporation may remove or release Project Equipment and Building Equipment from the Project Facilities if no Default exists and upon the following conditions:

(a) the Corporation may substitute equipment and related property for any Project Equipment and Building Equipment, provided that such substitution shall not materially impair the character or revenue producing significance or value of the Project Facilities;

(b) the Corporation may release any equipment from the definition of Project Equipment (with or without the physical removal thereof) without substitution therefor, provided that the Corporation pays a sum equal to the then value of such Project Equipment as determined by an independent engineer selected by the Corporation, to the Trustee for deposit in the Redemption Account for the redemption and prepayment of the Bonds; provided that if the depreciated book value of any item of equipment so removed was less than $25,000, such release without substitution and such deposit to the Redemption Account may be effected without such determination of value and Certificate by an independent engineer upon such showing by the Corporation as may be satisfactory to the Trustee; and

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

In connection with (a) and (b) above, if the depreciated book value of the Project Equipment or, in connection with (c) above, the depreciated book value of Building Equipment, to be substituted, removed or released equals or exceeds $25,000 the Corporation will deliver to the Trustee a certificate signed by the Authorized Institution Representative stating that the substitution, removal, or release, as the case may be, of such equipment will not materially impair the character or revenue producing significance of the Project Facilities.

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, 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 Institution, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the Corporation in the Loan 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 unlawful 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 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 adversely affect the tax exempt status of the Bonds, such as by exceeding limitations on the outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the 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.

Institution to be Nonsectarian

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

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 at any time that interest payable on the Bonds is includable in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the 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. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, in whole or in part, on the next date for which due notice can be given or 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 further agrees to comply with all applicable laws and regulations against unlawful discrimination, and not to discriminate on account of religion (except with respect to the School of Theology), race, color, creed or national origin in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the Authority or 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 Services Office, subject to the right of contest. The Corporation agrees to indemnify the Authority from losses arising from certain representations made by the Corporation regarding the absence of hazardous waste on the Project Facilities.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148(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, Reserve Account and Redemption Account on a Bond principal or interest payment date are insufficient to pay when due principal 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 as defined in Section 5.02 of the Indenture, provided failure to comply with such requirement shall not become an Event of Default unless the 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 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 provided that failure to comply with Section 6.14(b) of the Loan Agreement shall not become an Event of Default unless the Corporation fails to restore the deficiency within 180 days from the close of the Fiscal Year in which such deficiency was reported; or

(e) 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

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

(g) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Corporation or the Corporation or of the whole or any substantial part of the property of the Corporation, 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 (d) above, are subject to the further limitation that if the Default can be remedied but not within a period of thirty days after notice and if the 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 or the Indenture in accordance with the provisions thereof.

Any amounts collected by the Trustee pursuant to action taken under the foregoing paragraphs shall be applied first to advances and expenses, second to payment of the Bonds as provided in Section 7.04 of the Indenture and any excess to the Corporation.

Amendments

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

THE INDENTURE

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

Granting Clauses

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

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

(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.

Accounts

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

Trustee's Right to Payment

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

Additional Bonds

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

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

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 moneys in the Accounts established by the Indenture.

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

Upon the happening and continuance of an Event of Default, the Trustee may, and shall upon the written request of the Holders of not less than a majority in aggregate principal amount of outstanding Bonds, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the Bonds, to enforce application to payment of the Bonds the funds, revenues and income appropriated thereto by the Indenture and by the Bonds, to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee need not proceed upon any such written request of the Bondholders as aforesaid, unless such Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby.

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to the Reference Rate of Wells Fargo Bank Minnesota, National Association, Minneapolis, Minnesota, 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. Provision is also made for removal of the Trustee by Bondholders or the Authority, at the request of the Corporation, provided that the Authority may, but is not required to remove the Trustee with or without the request of the Corporation if an Event of Default has occurred and is continuing or a default which with the passage of time or the giving of notice will become an Event of Default has occurred and is continuing. The Authority may not remove a successor Trustee properly appointed by the Bondholders.

Concerning the Bondholders

No Bondholder shall have any right to institute any proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice; nor unless also such default shall have become an Event of Default and the Holders of a majority in aggregate principal amount of Bonds outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted or to institute such action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more Bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all Bonds outstanding.

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

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

Defeasance

If the Authority and the Corporation shall:

(a) pay or cause to be paid the principal of, and premium, if any, and interest on the outstanding 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 and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority; or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided, and shall also pay or provide for the payment of all 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 Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all 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;

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

(f) to modify the Indenture as authorized by the Bondholders.

In addition and subject to the provisions set forth below, the Holders of not less than 51% in aggregate principal amount of the Bonds then outstanding shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however, that such provision shall not be construed as permitting without the consent of the Holders of all Bonds directly or indirectly affected (a) an extension of the maturity of any Bond, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by the Indenture (except as provided in Section 2.09 of the Indenture), or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture or the Loan Agreement as set forth in the Indenture.

Amendments to the Loan Agreement

The Authority and the Corporation with the consent of the Trustee may, without the consent of or notice to any of the Bondholders, consent to and (if requested) execute any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement or Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement, or (d) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to any amendment, change or modification of the Loan Agreement without the written approval or consent of the Holders of not less than 51% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the Loan Repayments under the Loan Agreement without the consent of the Holders of all the Bonds then outstanding.

Registration

The Bonds shall be fully registered as to principal and interest at the principal corporate trust office of the Trustee, which shall also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. If the Bonds are no longer in book entry form, Bonds may be exchanged for a new Bond or Bonds of the same series, aggregate principal amount, maturity and interest rate of any Authorized Denominations. Payment of principal will be at the principal corporate trust office of the Trustee and interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Trustee, subject to applicable procedures while in book entry form.

THE CONTINUING DISCLOSURE AGREEMENT

The following is a summary of certain provisions of the Continuing Disclosure Agreement. This summary does not purport to be complete and reference is made to the full text of the Continuing Disclosure Agreement for a complete recital of its terms.

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

The Corporation has covenanted for the benefit of holders of the Bonds to provide certain financial information and operating date by not later than 270 days following the end of the Corporation's fiscal year commencing with fiscal year ending June 30, 2001, and to provide notices of the occurrence of certain enumerated events, if material.

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

Definitions

"Annual Report" means, with respect to the Reporting Party, a document or set of documents which contains (or includes by reference as provided in Section 2 hereof) financial and operating data with respect to the Reporting Party described in Exhibit "A" of the Continuing Disclosure Agreement.

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

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

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

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

"Participating Underwriter" shall mean, collectively, Dain Rauscher Incorporated and Dougherty & Company LLC.

"Reporting Party" shall mean, subject to release as provided in "Termination" below, the Corporation; together with any successors or assigns as provided in Section 4 hereof.

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as in effect on the date hereof.

"State Repository" shall mean any public or private repository or entity designated by the State of Minnesota as a state repository for the purpose of the Rule. As of the date of the Continuing Disclosure Agreement.

"Tax-exempt" shall mean that interest on the Bonds is excluded from the gross income, for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

Provisions of Annual Report

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

If the Trustee has not received an Annual Report by January 1 of each year, commencing with January 1, 2002, together with the certification by the Reporting Party described above, the Trustee shall promptly notify the Disclosure Representative of the failure to receive the Annual Report and the certification.

Reporting of Listed Events

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

(i) Principal and interest payment delinquencies;
(ii) Non-payment related defaults;
(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
(iv) Unscheduled draws on credit enhancements reflecting financial difficulties (this is not applicable to the Bonds);
(v) Substitution of credit or liquidity providers, or their failure to perform (this is not applicable to the Bonds);
(vi) Adverse tax opinions or events affecting the tax-exempt status of the security;
(vii) Modifications to rights of security holders;
(viii) The giving of notice to redeem any Bonds other than for a sinking fund redemption;
(ix) Defeasances;
(x) Release, substitution, or sale of property securing repayment of the securities (this is not applicable to the Bonds) and;
(xi) Rating changes.

No later than five Business Days after either (i) the Reporting Party has received notice from the Trustee of a Listed Event or (ii) the Reporting Party is required to give notice of a Listed Event to the Trustee, the Reporting Party shall give notice of the occurrence of the Listed Event, if material, to each Repository or MSRB.

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

Termination of Reporting Obligation

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

Amendment

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

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

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

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

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

Additional Information

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

Default

In the event of a failure of the Reporting Party to provide a timely Annual Report or to report the occurrence of a Listed Event, the Trustee or any Holder of Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Reporting Party to provide the reports. In the event of a failure of the

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

Beneficiaries

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

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ORDER OF ST. BENEDICT
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2000 AND 1999

LARSON ALLEN WEISHAIR & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Rt. Rev. Timothy T. Kelly, 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, 2000 and 1999, and the related statements of activities, and cash flows 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.

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. as of June 30, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Larson, Allen, Weishair & Co LLP

LARSON, ALLEN, WEISHAIR & CO., LLP

St. Paul, Minnesota
September 15, 2000

ORDER OF ST. BENEDICT, INC.
BALANCE SHEETS
JUNE 30, 2000 AND 1999

ASSETS	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	$ 2,255,619	$ 5,998,906
Accounts receivable		
Student receivables, net of allowance for doubtful accounts of $1,360,000 in 2000 and $1,253,000 in 1999	363,997	363,038
Contributions receivable (Note 3)	1,448,078	1,571,089
Other	2,993,273	2,086,017
Interest receivable	424,016	907,330
Inventories, net of allowance for obsolescence of $325,000 in 2000 and $141,500 in 1999	6,006,913	6,046,017
Prepaid expenses	2,201,553	1,556,769
Total Current Assets	15,693,449	18,529,166
LONG-TERM RECEIVABLES AND OTHER NON-CURRENT ASSETS		
Undrawn bond funds	734,193	
Student loans receivable, net of allowance for doubtful accounts of $0 in 2000 and 1999	2,948,848	2,933,846
Contributions receivable (Note 3)	917,593	1,037,119
Unitrusts receivable	91,678	259,218
Non-compete agreement		50,000
Deferred debt acquisition costs	750,517	686,625
Goodwill, net of amortization	8,125	90,625
Total Long-term Receivables and Other Non-current Assets	5,450,954	5,057,433
LONG-TERM INVESTMENTS (Note 4)		
Investments	177,759,856	168,421,498
Investments - Fujimi, Japan	2,607,017	2,844,230
Assets held in charitable remainder unitrusts	15,188,151	12,052,475
Total Long-term Investments	195,555,024	183,318,203
PROPERTY, PLANT AND EQUIPMENT		
Land and improvements	3,245,832	2,748,500
Buildings	100,442,468	85,775,988
Furniture and equipment	19,920,289	25,661,433
Library books	8,428,570	8,137,558
Bible project books	817,450	454,074
HMML microfilm and library books	3,786,334	3,869,880
Prepaid construction	5,438,994	13,769,713
Total	142,079,937	140,417,146
Less: Accumulated Depreciation	34,364,644	39,371,098
Total Property, Plant and Equipment	107,715,293	101,046,048
TOTAL ASSETS	$ 324,414,720	$ 307,950,850

See accompanying Notes to Financial Statements.

	2000	1999
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$ 1,900,364	$ 2,195,895
Accrued payroll and benefits	2,391,657	2,022,064
Other liabilities	2,721,589	2,585,742
Deferred revenue	1,549,638	1,194,972
Funds held for others	1,618,516	1,696,421
Funds held for others - Fujimi, Japan	2,607,017	2,844,230
Royalties payable	619,997	612,364
Due to Little Rock	69,965	20,080
Current portion of annuities and unitrusts payable	1,343,994	1,307,357
Current portion of notes, bonds and mortgages payable (Note 6)	907,768	3,458,278
Current portion due to Michael Glazier - Noncompete		50,000
Total Current Liabilities	15,730,505	17,987,403
LONG-TERM LIABILITIES		
Accounts payable - construction	46,284	562,548
Government grant repayable - Federal Perkins loan program	3,000,955	2,991,159
Notes, bonds and mortgages payable, net of current portion (Note 6)	34,950,051	32,957,937
Annuities and unitrusts payable, net of current portion	15,901,312	13,097,554
Little Rock capital	168,037	204,643
Total Long-term Liabilities	54,066,639	49,813,841
Total Liabilities	69,797,144	67,801,244
NET ASSETS		
Unrestricted		
Available for operations	7,469,023	7,378,408
Board designated	120,014,184	116,082,029
Contractual limitations - debt service	1,308,152	1,276,597
Investment in property, plant and equipment	72,173,282	66,633,307
Annuities and life insurance	6,560,610	6,777,997
Total Unrestricted Net Assets	207,525,251	198,148,338
Temporarily Restricted		
Unitrusts, life insurance and deposits	2,112,151	1,474,614
Term endowment	156,451	156,203
Unexpended gifts	7,574,500	5,048,993
Contributions receivable	1,861,093	2,090,686
Total Temporarily Restricted Net Assets	11,704,195	8,770,496
Permanently Restricted		
Unitrusts	860,327	1,030,446
Endowment	34,023,226	31,728,803
Contributions receivable	504,577	471,523
Total Permanently Restricted Net Assets	35,388,130	33,230,772
Total Net Assets	254,617,576	240,149,606
TOTAL LIABILITIES AND NET ASSETS	$ 324,414,720	$ 307,950,850

ORDER OF ST. BENEDICT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2000

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 32,422,135			$ 32,422,135
Less: scholarships and grants	(9,425,032)			(9,425,032)
Net tuition and fees	22,997,103			22,997,103
Government grants	885,923	$ 66,002		951,925
Individual earnings	4,505,596			4,505,596
Private gifts and grants	4,366,592	5,652,141	$ 1,976,182	11,994,915
Other investment income	934,711	60,822		995,533
Endowment income	2,464,989	490,698	51,748	3,007,435
Net realized gains (losses) on investments	4,603,345	991,278	134,544	5,729,167
Net unrealized gains (losses) on investments	1,722,252	577,746	158,693	2,458,691
Other sources	1,974,705	7,940		1,982,645
Net sales - Liturgical Press	9,523,086			9,523,086
Sales and services of auxiliary enterprises	16,337,757			16,337,757
Adjustment of actuarial liability	(217,386)	632,773	(163,809)	251,578
	70,098,673	8,479,400	2,157,358	80,735,431
Net assets released from restrictions (Note 2)	5,545,701	(5,545,701)		
Total Revenues, Gains and Other Support	75,644,374	2,933,699	2,157,358	80,735,431
EXPENSES				
Program expenses				
Instruction	16,296,662			16,296,662
Academic support	7,119,981			7,119,981
Student services	4,927,798			4,927,798
Auxiliary enterprises	12,629,836			12,629,836
Abbey	6,495,238			6,495,238
Liturgical Press	9,432,587			9,432,587
Support expenses				
Institutional support	8,125,652			8,125,652
Other				
Sponsored programs	1,239,707			1,239,707
Total Expenses	66,267,461			66,267,461
Increase (Decrease) in Net Assets	9,376,913	2,933,699	2,157,358	14,467,970
NET ASSETS - Beginning of Year	198,148,338	8,770,496	33,230,772	240,149,606
Reclassification of Net Assets				
ADJUSTED NET ASSETS	198,148,338	8,770,496	33,230,772	240,149,606
NET ASSETS - END OF YEAR	$ 207,525,251	$ 11,704,195	$ 35,388,130	$ 254,617,576

See accompanying Notes to Financial Statements.

ORDER OF ST. BENEDICT, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1999

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 29,542,119			$ 29,542,119
Less: scholarships and grants	(8,405,435)			(8,405,435)
Net tuition and fees	21,136,684			21,136,684
Government grants	808,028	$ 13,604		821,632
Individual earnings	4,386,836			4,386,836
Private gifts and grants	4,349,651	4,851,013	$ 2,034,018	11,234,682
Other investment income	1,797,537	63,026		1,860,563
Endowment income	1,984,081	496,237	64,928	2,545,246
Net realized gains (losses) on investments	6,360,754	1,491,753	236,941	8,089,448
Net unrealized gains (losses) on investments	(5,181,984)	(1,255,060)	(171,150)	(6,608,194)
Other sources	1,582,619			1,582,619
Net sales - Liturgical Press	9,427,560			9,427,560
Sales and services of auxiliary enterprises	15,542,692			15,542,692
Adjustment of actuarial liability	(150,357)	506,060	(125,232)	230,471
	62,044,101	6,166,633	2,039,505	70,250,239
Net assets released from restrictions (Note 2)	9,789,364	(9,789,364)		
Total Revenues, Gains and Other Support	71,833,465	(3,622,731)	2,039,505	70,250,239
EXPENSES				
Program expenses				
Instruction	14,615,240			14,615,240
Academic support	5,900,381			5,900,381
Student services	4,676,491			4,676,491
Auxiliary enterprises	11,531,346			11,531,346
Abbey	6,736,409			6,736,409
Liturgical Press	9,166,434			9,166,434
Support expenses				
Institutional support	7,203,459			7,203,459
Other				
Sponsored programs	1,210,806			1,210,806
Total Expenses	61,040,566			61,040,566
Increase (Decrease) in Net Assets	10,792,899	(3,622,731)	2,039,505	9,209,673
NET ASSETS - Beginning of Year	187,375,439	12,373,227	31,191,267	230,939,933
Reclassification of Net Assets	(20,000)	20,000		
ADJUSTED NET ASSETS	187,355,439	12,393,227	31,191,267	230,939,933
NET ASSETS - END OF YEAR	$ 198,148,338	$ 8,770,496	$ 33,230,772	$ 240,149,606

See accompanying Notes to Financial Statements.

ORDER OF ST. BENEDICT, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2000 AND 1999

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 14,467,970	$ 9,209,673
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	3,560,471	3,082,030
(Gain) loss on sale of property, plant and equipment	286,000	
Adjustment of actuarial liability	(251,578)	1,187,491
Realized (gains) losses on investments	(5,729,167)	(8,089,448)
Unrealized (gains) losses on investments	(2,458,691)	6,608,194
Contributions and income restricted for long-term investment	(3,106,685)	(3,619,582)
Change in total contributions receivable	242,537	(581,408)
Change in current assets		
Student receivables	(15,961)	79,152
Other receivables	(256,402)	200,494
Inventories	39,104	(299,520)
Prepaid expenses	(644,784)	(14,659)
Change in current liabilities		
Accounts payable	(295,531)	415,548
Accrued payroll liabilities	369,593	110,330
Other liabilities	156,759	(34,877)
Deferred revenue	354,666	(9,290)
Funds held for others	(77,905)	(54,174)
Net Cash Provided (Used) by Operating Activities	6,640,396	8,189,954
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,869,626)	(11,832,210)
Proceeds from sales and maturities of investments	232,429,484	223,466,105
Purchases of investments	(236,715,660)	(231,971,470)
Net Cash Provided (Used) by Investing Activities	(15,155,802)	(20,337,575)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and income restricted for long-term investment	3,106,685	3,619,582
Payments of noncompete agreement	(50,000)	(50,000)
Payments of principal on long-term debt	(3,558,396)	(1,292,362)
Proceeds from issuance of long-term debt	3,000,000	
Deferred debt acquisition costs	(93,746)	
Undrawn bond funds	(734,193)	6,086,829
Increase in government grants repayable - Federal Perkins loan program	9,796	19,113
Annuity and unitrust payments	(1,275,463)	(1,109,355)
Change in annuity and unitrust liability	4,367,436	3,576,398
Net Cash Provided (Used) by Financing Activities	4,772,119	10,850,205
Net Increase (Decrease) in Cash and Cash Equivalents	(3,743,287)	(1,297,416)
CASH AND CASH EQUIVALENTS - Beginning of Year	5,998,906	7,296,322
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 2,255,619	$ 5,998,906

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Order of St. Benedict, Inc. (Order) is a monastic institution of the Benedictine Order of the Roman Catholic Church located in Collegeville, Minnesota. Founded in 1856, the Order currently has four operating divisions:

Saint John's Abbey

This includes the health, education, living expenses, and charities of the members of Saint John's Abbey, together with activities of the monks not reported in one of the other divisions. Corporate functions such as Physical Plant, Power Plant, Garage, etc. are managed within this division.

St. John's University

Two schools make up St. John's University: the College of Arts and Sciences and the graduate School of Theology. The College, an all-male institution, operates in coordination with the College of St. Benedict, an all-female college; sharing academic programs, facilities and staff. The coeducational School of Theology educates and provides student development programs for priesthood candidates, candidates for other ministries, and persons interested in theological studies. The Hill Monastic Manuscript Library, the Interfaith Sexual Trauma Institute, St. John's Bible, and Artist in Residence are part of the University programming.

St. John's Preparatory School

St. John's Preparatory School is coeducational, providing a college prep academic curriculum, extra-curricular activities and student development programming for both day and residential students. Male residents reside on the St. John's campus; female residents reside on the College of St. Benedict campus.

The Liturgical Press

The Liturgical Press publishes under three imprints: *The Liturgical Press* for liturgical works of the Catholic Church, literature to support the church's liturgy and bible study; *Glazier* for theological works and textbooks; and *Pueblo* for popular books on spirituality, theology and liturgy. Products include periodicals, books, audio/video, and educational programming.

Basis of Presentation

The Order has adopted the Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, and SFAS No. 117, *Financial Statements of Not-for-Profit Organizations.*

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Under these provisions, net assets and revenues, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Order and changes therein are classified and reported as follows:

Unrestricted - Those resources over which the Board of Directors has discretionary control. The Board designated amounts represent those amounts which the Board has set aside for a particular purpose.

Temporarily Restricted - Those resources subject to donor imposed restrictions which will be satisfied by actions of the Order or passage of time.

Permanently Restricted - Those resources subject to a donor imposed restriction that they be maintained permanently by the Order. The donors of these resources permit the Order to use all or part of the income earned, including capital appreciation, or related investment income for unrestricted or temporarily restricted purposes.

Accrual Basis

The financial statements of the Order have been prepared on the accrual basis of accounting.

Estimates and Assumptions

Management uses estimates and assumptions in preparing the financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates that were used.

Financial Instruments

The carrying amounts of cash and cash equivalents, accounts and current contributions and unitrusts receivable, accounts payable and accrued liabilities approximate fair value because of the short maturity of these financial instruments. The carrying values of investments and assets held in charitable remainder unitrusts are based upon values provided by an external investment manager or quoted market values. In the limited cases where such values are not available, historical cost is used as an estimate of market value.

A reasonable estimate of the fair value of the receivables from students under government loan programs and the government grants repayable for student loans could not be made because the notes receivable are not salable and can only be assigned to the U.S. government or its designees.

A reasonable estimate of the fair value of the contributions receivable could not be made because the contribution receivables are not salable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (Continued)

The long-term debt is valued based on the borrowing rates currently available to the Order for long-term borrowing with similar terms and average maturities.

A reasonable estimate of the fair value of the annuities and unitrusts payable could not be made because the annuities and unitrusts are not salable.

The estimated fair values of the Order's financial instruments are as follows:

	2000		1999	
	Carry Amount	Fair Value	Carry Amount	Fair Value
Undrawn Bond Funds	$ 734,193	$ 734,193		
Student Loans Receivable	$ 2,948,848		$ 2,933,846	
Contribution Receivable	$ 917,593		$ 1,037,119	
Long-Term Investments	$ 195,555,024	$ 195,555,024	$ 183,318,203	$ 183,318,203
Government Grant Repayable	$ (3,000,955)		$ (2,991,159)	
Notes, Bonds and Mortgages Payable	$ (34,950,051)	$ (34,950,051)	$ (32,957,937)	$ (32,957,937)
Annuities and Unitrusts Payable	$ (15,901,312)		$ (13,097,554)	

Cash and Cash Equivalents

Cash and cash equivalents includes all cash and highly liquid investments with a maturity of three months or less. The Order deposits its temporary cash investments in high quality financial institutions and common funds. At times, cash investments at financial institutions may be in excess of the FDIC insurance limit.

Contributions Receivable

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledge is received. Conditional promises are not included as support until such time as the conditions are substantially met.

Inventories

Inventories are valued at the lower of cost, on a first-in, first-out basis, or market. Inventories consist primarily of books and other educational materials held for resale through the Liturgical Press and the University Bookstore.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amortization

Non-compete agreement is amortized on a straight line basis over the terms of the agreement of 10 years. Deferred debt acquisition costs are being amortized on a straight-line basis over the term of the bonds of 25 years. Goodwill is being amortized on a straight-line basis over the terms of the agreement of 10 years. Amortization expense for the years ended June 30, 2000 and 1999 was $162,353 and $172,353, respectively.

Investments

Debt and equity investments are carried at fair market value. Land is carried at the fair market value, based upon an independent appraisal, at the date of the contribution.

Property, Plant and Equipment

Property, plant and equipment are stated at actual cost for additions after 1942 or historically based appraised values through 1942.

The Order uses the straight-line method of depreciation. Depreciation expense for the years ended June 30, 2000 and 1999 was $3,398,118 and $2,909,677, respectively.

During the year ended June 30, 2000 the Organization began removing, from its accounting records, the cost and accumulated depreciation for fully depreciated assets.

Prepaid Construction

Prepaid construction is the costs incurred to date on various construction projects which include science center renovation, infrastructure improvements, three new duplexes for student housing, partial renovation of Benet Hall; renovation of office space in Luke and Wimmer Hall, and various roofing projects. Interest capitalized during 2000 and 1999 was $156,150 and $646,100, respectively.

Revenue Recognition

Deferred revenue results primarily from recognizing registration and tuition revenue in the period in which related educational instruction is performed. Accordingly, registration and tuition fees received for the next academic year are deferred until the instruction commences.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Endowment Programs

Permanently restricted endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested. Up to 6.25, 6 and 6 percentage points of a three-year moving average of beginning market values of the total performance is expended annually by the University, Preparatory School and the Saint John's Abbey, respectively, with the excess being reinvested into the unrestricted and temporarily restricted net assets. Unrestricted, board designated endowment funds represent invested gifts which the Board has designated as endowment funds. Any portion of board designated endowment funds may be expended by subsequent Board action.

	2000	1999
Saint John's Abbey	$ 2,289,002	$ 2,411,025
St. John's University	4,777,047	4,880,201
St. John's Preparatory School	382,364	256,097
Liturgical Press	9,306	8,021
Total Spending	$ 7,457,719	$ 7,555,344

Annuities and Unitrusts

The Order has received contributions under various annuity contracts and charitable remainder unitrust agreements, which generally provide for payments to the annuitant or grantor for life. Assets received under these agreements are recorded at their fair value. Liabilities related to future payments under these agreements have been recorded at their present value using a discount rate of 6 percent. Contribution income is recognized for the difference between the asset and related liability. Liabilities related to split-interest agreements are recalculated annually, with the amortization of discounts and adjustments for changes in life expectancies recognized as actuarial liability adjustments on the statement of activities.

For the years ended June 30, 2000 and 1999, adjustments to reflect the amortization of discounts and changes in life expectancies resulted in a decrease of $251,578 and an increase of $1,187,491 in net assets, respectively. Total contribution income recognized under annuity and charitable remainder unitrust agreements for the years ended June 30, 2000 and 1999 was $900,995 and $1,121,541, respectively.

Development Expenses

Development expenses incurred by the Order are charged to institutional support. For the years ended June 30, 2000 and 1999, the Order had development expenses of $1,827,998 and $1,637,255, respectively.

Pension Plan

The Order has defined contribution pension plans covering substantially all of its full-time lay employees, which includes the Order employees. The Order contributes 9% of the covered employee's salary and the employee contributes 3%. Total pension contributions for the Order for the years ended June 30, 2000 and 1999 were $1,361,991 and $1,288,322, respectively.

ORDER OF ST. BENEDICT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Exempt Status

The Order is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

NOTE 2 NET ASSETS RELEASED FROM RESTRICTIONS

The source of net assets released from temporary donor restrictions during the years ended June 30, 2000 and 1999 by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors were as follows:

	2000	1999
Gifts and Earnings Released from Temporarily Restricted Net Assets - Program	$ 2,072,216	$ 1,685,738
Gifts and Earnings Released from Temporarily Restricted Net Assets - Capital Campaign	1,258,657	7,240,487
Earnings Released from Temporarily Restricted Net Assets - PR Program	1,113,399	486,164
Earnings Released from Temporarily Restricted Net Assets - PR Scholarship	1,101,429	376,975
Total Released	$ 5,545,701	$ 9,789,364

These assets were released to unrestricted net assets.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consists of unconditional promises to give from various individuals and organizations. The present value was imputed at 6%, which approximates the Order's current incremental borrowing rate. The long-term contributions receivable are receivable within two to five years.

	2000	1999
Unconditional Promises to Give	$ 2,674,080	$ 2,947,927
Unamortized Discount	(168,097)	(179,364)
Allowance for Doubtful Pledges	(140,312)	(160,355)
Total	$ 2,365,671	$ 2,608,208
Net Contributions Receivable:		
Current	$ 1,448,078	$ 1,571,089
Long-Term	917,593	1,037,119
Total	$ 2,365,671	$ 2,608,208

NOTE 3 CONTRIBUTIONS RECEIVABLE (CONTINUED)

The University has received a four year matching funding grant of $500,000. Receipt of the funding is contingent on raising $125,000 each year from other contributors to the St. John's Bible Project and upon meeting specified production milestones (Note 11). The University believes that it will meet both specifications for all four years and thus no allowance for uncollectible amounts is necessary.

NOTE 4 LONG-TERM INVESTMENTS

Investments are composed of the following at June 30, 2000 and 1999:

	2000		
	Cost	Market	% of Total
Short-term Investments	$ 28,485,845	$ 28,485,847	14.6 %
Debt Securities	23,775,585	23,749,514	12.1
Equity Securities	118,141,326	136,062,540	69.6
Other	7,257,853	7,257,123	3.7
Total	$ 177,660,609	$ 195,555,024	100.0 %

	1999		
	Cost	Market	% of Total
Short-term Investments	$ 22,136,636	$ 22,136,636	12.1 %
Debt Securities	30,760,427	31,022,789	16.9
Equity Securities	106,614,529	125,010,663	68.2
Other	5,148,973	5,148,115	2.8
Total	$ 164,660,565	$ 183,318,203	100.0 %

Total investment management fees included in investment return for the years ended June 30, 2000 and 1999 were approximately $851,340 and $727,600, respectively.

The Order of St. Benedict also acts as agent for Order of St. Benedict, LTD Japan. Invested assets at June 30, 2000 and 1999 were $2,607,017 and $2,844,230, respectively.

NOTE 5 CONTINGENCIES

The Order adopted a self-insurance plan for its employees' health insurance. The Order is responsible for a maximum of $75,000 per year for each employee. Amounts in excess of the $75,000 cap and those amounts in excess of 120% of the expected annual claims are insured.

The Order is subject to certain employment and other claims arising out of the ordinary course of business. Although it is not possible to predict the outcome of these claims, management believes they will not have a material effect on the financial condition of the Order.

ORDER OF ST. BENEDICT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999

NOTE 6 DEBT

The Order had the following debt obligations at June 30, 2000 and 1999:

	2000	1999
Notes Payable		
Unsecured notes payable to various individuals and organizations, due on demand with interest rates ranging from 4% to 6% per annum.	$ 137,928	$ 238,045
Bonds Payable		
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 3.0% until final maturity on November 1, 2016. A current principal installment of $50,000 is due November 1, 2000.	$ 1,090,000	$ 1,140,000
Bond (Sexton Commons and Metton Court - 3H) payable to the Minnesota Higher Education Facilities Authority, in ten annual installments ranging from $300,000 to $1,085,000 commencing October 1, 1993 with the final payment due October 1, 2002. The principal amount on each installment is subject to a specific interest rate ranging from 4% to 6.1%, with an effective rate over the length of the loan of 6.25%. This bond was retired on October 1, 1999.		2,630,000
Bond (Science Center, Athletic Complex, Dormitories, etc. - 4L) Payable to the Minnesota Higher Education Facilities Authority, in twenty-five annual installments ranging from $645,000 to $2,065,000 commencing October 1, 1998 with the final payment due October 1, 2022. The principal amount on each installment is subject to a specific interest rate ranging from 3.9% to 5.4%. A current installment of $695,000 is due on October 1, 2000.	28,535,000	29,205,000
Bond (Preparatory School - St. Bede and St. Michael Hall) payable to Stearns County, in 25 annual principal installments ranging from $0 to $215,000 with the first payment due April 1, 2000 and the final payment due October 1, 2024. The principal amount on each installment is subject to a specific interest rate ranging from 3.9% to 5.6%. A current installment of $60,000 is due on October 1, 2000.	3,000,000	
Total Bonds Payable	$ 32,625,000	$ 32,975,000

NOTE 6 DEBT (CONTINUED)

Mortgages Payable	2000	1999
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% continuing through May 1, 2019.	$ 953,467	$ 989,684
Department of Education (HUD) mortgage payable secured by the Seton Apartments. 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 $30,775 is due on August 26, 2000.	971,580	1,001,452
Department of Education - Engel Hall general obligation note, secured by Engel Hall, payable over a 30-year period at an interest rate of 5½% with semi-annual installments of $49,277 including principal and interest continuing through November 2019. A current installment of $34,683 is due November 1, 2000.	1,169,844	1,202,695
Total Mortgages Payable	$ 3,094,891	$ 3,193,831
Capital Lease Obligation		
AT&T Credit Corporation - Payable over 2 years (extension of 7 year lease on a telephone system). Extension lease amount of $158,376 with monthly payments of $9,647 beginning August 26, 1997.		$ 9,339
Total	$ 35,857,819	$ 36,416,215
Less: Current Portion	907,768	3,458,278
Total Long-Term	$ 34,950,051	$ 32,957,937

ORDER OF ST. BENEDICT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999

NOTE 6 DEBT (CONTINUED)

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

Year	Amount
2000	$ 907,768
2001	946,760
2002	995,922
2003	1,030,262
2004	1,074,787
Later Years	30,777,014
Subtotal	$35,732,513
Add: Unsecured Notes Payable to Individuals and Organizations	125,306
Total	$35,857,819

The Order is subject to various covenants under the bond, loan and mortgage agreements. These covenants require the Order to maintain certain reserves, among other items. Reserves of $3,733,515 and $6,086,704 for the years ended June 30, 2000 and 1999, respectively, are included in investments. Total interest expense for the years ended June 30, 2000 and 1999 was $1,867,560 and $1,901,352, respectively.

REQUIRED ANNUAL REPORT INFORMATION FOR MHEFA 4-L BOND

On July 23, 1997, the Order of St. Benedict issued bonds through the Minnesota Higher Education Facilities Authority (4-L) in the amount of $29,850,000 to construct an athletic complex, science building, student housing and various other projects. On July 20, 1999, the Order of St. Benedict issued bonds of $3,000,000 through Stearns County, Minnesota, to add an additional floor to St. Bede Hall (academic Building) and renovate St. Michael Hall (dorm) of the St. John's Preparatory School. The following information, which is required annual reporting, is in this footnote for easy reference. This information has not been subjected to any auditing procedures.

a. This information is provided as of the end of the most recent complete academic or fiscal year, as appropriate.

NOTE 6 DEBT (CONTINUED)

Student Enrollment and Geographic Distribution of Entering Freshmen

The University's total historic enrollment for undergraduate and graduate students for the past five years and the estimated enrollment for fiscal year 1998/99 is as follows:

Fiscal Year	Head Count	FTE
Actual:		
1995/96	1,816	1,744
1996/97	1,796	1,740
1997/98	1,823	1,762
1998/99	1,854	1,786
1999/00	1,932	1,870
Estimated:		
2000/2001	1,995	1,925

Of the 475 persons enrolled in the 1999/00 freshman class, 408 or 85.9% are Minnesota residents.

Freshman Applications, Acceptances and Enrollments

	1995/96	1996/97	1997/98	1998/99	1999/00
Applications	894	893	917	891	1,119
Acceptances	776	773	799	766	950
Percent Accepted	87%	87%	87%	86%	85%
Enrolled	430	426	450	430	475
Percent Enrolled to Accepted	55%	55%	56%	56%	50%
Mean ACT Score	24	25	25	25	25
Mean SAT Verbal/ Math Scores*	563/587	583/606	572/593	587/599	582/601

All scores recentered.

ORDER OF ST. BENEDICT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999

NOTE 6 DEBT (CONTINUED)

Student Retention

The University reports the following student retention percentages, based on tracking incoming freshmen through to graduation.

Fall Semester	New Freshmen	Percent of Students Returning: 2nd Year	3rd Year	4th Year	5th Year	Percent of Graduates: 4 Years	By 5th Year
1992	435	80.0	70.6	68.3	8.3	54.0	60.0 %
1993	444	83.3	73.0	72.5	7.2	60.0	67.0
1994	430	84.7	76.5	74.2	6.3	65.0	72.0
1995	430	83.5	79.5	77.7	5.6	67.0	
1996	426	90.1	85.7	82.4	6.8		
1997	450	90.9	87.8	84.2			
1998	427	92.3	85.7				
1999	475	89.7					

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 fees for the past five years, charged to a full-time, incoming freshman.

	1995/96	1996/97	1997/98	1998/99	1999/00
Tuition	$ 12,951	$ 13,858	$ 14,620	$ 15,424	$ 16,195
Room*	1,988	2,078	2,179	2,279	2,364
Board	2,236	2,314	2,395	2,479	2,566
Activity Fee	138	138	138	150	150
Technology Fee	-	-	-	-	96
Total	$ 17,313	$ 18,388	$ 19,332	$ 20,332	$ 21,371

**Amounts represented above are average room charges; actual amounts 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.

NOTE 6 DEBT (CONTINUED)

Faculty

The student-faculty ratio is approximately 14 to 1. Approximately 20% of the faculty are members of the Order of St. Benedict or other religious orders. 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 1999/00 fiscal year, the University has 145 full-time and 42 part-time faculty. The number and average salary by rank for full-time faculty during the 1999/00 Fiscal Year were

Rank	Number	Salary
Professor	38	$ 60,850
Associate Professor	51	$ 47,630
Assistant Professor	42	$ 38,738
Instructor/Lecturer	14	$ 34,058

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

Financial Aid

Approximately 89% 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.

	1995/96	1996/97	1997/98	1998/99	1999/00
Loans:					
Perkins	$ 399,300	$ 423,625	$ 424,200	$ 396,850	$ 405,750
GSL (Stafford)	4,601,060	3,900,459	3,863,483	4,206,452	3,992,356
PLUS	974,719	1,141,659	1,091,037	807,107	810,064
SELF (State of Minnesota)	849,697	726,736	807,815	1,479,123	1,878,121
Total Loans	$ 6,824,776	$ 6,192,479	$ 6,186,535	$ 6,889,532	$ 7,086,291
Student Employment (All Sources)	$ 1,880,234	$ 1,934,249	$ 2,030,848	$ 2,093,301	$ 2,196,338
Gift Aid:					
Federal/State	$ 2,698,023	$ 2,606,693	$ 2,567,597	$ 2,844,058	$ 2,606,612
University	5,435,577	6,133,993	6,860,909	7,677,697	8,703,284
Total Gift Aid	$ 8,133,600	$ 8,740,686	$ 9,428,506	$ 10,521,755	$ 11,309,896
Total	$ 16,838,610	$ 16,867,414	$ 17,645,889	$ 19,504,588	$ 20,592,525

ORDER OF ST. BENEDICT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2000 AND 1999

NOTE 6 DEBT (CONTINUED)

Other Information

a. Information as to gifts, bequests, and grant support for the most recent complete fiscal year. See Statement of Activities Page 4 line titled private gifts and grants $11,994,915.

Based on fiscal 2000 Audited Financial Statements of the Corporation:

Increase in Unrestricted Net Assets	$ 9,376,913
Plus: Depreciation	3,398,118
Debt Service Interest	1,867,560
Less: Net Assets Released from Restriction for Land, Buildings, & Equipment	(1,258,657)
Investment Return in Excess of Spending Policy	(3,478,745)
Amount Available for Debt Service	$ 9,905,189

b. Information on Capital Campaign

The University has undertaken a capital campaign to raise $19,500,000 to support current and future needs, including $6,000,000 for facilities (balance on the new Science Center), $3,775,000 for scholarships, $651,741 for strategic priorities, and $5,200,000 for unrestricted and restricted annual gifts. The capital campaign commenced January 1, 1999 and concludes June 30, 2001. As of June 30, 2000, the University had raised a total of $18,720,768 through cash, pledges and planned gifts.

c. An update of footnote (b) on the annual Pro Forma Debt Service by Fiscal Year and Pro Forma Coverage Statement – Order of St. Benedict, Inc. provided in the Official Statement.

NOTE 7 JOINT EFFORT

The University entered into a contract with a local college to provide a joint effort between the two institutions for certain administrative, employment and student services. The joint effort was arranged to provide economic efficiencies when possible. The contract provides for such services to be reimbursed between the two institutions. At June 30, 2000 and 1999 there was a receivable from the college for $385,194 and $485,077, respectively.

NOTE 8 RECLASSIFICATION OF NET ASSETS

There is an internal loan from the College of Arts and Sciences to the School of Theology, as a result of some construction costs incurred in fiscal year 1992. The School of Theology makes annual principal payments by reclassifying any undesignated and unrestricted funds generated during the year to the College of Arts and Sciences. Total reclassifications made for the years ended June 30, 2000 and 1999 were $120,677 and $43,592, respectively.

NOTE 9 FUNCTIONAL ALLOCATION OF EXPENSES

Expenses with the exception of depreciation and plant expenses are specifically allocated to the various programs and supporting services. Depreciation and plant expenses are allocated based on the ratio of functional category expenses to total expenses.

NOTE 10 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2000	1999
Order of St. Benedict		
Interest paid	$ 1,875,271	$1,914,599
Noncash		
Cost and accumulated depreciation fully depreciated assets	$ 8,349,440	
Disposal of building improvements	$ 340,869	
St. John's Abbey		
Interest paid	$ 29,421	$ 30,483
Noncash		
Cost and accumulated depreciation fully depreciated assets	$ 565,643	
St. John's University		
Interest paid	$ 1,729,833	$1,880,567
Noncash		
Cost and accumulated depreciation fully depreciated assets	$ 6,716,029	
Disposal of building improvements	$ 340,869	
St. John's Preparatory School		
Interest paid	$ 116,017	$ 3,549
Noncash		
Cost and accumulated depreciation fully depreciated assets	$ 392,630	
Liturgical Press		
Noncash		
Cost and accumulated depreciation fully depreciated assets	$ 675,138	
Write off of inventories	$ 183,479	

NOTE 11 ST. JOHN'S BIBLE

In 1998 St. John's University entered into a contract in the amount of $1,722,000 with Mr. Donald Jackson to create and produce a handwritten, illuminated, museum quality reproduction of the Bible based on the New Revised Standard Version. A monthly sum will be made to Mr. Jackson through June 2004. Additional payments will be made as sections of the work are completed. A 10% royalty capped at $756,000 of the net profit will also be made to Mr. Jackson.

A major objective of the St. John's Bible is to increase national and international awareness of St. John's University and promote its position among expanded constituencies and recruitment markets. Facsimiles of the bible will be sold to generate revenue for St. John's University and the St. John's Bible.

LARSON ALLEN WEISHAIR & CO., LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Rt. Rev. Timothy T. Kelly, O.S.B., Abbot
Order of St. Benedict, Inc.
Collegeville, Minnesota

Our report on our audits of the basic financial statements of the Order of St. Benedict, Inc. for 2000 and 1999 appears on page 1. These audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages A-1 through A-5, U-1 through U-5, P-1 through P-5 and L-1 through L-5 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, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Larson, Allen, Weishair & Co LLP

LARSON, ALLEN, WEISHAIR & CO., LLP

St. Paul, Minnesota
September 15, 2000

ST. JOHN'S UNIVERSITY
BALANCE SHEETS
JUNE 30, 2000 AND 1999
(SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION)

ASSETS	2000	1999
CURRENT ASSETS		
Cash and cash equivalents	$ 1,859,853	$ 4,388,238
Accounts receivable		
Student receivables, net of allowance for doubtful accounts of $1,162,000 in 2000 and 1,055,000 in 1999	287,915	322,560
Contributions receivable, net of allowance for doubtful accounts of $73,000 in 2000 and $73,000 in 1999	1,373,270	1,419,574
Other	1,988,456	1,076,258
Interest receivable	294,012	599,624
Inventories	1,098,313	901,711
Prepaid expenses	742,862	396,321
Total Current Assets	7,644,681	9,104,286
LONG-TERM RECEIVABLES AND OTHER NON-CURRENT ASSETS		
Student loans receivable, net of allowance for doubtful accounts of $0 in 2000 and 1999	2,948,848	2,933,846
Contributions receivable, net of allowance for doubtful accounts of $48,000 in 2000 and $54,000 in 1999	913,593	1,013,428
Unitrusts receivable	91,678	259,218
Deferred debt acquisition costs, net of accumulated amortization of $90,000 in 2000 and $60,000 in 1999	656,771	686,625
Total Long-term Receivables and Other Non-current Assets	4,610,890	4,893,117
LONG-TERM INVESTMENTS (Note 4)		
Investments	126,968,862	116,966,875
Assets held in charitable remainder unitrusts	14,784,663	11,666,085
Total Long-term Investments	141,753,525	128,632,960
PROPERTY, PLANT AND EQUIPMENT		
Land and improvements	2,439,138	2,075,509
Buildings	80,434,457	66,369,407
Furniture and equipment	15,565,715	20,135,760
Library books	8,380,007	8,008,873
Bible project books	817,450	454,074
HMML microfilm and library books	3,786,334	3,869,880
Prepaid construction	1,095,365	12,998,381
Total	112,518,466	113,911,884
Less: Accumulated depreciation	26,880,996	30,817,843
Total Property, Plant and Equipment	85,637,470	83,094,041
TOTAL ASSETS	$ 239,646,566	$ 225,724,404

	2000	1999
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 1,189,553	$ 1,610,281
Accrued payroll and benefits	1,520,853	1,362,257
Other liabilities	1,451,491	1,367,101
Deferred revenue	1,370,849	1,067,581
Funds held for others	77,947	115,425
Current portion of annuities and unitrusts payable	1,188,113	1,151,331
Current portion of notes, bonds and mortgages payable (Note 6)	810,458	3,422,063
Total Current Liabilities	7,609,264	10,096,039
LONG-TERM LIABILITIES		
Accounts payable - construction	46,284	562,548
Government grants repayable - Federal Perkins loan program	3,000,955	2,991,159
Notes, bonds and mortgages payable, net of current portion (Note 6)	31,043,314	31,953,889
Annuities and unitrusts payable, net of current portion	14,925,556	12,236,895
Total Long-term Liabilities	49,016,109	47,744,491
Total Liabilities	56,625,373	57,840,530
NET ASSETS		
Unrestricted		
Available for operations - CAS	1,563,843	1,542,691
Available for operations - HMML	88,464	140,154
Available for operations - ISTI	111,202	92,445
Available for operations - AIR	394	
Unrestricted portion of endowment	60,222,532	55,447,005
Capital renewal	1,237,866	1,719,442
SJU debt stabilization	24,495,928	21,985,082
Contractual limitations - debt service	1,308,152	1,276,597
Investment in property, plant and equipment	53,796,320	50,359,978
Annuities and life insurance	5,722,897	5,781,087
Total Unrestricted Net Assets	148,547,598	138,344,481
Temporarily Restricted		
Unitrusts	1,522,431	854,479
Term endowment	78,087	73,808
Unexpended gifts		
Plant	626,386	670,200
Program	6,593,917	3,996,914
Contributions receivable	1,798,417	1,977,103
Total Temporarily Restricted Net Assets	10,619,238	7,572,504
Permanently Restricted		
Unitrusts	860,327	1,030,446
Endowment	22,505,585	20,480,543
Contributions receivable	488,445	455,900
Total Permanently Restricted Net Assets	23,854,357	21,966,889
Total Net Assets	183,021,193	167,883,874
TOTAL LIABILITIES AND NET ASSETS	$ 239,646,566	$ 225,724,404

ST. JOHN'S UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2000
(SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 30,580,348			$ 30,580,348
Less: Scholarships and grants	(9,158,097)			(9,158,097)
Net tuition and fees	21,422,251			21,422,251
Government grants				
Federal grants	614,449	$ 52,802		667,251
State grants	271,474	13,200		284,674
Private gifts and grants	3,416,829	5,609,282	$ 1,706,292	10,732,403
Other investment income	507,058	60,798		567,856
Endowment income	1,289,198	298,165	51,748	1,639,111
Net realized gains (losses) on investments	3,351,915	775,228	134,544	4,261,687
Net unrealized gains (losses) on investments	3,953,540	914,370	158,693	5,026,603
Other sources	1,475,815	7,940		1,483,755
Sales and services of auxiliary enterprises				
Residence halls	3,820,344			3,820,344
Food services	3,918,794			3,918,794
Other auxiliaries	6,698,410			6,698,410
Adjustment of actuarial liability	(58,190)	667,219	(163,809)	445,220
	50,681,887	8,399,004	1,887,468	60,968,359
Net assets released from restrictions (Note 2)	5,352,270	(5,352,270)		
Total Revenues, Gains and Other Support	56,034,157	3,046,734	1,887,468	60,968,359
EXPENSES				
Program expenses				
Instruction	14,800,902			14,800,902
Academic support	6,369,555			6,369,555
Student services	4,899,162			4,899,162
Auxiliary enterprises				
Residence halls	2,626,988			2,626,988
Food services	3,272,998			3,272,998
Other auxiliaries	5,902,746			5,902,746
Support expenses				
Institutional support	6,718,982			6,718,982
Other				
Sponsored programs	1,239,707			1,239,707
Total Expenses	45,831,040			45,831,040
Increase (Decrease) In Net Assets	10,203,117	3,046,734	1,887,468	15,137,319
NET ASSETS - Beginning of Year	138,344,481	7,572,504	21,966,889	167,883,874
Reclassification of Net Assets				
ADJUSTED NET ASSETS	138,344,481	7,572,504	21,966,889	167,883,874
NET ASSETS - END OF YEAR	$ 148,547,598	$ 10,619,238	$ 23,854,357	$ 183,021,193

ST. JOHN'S UNIVERSITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 1999
(SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION)

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
REVENUES, GAINS AND OTHER SUPPORT				
Tuition and fees	$ 27,870,526			$ 27,870,526
Less: Scholarships and grants	(8,130,125)			(8,130,125)
Net tuition and fees	19,740,401			19,740,401
Government grants				
Federal grants	611,860	$ 304		612,164
State grants	196,168	13,300		209,468
Private gifts and grants	3,258,863	4,501,971	$ 1,208,676	8,969,510
Other investment income	1,304,079	63,026		1,367,105
Endowment income	1,267,023	264,133	64,928	1,596,084
Net realized gains (losses) on investments	4,624,131	966,929	236,941	5,828,001
Net unrealized gains (losses) on investments	(3,340,160)	(698,443)	(171,150)	(4,209,753)
Other sources	1,279,574			1,279,574
Sales and services of auxiliary enterprises				
Residence halls	3,628,562			3,628,562
Food services	3,748,984			3,748,984
Other auxiliaries	6,299,948			6,299,948
Adjustment of actuarial liability	(183,925)	235,678	(125,232)	(73,479)
	42,435,508	5,346,898	1,214,163	48,996,569
Net assets released from restrictions (Note 2)	9,310,818	(9,310,818)		
Total Revenues, Gains and Other Support	51,746,326	(3,963,920)	1,214,163	48,996,569
EXPENSES				
Program expenses				
Instruction	13,386,885			13,386,885
Academic support	5,330,433			5,330,433
Student services	4,649,711			4,649,711
Auxiliary enterprises				
Residence halls	2,363,673			2,363,673
Food services	2,980,186			2,980,186
Other auxiliaries	5,366,045			5,366,045
Support expenses				
Institutional support	5,792,156			5,792,156
Other				
Sponsored programs	1,210,806			1,210,806
Total Expenses	41,079,895			41,079,895
Increase (Decrease) in Net Assets	10,666,431	(3,963,920)	1,214,163	7,916,674
NET ASSETS - Beginning of Year	127,678,050	11,536,424	20,752,726	159,967,200
Reclassification of Net Assets				
ADJUSTED NET ASSETS	127,678,050	11,536,424	20,752,726	159,967,200
NET ASSETS - END OF YEAR	$ 138,344,481	$ 7,572,504	$ 21,966,889	$ 167,883,874

ST. JOHN'S UNIVERSITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2000 AND 1999
(SEE INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION)

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 15,137,319	$ 7,916,674
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	2,864,167	2,421,464
Loss on sale of property, plant and equipment	286,000	
Adjustment of actuarial liability	(445,220)	1,035,493
Realized (gains) losses on investments	(4,261,687)	(5,828,001)
Unrealized (gains) losses on investments	(5,026,603)	4,209,753
Contributions and income restricted for long-term investment	(2,837,304)	(3,100,072)
Change in total contributions receivable	146,139	(515,502)
Change in current assets		
Student receivables	19,643	115,626
Other receivables	(439,046)	268,467
Inventories	(196,602)	(4,940)
Prepaid expenses	(346,541)	86,562
Change in current liabilities		
Accounts payable	(420,728)	280,031
Accrued payroll liabilities	158,596	92,176
Other liabilities	84,390	15,018
Deferred revenue	303,268	(29,552)
Funds held for others	(37,478)	37,853
Net Cash Provided (Used) by Operating Activities	4,988,313	7,001,050
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(6,180,006)	(10,594,439)
Proceeds from sales and maturities of investments	172,340,794	154,197,528
Purchases of investments	(176,173,069)	(161,733,415)
Net Cash Provided (Used) by Investing Activities	(10,012,281)	(18,130,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions and income restricted for long-term investment	2,837,304	3,100,072
Payment of principal on long-term debt	(3,522,180)	(1,257,208)
Undrawn bond funds		6,086,829
Increase in government grants repayable - Federal Perkins loan program	9,796	19,113
Annuity and unitrust payments	(1,106,307)	(977,030)
Change in annuity and unitrust liability	4,276,970	3,282,559
Net Cash Provided (Used) by Financing Activities	2,495,583	10,254,335
Net Increase (Decrease) in Cash and Cash Equivalents	(2,528,385)	(874,941)
CASH AND CASH EQUIVALENTS - Beginning of Year	4,388,238	5,263,179
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,859,853	$ 4,388,238