OFFICIAL STATEMENT DATED OCTOBER 2, 1984

NEW ISSUE

In the opinion of Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities and the interest to be paid on the Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes (other than Minnesota corporate franchise and bank excise taxes measured by income) acccording to present federal and Minnesota laws, regulations, rulings and decisions.

$2,825,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
VARIABLE RATE DEMAND REVENUE BONDS, SERIES TWO-H (ST. MARYS COLLEGE)

Bonds Dated: October 2, 1984 **Due: October 1, 2004**

INITIAL INTEREST RATE: 6.70%

REOFFERED AT PAR

The Bonds are fully registered with interest payable each January 1, April 1, July 1, and October 1, commencing January 1, 1985. Principal will be payable at the principal office of Norwest Bank Minneapolis, N.A., Corporate Trust Division, as Trustee (the "Trustee").

The Bonds are general obligations of St. Marys College secured by the College's full faith and credit. The Bonds are further secured by an Irrevocable Standby Letter of Credit issued to the benefit of the Trustee by

NORWEST BANK MINNEAPOLIS, N.A.

to be drawn on by the Trustee in certain events of default as described in this Official Statement.

Prior to October 3, 1984, the Bonds will bear interest at the rate of 6.70%. Thereafter, interest shall be at the Variable Floating Rate which shall generally be equal to 62% of the average bond equivalent rate of 13-week United States Treasury Bills established at the most recent auction thereof prior to each weekly Determination Date, subject to adjustment as herein described. Certain alternative determinations of the interest rate are provided for in the absence of availability of the bond equivalent rate of 13-week United States Treasury Bills. The Variable Floating Rate shall be determined and announced weekly by Norwest Securities, a division of Norwest Bank, Minneapolis, N.A., as Remarketing Agent, or its successor. Unless the interest rate is increased as a result of a determination of taxability, the interest rate shall not exceed 15% per annum.

Any Owner of a Bond may, at any time, upon not less than seven calendar days prior written notice (the "Purchase Demand"), tender Bonds to the Trustee at its main office for purchase by the Trustee at or before 11:00 A.M., Minneapolis time, on the purchase date specified in such notice. Pursuant to the Standby Agreement, the Remarketing Agent has agreed to attempt to remarket such tendered Bonds prior to the date the Trustee is required to purchase such tendered Bonds. If such Bonds are not remarketed, Norwest Bank Minneapolis, N.A. (the "Standby Lender") has agreed to advance funds to the Trustee to purchase the tendered Bonds from the Owner thereof.

The Bonds are subject to redemption in whole or in part as described in "THE BONDS — Redemption of Bonds" herein.

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

The Bonds are being offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of certain matters by Bond Counsel, Faegre & Benson, Minneapolis, Minnesota, who also will pass upon certain matters pertaining to the Standby Letter of Credit, as Counsel to Norwest Bank Minneapolis, N.A. Certain legal matters will be passed on for the College by its Counsel, Streater, Murphy, Gernander & Forsythe, Winona, Minnesota. It is expected that the Bonds will be available for delivery in Minneapolis, Minnesota on or about October 2, 1984.

NORWEST SECURITIES
Norwest Bank Minneapolis, N.A.

No dealer, broker, salesman or other person has been authorized by the Authority or by Norwest Securities, 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 any of the foregoing. The information contained herein has been obtained from sources believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority or the Underwriter. 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 there has been no change in the affairs of the Authority 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.

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. The registration or qualification of these securities in accordance with applicable provisions of securities laws of the jurisdictions in which the Bonds may be registered or qualified and the exemption from registration or qualification in other jurisdictions shall not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

In connection with this offering, the Underwriter, Norwest Securities, a division of Norwest Bank Minneapolis, N.A., may over-allot or effect transactions that 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. Although the Underwriter anticipates that it will maintain a secondary market for the Bonds, there is no assurance that such a market will develop or, if developed, will be maintained.

TABLE OF CONTENTS

	Page(s)

OFFICIAL STATEMENT

$2,825,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

VARIABLE RATE DEMAND REVENUE BONDS, SERIES TWO-H

(ST. MARYS COLLEGE)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and St. Marys College (the "College") in connection with the issuance of the Authority's $2,825,000 Variable Rate Demand Revenue Bonds, Series Two-H (the "Bonds").

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

The Bonds are being issued by the Authority on behalf of St. Marys College; the proceeds of the Bonds are to finance, in part, the construction of a $3.5 million theater/recital hall on the College's campus at Winona, Minnesota. (See "THE BONDS - Sources and Uses of Funds.")

Pursuant to a Loan Agreement between the College and the Authority, the College covenants to make payments and deposits in amounts sufficient to pay the principal and interest on the Bonds as the same shall become due. The Bonds are issued also pursuant to a Trust Indenture between the Authority and Norwest Bank Minneapolis, National Association, Minneapolis, Minnesota (the "Trustee").

The Trustee shall also act as Registrar and Paying Agent and Tender Agent for the Bonds.

Norwest Bank Minneapolis, N.A. (the "Bank") in its capacity as commercial lender has issued its Irrevocable Standby Letter of Credit in favor of the Trustee to be terminated on October 2, 2004, or earlier (see "SUMMARY OF DOCUMENTS - Letter of Credit"). The Letter of Credit is for the full amount of the principal of the Bonds and may be drawn on by the Trustee, as a single draft, upon certain events of default.

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

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit or taxing powers of the Authority or the State of Minnesota are pledged.

DEFINITION OF CERTAIN TERMS

As used in this Official Statement the following words and terms when capitalized shall have the meaning stated, unless a different meaning clearly appears from the context or is stated in a separate document referred to herein:

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

Authority: The Minnesota Higher Education Facilities Authority.

Authorized Investments: Investments authorized for moneys in the Accounts created under Article V of the Indenture.

Bank: Norwest Bank Minneapolis, N.A., in its capacity as issuer of the Letter of Credit, its successors and assigns.

Bank Collateral Agreement: The Second Collateral Pledge Agreement and Assignment dated September 1, 1984 from the College to the Bank, as amended or supplemented from time to time.

Bank Mortgage: The Second Combination Mortgage, Security Agreement and Fixture Financing Statement dated September 1, 1984 from the College to the Bank, as amended or supplemented from time to time.

Base Rate: That fluctuating interest rate per annum equal to 62% of the average bond equivalent rate of 13-week United States Treasury Bills (the "Bill Rate") established at the most recent auction thereof prior to each Determination Date. In the event the Bill Rate shall not have been published for more than two consecutive weeks, then, until the first Determination Date following the next publication of the Bill Rate, the Base Rate for each Interest Period thereafter shall be equal to the 30-day tax-exempt commercial paper rate (the "Tax Exempt Commercial Paper Rate") published on the applicable Determination Date by the Munifacts Wire System, Inc., plus one quarter of one percent (.25%), as reported in writing to the Trustee by the Remarketing Agent as of such Determination Date. In the event the Base Rate cannot be computed based on either the Bill Rate or the Tax Exempt Commercial Paper Rate, the Base Rate shall be equal to 65% of the weekly average dealer taxable commercial paper rate for commercial paper with thirty (30) day maturities as published by the Federal Reserve in Statistical Release H-15 (or any successor form) on the Monday (or the next succeeding Business Day if such Monday is not a Business Day) preceding each Determination Date. In the event that the Base Rate cannot be computed based upon any of the above-described rates on the applicable Determination Date, the Base Rate in effect during the applicable Interest Period with respect to such Determination Date shall be the same as that in effect for the preceding Interest Period. In the event the Base Rate cannot be computed for two or more consecutive interest periods, the Base Rate shall be the rate determined by the Remarketing Agent which shall as nearly as practicable be the minimum rate of interest which must be borne by the Bonds so that such Bonds may be remarketed in the secondary market at par on and as of the applicable Determination Date.

Bond Closing: The sale and delivery of the Bonds pursuant to the Bond Purchase Agreement.

Bonds: The Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Two-H (St. Marys College), authorized by the Indenture, the Loan Agreement and the Bond Resolution.

Bond Purchase Agreement: The Bond Purchase Agreement dated as of September 17, 1984, between the Authority, the Institution and the Underwriter, relating to the sale of the Bonds, and any amendments thereto.

Bond Resolution: The Series Resolution of the Authority adopted on July 24, 1984, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

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

Business Day: Any day other than a Saturday, Sunday or other day on which the Bank is required or permitted to be closed under the laws of the State of Minnesota.

Collateral Agreement: The First Collateral Pledge Agreement and Assignment dated September 1, 1984 from the College to the Trustee, as amended or supplemented from time to time.

College: St. Marys College, at Winona, Minnesota, a Minnesota nonprofit corporation and institution of higher education, its successors and assigns.

Determination Date: The first Business Day of each Interest Period, commencing October 3, 1984.

Disbursing Agreement: The Disbursing Agreement dated September 1, 1984 among the College, the Trustee, the Bank, Norwest Bank Winona, N.A., and Winona County Abstract Company.

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

General Bond Resolution: The General Bond Resolution adopted by the Authority on October 10, 1972, and any amendments thereto.

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

Indenture: The Trust Indenture between the Authority and Norwest Bank Minneapolis, N.A., as Trustee, dated as of September 1, 1984, under which the Bonds are authorized to be issued, and including any indenture supplemental hereto.

Institution: St. Marys College, at Winona, Minnesota, a Minnesota nonprofit corporation and institution of higher education, its successors and assigns.

Interest Period: The period from and including Wednesday of each week (whether or not a Business Day), commencing October 3, 1984, to and including the following Tuesday (whether or not a Business Day).

Internal Revenue Code: The Internal Revenue Code of 1954 and amendments thereto.

Letter of Credit: The Irrevocable Standby Letter of Credit, dated September 1, 1984, issued by the Bank in favor of the Trustee for the account of the College, as amended or supplemented from time to time.

Loan Agreement: The Loan Agreement between the Authority and the Institution, dated September 1, 1984, as from time to time amended or supplemented.

Loan Rate: Under certain conditions, the fluctuating interest rate per annum carried by Bonds registered in the name of the Standby Lender equal to 95% of the Prime Rate but not in excess of the Maximum Rate, except in the event of taxability.

Loan Rate Bonds: Bonds which bear interest at the Loan Rate.

Loan Repayments: Periodic payments for principal and interest required under the Loan Agreement.

Maximum Rate: Fifteen percent (15%) per annum, except in the event of taxability.

Mortgage: The First Combination Mortgage Security Agreement and Fixture Financing Statement dated September 1, 1984 from the College to the Trustee, as amended or supplemented from time to time.

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

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) utility, access and other easements and rights-of-way, mineral rights, restrictions and exceptions that an Independent engineer certifies will not interfere with or impair the use of or operations being conducted in the Project Facilities, (iii) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities and as do not in the aggregate, in the opinion of Independent Counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Institution, (iv) the Mortgage and the Bank Mortgage and (v) those additional encumbrances identified in Exhibit C to the Mortgage.

Prime Rate: The prime rate as announced by Norwest Bank Minneapolis, N.A., from time to time.

Project: The acquisition, construction and equipping of a theater and recital hall facility for the College on its campus at the City of Winona, Minnesota, together with all necessary furnishings and site improvements therefor.

Project Building: The new theater and recital hall building constructed as part of the Project.

Project Equipment: All furnishings, furniture, fixtures, equipment, and other personal property of a capital nature acquired with proceeds of the Bonds and installed and located in or as part of the Project Building as part of the Project, specifically described in the Certificate of the Project Supervisor furnished pursuant to Section 3.06 of the Loan Agreement.

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

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

Purchase Demand: A written demand to the Trustee by the Owner of one or more Bonds, made not less than seven days in advance and in the form of Exhibit A of the Indenture, to purchase Bonds designated by the Owner on a specified purchase date.

Redemption Account: The Redemption Account created by the Indenture for deposit of any moneys received which are not otherwise committed. Moneys shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, and (ii) to redeem or repay outstanding Bonds or to purchase outstanding Bonds for redemption and cancellation.

Regular Record Date: The close of business on the 15th day of the calendar month next preceding an interest payment date.

Reimbursement Agreement: The Reimbursement Agreement dated September 1, 1984 between the College and the Bank, as amended or supplemented from time to time.

Remarketing Agent: The Remarketing Agent appointed by the College under the Standby Agreement, initially Norwest Securities, a division of Norwest Bank Minneapolis, N.A., and any successor Remarketing Agent.

Series Two-H Bonds: The Bonds.

Standby Agreement: The Standby Agreement dated September 1, 1984 among the Standby Lender, the Remarketing Agent, the Trustee, the Authority and the College, as from time to time amended or supplemented.

Standby Lender: The Standby Lender under the Standby Agreement, initially Norwest Bank Minneapolis, N.A., Funds Management Group, and any successor Standby Lender.

Trustee: Norwest Bank Minneapolis, N.A., Corporate Trust Division, or any successor Trustee.

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

Underwriter: Norwest Securities, a division of Norwest Bank Minneapolis, N.A.

Variable Floating Rate: The interest rate carried by the Bonds as determined on each Determination Date as described in "THE BONDS - Interest on the Bonds" in this Official Statement, which rate shall be effective as of the first day of each Interest Period, whether or not such day is a Business Day.

THE BONDS

General

The Bonds are dated October 2, 1984 and will mature October 1, 2004, but are subject to mandatory and optional redemption (see "THE BONDS - Redemption of Bonds"). Interest is payable January 1, 1985 and quarterly thereafter on the first day of each January, April, July and October to maturity. The Bonds are fully registered in the denomination of $25,000 each or any integral multiple thereof.

Principal is payable at the principal office of the Trustee; the Trustee will also perform the functions of Registrar and Paying Agent. Interest on the Bonds is payable by check or draft mailed (or, pursuant to an agreement between the Owner and Trustee, by wire transfer) to the registered Owner as of the close of business on the 15th day of the month preceding the interest payment date (whether or not a Business Day) at his address as shown on the registration books.

Any Owner of a Bond (except an Owner of a Loan Rate Bond) may, at any time, upon not less than seven calendar days prior written notice, in the form attached to the Indenture as Exhibit A ("Purchase Demand"), tender Bonds to the Trustee at its main office for purchase by the Trustee at or before 11:00 A.M., Minneapolis time, on the purchase date specified in such Purchase Demand. The Remarketing Agent has agreed to attempt to remarket such Bonds prior to the date the Trustee is required to purchase Bonds. If the Bonds are not remarketed, the Standby Agreement requires (so long as the Standby Agreement has not been terminated by reason of an event of default thereunder) the Standby Lender to advance funds to the Trustee for the acquisition of such Bonds, which shall be held by the Standby Lender until remarketed, paid or redeemed (see "SUMMARY OF DOCUMENTS - Standby Agreement").

Interest on the Bonds

Prior to October 3, 1984, the Bonds will bear interest at 6.70%. Thereafter, for each Interest Period, the interest rate on the Bonds (except with respect to Loan Rate Bonds or upon determination of taxability) will be at the Variable Floating Rate to be adjusted weekly. The Variable Floating Rate will be determined on the Determination Date, the first business day of the weekly Interest Period, being the period from and including Wednesday of each week (whether or not a Business Day), to, and including, the following Tuesday (whether or not a Business Day.)

For each Interest Period, the Variable Floating Rate will be computed by the Remarketing Agent as of, and communicated to the Trustee and the College on, the applicable Determination Date. If for any reason the Remarketing Agent fails to establish and report in writing to the Trustee the Variable Floating Rate for any Interest Period, then the Variable Floating Rate in effect for the immediately preceding Interest Period will remain in effect until a revised Variable Floating Rate is established by the Remarketing Agent and reported to the Trustee in accordance with the Indenture.

The Variable Floating Rate will be equal to 100% of the Base Rate (described hereafter) for each Interest Period unless Bonds have been tendered to the Trustee prior to the Determination Date and have been remarketed by the Remarketing Agent at an interest rate produced by a different percentage of the Base Rate determined by the Remarketing Agent to be necessary, giving due regard to prevailing financial market conditions, to enable the Remarketing Agent to sell such tendered Bonds at par. The Variable Floating Rate will be rounded to the nearest 1/100 of 1%.

In no event will the interest rate so determined be less than 90% nor greater than 110% of the Base Rate with respect to any Interest Period. If a percentage other than 100% is in effect, such percentage will remain in effect only until the next interest payment date on the Bonds, unless prior thereto Bonds have again been tendered and remarketed at a percentage of the Base Rate other than 100%. Unless the interest rate is increased as a result of a determination of taxability, the interest rate shall not exceed 15% per annum (the "Maximum Rate").

Determination of Base Rate

The Base Rate is that interest rate per annum equal to 62% of the average bond equivalent rate of 13-week United States Treasury Bills (the "Bill Rate") established at the most recent auction thereof prior to each Determination Date. In the event that the Bill Rate shall not have been published for more than two consecutive weeks, then, until the first Determination Date following the next publication of the Bill Rate, the Base Rate for each Interest Period thereafter shall be equal to the 30-day tax-exempt commercial paper rate (the "Tax Exempt Commercial Paper Rate") published on the applicable Determination Date by the Munifacts Wire System, Inc., plus one quarter of one percent (.25%), as reported in writing to the Trustee by the Remarketing Agent as of such Determination Date. In the event that the Base Rate cannot be computed based upon either the Bill Rate or the Tax Exempt Commercial Paper Rate, the Base Rate shall be equal to 65% of the weekly average dealer taxable commercial paper rate for commercial paper with 30 day maturities, as published by the Federal Reserve in Statistical Release H-15 (or any successor form) on the Monday (or the next succeeding Business Day) preceding each Determination Date. In the event that the Base Rate cannot be computed based upon any of the above-described rates on the applicable Determination Date, the Base Rate in effect during the applicable Interest Period with respect to such Determination Date shall be the same as that in effect for the preceding Interest Period. In the event that the Base Rate cannot be so computed for two or more consecutive Interest Periods, the Base Rate shall be the rate determined by the Remarketing Agent which shall as nearly as practicable be the minimum rate of interest necessary for the Bonds to be remarketed in the secondary market at par on and as of the applicable Determination Date.

Loan Rate Bonds

Pursuant to the Standby Agreement, whenever any sums advanced by the Standby Lender, as a consequence of a Purchase Demand, have been received and applied to the purchase of Bonds, the Trustee shall, on the date such funds are received and applied by the Trustee (the "Transfer Date") register such Bonds in the name of or at the direction of the Standby Lender. If and at such time as the Standby Lender has held any such tendered Bonds for a period of 90 days during which time the Remarketing Agent shall have attempted, but shall have failed, to remarket such Bonds, the interest rate on any such Bond shall be converted to the Loan Rate after such 90-day period; provided, however, that any such Bond shall bear interest at the Loan Rate only until it is remarketed by the Remarketing Agent, and such Loan Rate Bond may only be remarketed at the Variable Floating Rate, which Variable Floating Rate shall become effective with respect to such remarketed Bond on the day such Bond is registered in the name of the new Owner. Only the Standby Lender may be the Owner of a Loan Rate Bond.

The Loan Rate will be a variable rate of interest, defined as 95% of the Prime Rate, as announced by Norwest Bank Minneapolis, N.A. from time to time, which rate will be effective on the effective date of each such announcement, provided, however, that (except in the event of determination of taxability) at no time will the Loan Rate exceed 15% per annum.

Taxability

In the event a determination is made that interest on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code in effect at the date of the Loan Agreement and Indenture and regulations thereunder, the Bonds shall bear additional interest equal to the basic Variable Floating Rate or Loan Rate, as the case may be, for an aggregate rate two times such basic Variable Floating Rate or Loan Rate, as the case may be, from the date of taxability to the respective dates of payment of the Bonds. The determination of taxability shall be established as provided in Section 6.09 of the Loan Agreement and the date of taxability shall be that date as of which the interest on the Bonds shall be so determined to be includable in the gross income of the Holders of the Bonds, 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 Holder of the Bond. The Bonds shall not bear additional interest, if interest on the Bonds shall become subject to federal income taxation solely by reason of an amendment or addition to the Internal Revenue Code (or regulations thereunder) adopted after the Bonds have been issued. Such additional interest on Bonds shall be payable to the Holders of the Bonds following the determination of taxability.

Redemption of Bonds

The Bonds are subject to redemption prior to maturity and at the option of the Authority, acting at the request of the College, on any interest payment date, at a redemption price equal to par plus accrued interest, in whole or in part, and, if in part, in integral multiples of $25,000.

The Bonds are subject to mandatory redemption and shall be redeemed at par plus accrued interest by application of moneys in the Sinking Fund, as provided in Section 3.08 of the Indenture, in aggregate amounts or installments on October 1 in each of the years as follows:

Years	Principal Amount	Year	Principal Amount
1987-1991	$ 25,000	2000	$225,000
1992-1994	$ 50,000	2001	$250,000
1995-1997	$100,000	2002	$375,000
1998-1999	$200,000	2003	$425,000

The remaining principal, $575,000, will mature October 1, 2004.

At its option, the College may receive a credit in respect of such Sinking Fund redemption obligations for any Bonds which prior to said Sinking Fund redemption dates have been purchased or redeemed (otherwise than through the operation of such Sinking Fund) and not theretofore applied as a credit against such Sinking Fund redemption obligation.

Notice of any such redemption shall be mailed not more than sixty days nor less than thirty days before the date fixed for such payment. At least 91 days prior to the date fixed for redemption, funds of the College shall be deposited with the Trustee sufficient to pay the Bonds called and accrued interest thereon. Upon the happening of the above conditions, 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.

If less than all of the Bonds at the time outstanding are to be called for prior redemption, the particular Bonds or portions thereof of such maturity to be redeemed shall be selected by lot, except that Bonds held by the Standby Lender shall be called first and except as otherwise expressly provided by the Indenture, in such manner as the Trustee, in its discretion, may determine. The Trustee shall call for redemption in accordance with the foregoing provisions as many Bonds or portions thereof as will, as nearly as practicable, exhaust the moneys available therefor. Particular Bonds or portions thereof shall be redeemed only in integral multiples of principal amount of $25,000.

Sources and Uses of Funds

Sources		
Bond Proceeds:		
Par Amount	$2,825,000	
Less: Discount	(21,188)	$2,803,812
Funds of the College		1,000,000
Total Sources		$3,803,812
Uses		
Cost of the Project		$3,500,000
Capitalized Interest		176,563
Issuance Costs		127,249
Total Uses		$3,803,812

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College as required by the Loan Agreement or out of other amounts pledged therefor under the Trust Indenture.

The College pledges its full faith and credit to the Loan Repayments and agrees to make such payments out of the general fund or any other moneys legally available to the College. The College covenants and agrees to charge tuition fees, other fees, rentals and charges which, together with the general funds or any other moneys legally available, will be sufficient at all times to make the Loan Repayments and any other payment required under the Loan Agreement; to meet current operation and maintenance expenses of the Project Facilities; and to pay all other obligations of the College as they become due.

The Bonds will be secured, in addition, by a Letter of Credit issued by the Bank in the full amount of the Bonds. (See "SUMMARY OF DOCUMENTS - Letter of Credit.")

At Bond Closing there shall be deposited and at all times thereafter be maintained in the Bond and Interest Sinking Fund Account an amount equal to three months of interest on the Bonds at the Maximum Rate.

The obligation to repurchase any Bond pursuant to a Purchase Demand is secured by a Standby Agreement among the Authority, the College, the Trustee and the Standby Lender. The Standby Lender has agreed, pursuant to the Standby Agreement, to advance funds to the Trustee for the purchase of any properly tendered Bond which is not remarketed prior to completion of the seven-day notice period unless the Standby Agreement has been terminated by reason of an event of default thereunder (see "SUMMARY OF DOCUMENTS - The Standby Agreement").

To secure payment of principal of the Bonds, the College has executed and delivered the Mortgage to the Trustee, as a mortgage lien on and security interest in the real estate, improvements, fixtures and personal property of the Project. By the Collateral Agreement the College has granted to the Trustee a security interest in certain funds, securities and deposits having a cash value of at least $1,500,000.

The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit or taxing powers of the Authority or the State of Minnesota are pledged.

The College will agree pursuant to the terms of the Loan Agreement and the Indenture to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds.

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

Norwest Bank Minneapolis, N.A.

Norwest Bank Minneapolis, N.A., is the largest commercial bank affiliate of Norwest Corporation, the 20th largest bank holding company in the United States.

The Bank offers a wide range of commercial banking, trust and investment services to its customers in the Twin Cities, the Upper Midwest, throughout the United States, and around the world. On June 30, 1984, the Bank had total assets of approximately $5.7 billion and stockholders' equity of approximately $287.4 million.

Norwest Securities is a division of the Bank.

For further financial information regarding Norwest Bank Minneapolis, N.A., contact Gail E. Glender, Manager of Communications, Norwest Bank Minneapolis, N.A., Eighth and Marquette, Minneapolis, Minnesota, 55479.

ACCOUNTS

Summary

The Indenture provides 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 Bond and Interest Sinking Fund Account and a Redemption Account. In addition, the Indenture provides for a Construction Account. From the proceeds of the Bonds, deposits will be made to the Bond and Interest Sinking Fund Account and to the Construction Account. Following Bond Closing, amounts received by the Trustee from the College as Loan Repayments are to be deposited to the Bond and Interest Sinking Fund Account and the Redemption Account and used, to the extent needed, to pay the debt service on the Bonds.

Construction Account

There shall initially be deposited in the Construction Account the net proceeds of the Bonds, less the amount of such proceeds representing capitalized interest, which will be deposited into the Bond and Interest Sinking Fund Account. In addition, the College agrees in the Loan Agreement to make additional deposits to the Construction Account if needed to provide sufficient funds with which to pay all Project Costs. Upon receipt of proper documentation, and in accordance with the Disbursing Agreement, the Trustee will reimburse the College for prior expenditures in connection with the Project and will pay costs and expenses associated with completion and equipping of the Project. When the Project Building has been completed and equipped and opened for use and occupancy and the Project Equipment has been installed, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account or to the Redemption Account.

Bond and Interest Sinking Fund Account

There shall initially be deposited into the Bond and Interest Sinking Fund Account the amount of Bond proceeds representing capitalized interest, which is to be used to pay interest on the Bonds. Additional deposits shall be made to the Bond and Interest Sinking Fund Account from earnings on other Accounts established under the Indenture and from Loan Repayments made by the College. The moneys and investments in the Bond and Interest Sinking Fund Account are 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.

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption Account. Funds in this Account will be available to maintain required balances in other Accounts and to purchase or redeem Bonds. No specific amounts are required, except as required to redeem Bonds subject to mandatory redemption from the Sinking Fund, a subaccount of the Redemption Account.

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 has waived the requirement that the College deposit funds into the General Bond Reserve Account. The Bonds will not be secured by the General Bond Reserve Account.

Permitted Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account or the Redemption Account shall be invested by the Trustee in (i) direct obligations of or obligations fully guaranteed by the United States of America ("Government Obligations"), or (ii) time deposits of or certificates of deposit issued by a bank or trust company (including the Trustee or any affiliate of the Trustee) which deposits are insured by the Federal Deposit Insurance Corporation or are fully secured by Government Obligations, or (iii) securities issued by the agencies of the United States known as Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Farmers Home Administration, Federal Housing Administration, Government National Mortgage Association, Federal Maritime Administration and Public Housing Authorities, and (iv) shares of an investment company registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, and whose only investments are in securities previously described in this sentence. Obligations so purchased shall be deemed at all times to be a part of the respective Account, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to such Account. The type, amount and maturity of any such investments shall conform to any instructions of the Authorized Institution Representative. Any interest and income accruing on and any profit realized from such investment shall be credited against Loan Repayments and the amounts to be deposited by the College under the Loan Agreement therefor. Any such interest or other investment income or profit not credited to Loan Repayments and deposits therefor under the Loan Agreement, and not needed to provide payments on the Bonds, shall be used as promptly as possible and in integral multiples of $25,000 for the redemption of Bonds or the purchase of Bonds on the market, it being intended that interest, income and profit shall not be permitted to accumulate but shall be used to provide debt service on the Bonds or for the prior redemption or retirement of Bonds. Any such investment made by the Trustee may be purchased from the Trustee or any affiliate of the Trustee. The Trustee shall redeem or sell, at the best price obtainable, any obligations so purchased, whenever it shall be necessary to do so in order to provide moneys to meet any payment from the respective Account. Neither the Trustee nor the Authority shall be liable for any loss resulting from any such investment, nor from failure to preserve rights against endorsers or other prior parties to instruments evidencing any such investment. Investment of funds shall be limited as to amount and yield of investment in such manner that no part of the outstanding Bonds shall be deemed "arbitrage bonds" under Section 103(c) of the Internal Revenue code of 1954 and regulations thereunder.

THE PROJECT

The College will construct a theatre/recital hall (the "Project") in the central area of the campus. The new building will replace a small 1912-era theatre on the third floor of St. Marys Hall and provide the first acoustically designed recital hall for musical performances by students, faculty, and guests.

The structure, containing 42,500 square feet in assignable area, will be built on a site near the existing Field house (constructed in 1965) and the College Center (completed in 1969).

The theatre has seating in the continental style for some 400 persons. The recital hall, whose stage is at the same level as the theatre stage, seats 130 persons. A rehearsal/warmup/dance room on the mezzanine level will be used by both theatre and recital hall performers as the need arises. The recital hall will also serve as a lecture/meeting hall, although its acoustics will be designed to favor musical performance. A common lobby serves both theatre and recital hall patrons. There is access to both halls for handicapped persons.

Construction is expected to begin in the fall of 1984. The schedule calls for the building to be ready for use in August, 1986. The Board of Trustees of the College has by resolution set a $3.5 million cap on construction costs and architectural fees. W-Smith Architectural & Engineering Services, Inc., Winona, Minnesota, is the architectural firm. P. Earl Schwab Co., Winona, Minnesota, is the general contractor.

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 has consisted of six members appointed by the Governor with the advice and consent of the Senate and a seventh member who is the Executive Director of the Minnesota Higher Education Coordinating Board and is designated as the Secretary of the Authority. Under legislation adopted by the 1984 Legislature, two additional members were appointed by the Governor with the advice and consent of the Senate, and the President of the Minnesota Private College Council is a member ex officio without voting rights.

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $150 million. With the Bonds, the Authority has had 38 issues (including refunded and retired issues) totaling $119,835,000 of which $96,980,000 (including the Bonds) is outstanding as of May 31, 1984. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payments. 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 include nonprofit educational institutions authorized to provide a program of education beyond the high school level. Sectarian institutions are not eligible for assistance; however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

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

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

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

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

The Authority is financed solely from fees paid by the institutions; it has no taxing power. At the time of issuance, and usually from bond proceeds, the Authority is paid a percentage, currently .35%, of the principal amount of the issue. Thereafter, commencing as of the date of issue and payable at the beginning of each year thereafter during the life of the bonds, the Authority receives an annual fee, currently .2%, of the original principal amount of the issue for its original term, regardless of whether the issue is prepaid, unless the Authority waives its rights to such payment.

Bond issuance costs, including fees of bond counsel, the financial advisor and trustee, are paid by the institution. The fees of bond counsel and the financial advisor usually are paid from bond proceeds.

As a general policy, the Authority requires that the proceeds of each issue include a sum equal to approximately one year's debt service, after deduction of any interest subsidy grants, for the creation of debt service reserves. Of this sum, 80% is deposited with the trustee in a series reserve account; the remaining 20% is deposited by the Authority in the General Bond Reserve Account pledged to the payment of all bonds issued by the Authority for which such deposit has been made. However, the College will not establish a debt service reserve for the Bonds and the Bonds will not be secured by the General Bond Reserve Account. See "ACCOUNTS - Genera ond Resérve Account."

Members of the Authority

Member	Principal Activity
Earl R. Herring, Chairman	Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota
John A. McHugh, Vice Chairman	Attorney, Larkin, Hoffman, Daly & Lindgren, Ltd., Minneapolis
Emily Anne Staples, Secretary	Director of Development, Spring Hill Conference Center, Wayzata, Minnesota
Kathryn D. Jarvinen	Hospital Administrator, Winona, Minnesota
David Longanecker	Executive Director, Higher Education Coordinating oard, Saint Paul
Carlos Lopez, Jr.	President, Cal-Mech, Inc., Saint Paul
Larry Osnes (Non-voting member)	President, Minnesota "rivate College Council, Saint Paul
Peter H. Seed	Attorney, Briggs and Morgan Professional Association, Saint Paul
Catherine M. Warrick	Executive Director, Chrysalis - A Center for Women, Minneapolis

There is presently one unfilled membership.

THE COLLEGE

St. Marys College, located in Winona, Minnesota, is a non-profit, non-sectarian, residential, four-year, co-education, liberal arts college. It was founded in 1912 by the second Bishop of Winona. Conducted at first by diocesan clergy, the College came under the administration of the Brothers of the Christian Schools in 1933. It now is operated as a separate corporation for which the Christian Brothers have no fiscal responsibility.

Originally a men's school, the College became co-educational in 1969.

The College is accredited by the North Central Association of Colleges and Secondary Schools. It is on the approved list of colleges and universities published by the American Medical Association, from which medical students will be accepted. It is registered with the Minnesota Higher Education Coordinating Board in accordance with Minnesota Statutes.

Governance

The Articles of Incorporation of the College provide that the management of the Corporation shall be vested in a Board of Trustees and the sole members of this Corporation shall be the Trustees who are elected and qualified except that the President of the College shall be a member of the Board.

For the purpose of carrying out the objectives of the College, the Corporation shall have the authority and power to take, hold and enjoy all property, both real and personal, that heretofore or hereafter may be owned or acquired or transferred to it, and shall have the right to hold, use and enjoy the income therefrom; to encumber, use and dispose of, in any manner whatsoever, real and personal property, corporeal and incorporeal, including the right to invest and reinvest and to sell or dispose of the whole or any portion of the property of the Corporation at any time; and to have all powers and authority permitted by law to non-profit organizations.

There is no pledge, directly or indirectly, of the credit or support by the Christian Brothers of Minnesota for the Bonds.

The number of Trustees shall be not less than 12 and no more than 39. There are currently twenty-four members. Each member is elected for a term of five years, except those members elected to fill unexpired terms. A member may be re-elected for a second successive full term but is not eligible for further terms until at least one year after the expiration of the second elective term.

Following is a list of the current members of the Board of Trustees of St. Marys College and their business or professional affiliation.

Trustee	Principal Activity
Anthony J. Adducci	President, Technology Enterprises, Arden Hills, Minnesota
Brother Milton Barker, F.S.C.	Principal, Roncalli High School Manitowoc, Wisconsin
C. Bernard Carey	Attorney, Isham, Lincoln and Beale, Chicago, Illinois
Most Reverend Robert Carlson	Auxiliary Bishop, Archdiocese of St. Paul/Minneapolis, Minnesota
John J. Cassidy, Jr.	Partner and Senior Trial Attorney, Vedder, Price, Kaufman and Kammholz, Chicago, Illinois
Sister Mary Irenaeus Chekouras, R.S.M.	Saint Xavier College, Chicago, Illinois
Brother Joel Damian, F.S.C.	Executive Secretary, Christian Brothers National Office, Romeoville, Illinois
Raymond T. Denten	Senior Vice President and General Counsel, Anvan Companies, Lombard, Illinois

Trustee	Principal Activity
Brother Louis DeThomasis, F.S.C.	President, St. Marys College, Winona, Minnesota
Michael Dooley	Prudential Insurance Co., Minneapolis, Minnesota
Brother Dominic Ehrmantraut, F.S.C.	Visitor, Saint Paul and Minneapolis District of Christian Brothers, Saint Paul, Minnesota
Brother Patrick Ellis, F.S.C.	President, LaSalle University, Philadelphia, Pennsylvania
Eugene Figliulo, Vice Chairman Board of Trustees	President, Systems and Programming Resources, Inc., Oak Brook, Illinois
Rev. J. Thomas Finucan	Pastor, Saint Stanislaus Parish, Stevens Point, Wisconsin
Curtis H. Holmquist*	President, Norwest Bank Winona N.A., Winona, Minnesota
Dr. Suzanne Jelense	Physician, Winona, Minnesota
Mrs. Lee Luebbe	Winona County Commissioner, Winona, Minnesota
Loras H. Sieve, Chairman Board of Trustees	Director of Planning, General Mills, Inc., Minneapolis, Minnesota
William P. Skemp	Attorney, Hale, Skemp, Hanson and Skemp, LaCrosse, Wisconsin
Brother Damian Steger, F.S.C.	President, St. Marys Press, Winona, Minnesota
Dr. Bruce W. Stender	Investment Counselor, Labovitz Enterprises, Duluth, Minnesota
Bernard E. Wagnild, Secretary Board of Trustees	President, Wagnild Chevrolet, Inc., Winona, Minnesota
Brother Michael Wallgren, F.S.C.	Superintendent, Cretin High School, Saint Paul, Minnesota
Most Rev. Loras J. Watters (Emeritus Member)	Bishop, Diocese of Winona, Winona, Minnesota

* *Norwest Bank Winona, N.A., will act as monitoring agent on construction of the Project and is a participant in the Letter of Credit.*

Brother Paul Grass is the Treasurer of the Corporation.

President

Brother Louis DeThomasis, F.S.C., Ph.D. became the eleventh President of St. Marys College on July 1, 1984. A native of New York, Brother DeThomasis served as president of LaSalle Military Academy in Oakdale, New York between 1976 and 1984. He holds a Ph.D. in financial management from the Union Graduate School in Cincinnati and a bachelor of science in foreign service from Georgetown University in Washington, D.C. He has also studied at Providence College in Rhode Island and the University of Madrid.

Brother DeThomasis joined the Christian Brothers in 1968 after a distinguished career in business. He had been president of Metro Graphics, Inc., in Washington, D.C., before becoming a Christian Brother. He has gained national prominence in the fields of finance and education.

President Lyndon Johnson appointed him to represent the United States on an economic inspection tour of Germany commemorating the 25th anniversary of the Marshall Plan. He has received many other honors including a "Founders Certificate" from Radio Free Asia in 1966 and an ambassadorial appointment to the Board of Directors of the Korean Cultural and Freedom Foundation.

He has served on the St. Marys College Board of Trustees since 1978. He serves as a trustee on other boards including Manhattan College in New York, St. John's Military College High School in Washington, D.C., and is chairman of the board of the Martin de Porres School for Exceptional Children in Queens, New York.

Brother DeThomasis has written several books and monographs: The Finance of Education, Investing With Options, and Social Justice - A Christian Pragmatic Response in Today's World. His articles have been published in many respected journals including Fund Raising Management, Momentum, and Private School Quarterly.

Campus

The College is situated on 350 acres of land on a river terrace at the western edge of the City of Winona overlooking the scenic Hiawatha Valley of the Mississippi River. Buildings and campus park occupy thirty acres; the remainder of the property is allocated for research and recreational facilities.

Four buildings served the needs of the College in its early days. Since 1953, more than twenty buildings have been added to the original four. Students are housed in nine residence halls and two campus student residence Villages.

The following buildings make up the College's physical plant:

Facility	Year of Construction/Additions	Resident Capacity	Insured Value of Buildings and Contents
St. Marys Hall	1912	42	$ 6,681,919
Heffron Hall	1921	103	1,663,622
Hoffman Science Hall	1956		2,256,276
Fitzgerald Library	1961		1,373,408
St. Thomas More Chapel	1958		718,615
College Center	1969		3,174,731

Facility	Year of Construction/Additions	Resident Capacity	Insured Value of Buildings and Contents
Gymnasium	1965		$ 2,450,066
Heating Plant	1921		614,875
Cotter Hall	1914	15	377,036
Aquinas Hall	1953	58	444,097
St. Edward's Hall	1957	120	787,117
LaSalle Hall	1957	20	762,927
Benilde Hall	1960	120	836,219
Skemp Hall	1921; 1965	108	1,405,782
Griffin Hall	1912	23	893,194
White Hall	1920	7	59,507
St. Joseph's Hall	1906	51	2,925,403
St. Yon Hall	1962	86	1,917,974
Village I	1971	102	351,164
Village II	1972	106	495,600
Damian Hall and Garage	1960	51	917,797
Miscellaneous Structures	Various		1,005,368
			$32,112,697

Academic Information

The College operates on a conventional semester system. A full-time student is defined as one enrolled for a minimum of 12 semester credit hours.

Admissions Criteria

Admission prerequisites include graduation from an accredited high school or the equivalent and satisfactory performance on a college entrance examination. The director of admissions evaluates an applicant's ability to do successful work at St. Marys College. The pattern of high school courses is not the sole criterion for acceptance. Rank in class, test scores, activities and interests, and recommendations from teachers and counselors all provide data for admission. St. Marys welcomes all qualified applicants without regard to race, color, creed, sex or national origin.

Degree Offerings

St. Marys College offers the Bachelor of Arts degree with majors from eighteen departments and six divisions. The graduate program at St. Marys offers courses leading to the following degrees: Master of Arts in Counseling and Psychological Services; Master of Arts in Education and Human Development; Master of Arts in Educational Administration; Masters of Arts in Human and Health Services; and Masters of Science in Biology and Nurse Anesthesia.

Graduation Requirements

Undergraduate degree candidates must fulfill all of the following requirements: (i) earn at least 122 credits; (ii) complete at least 45 credits in courses numbered 300 or above; (iii) complete the general education areas program; (iv) complete at least one individualized major studies program; (v) maintain at least a 2-to-1 ratio of grade points to credits in all courses taken in the major field and in all courses taken; (vi) and earn at least 60 credits in academic residence at the College.

Library

The Fitzgerald Library of the College has 126,000 volumes. Professional reference assistance is available during all library hours. In addition, Fitzgerald Library has inter-library loan capabilities with all United States colleges and universities for material unavailable at St. Marys. Fitzgerald Library is also a member of MINITEX (Minnesota Inter-Library Teletype Experiment) which permits rapid inter-library loans. The service permits students to receive help with reference questions via teletype facilities with the University of Minnesota. DATRIX is another service available to St. Marys students and faculty. DATRIX is a computerized subject searching of master's and doctoral dissertations published in the United States since 1938. In addition, students may obtain library privileges at both the other Winona college libraries (College of Saint Teresa and Winona State University) by presenting the St. Marys College identification card.

Student Body

The fall term undergraduate enrollment at the College for the 1983/84 academic year was 1,193; the 1984/85 fall enrollment is expected to be 1,198. Master's Degree program enrollment was 234 for 1983/84 and is expected to be 368 for the 1984/85 academic year. The student body is drawn from varied social, economic, cultural, racial and religious backgrounds. As of the fall of 1983, approximately 47% of the students were Minnesota residents.

Actual and Projected Full-time Undergraduate Enrollment, 1978 through 1988

(Fall) Year	Freshmen	Sophomores	Juniors	Seniors	Special	Total
1978	347	340	272	233	5	1,197
1979	370	315	285	255	4	1,229
1980	387	342	255	279	6	1,269
1981	410	326	289	216	8	1,249
1982	338	328	275	263	6	1,210
1983	376	293	289	227	8	1,193
1984	369	324	259	238	8	1,198
1985	361	321	287	220	8	1,197
1986	354	315	282	245	8	1,204
1987	347	309	277	241	8	1,182
1988	340	304	275	236	8	1,163

Master's Degree Program Enrollment

Academic Year	FTE Enrollment
1983/84	234
1982/83	227
1981/82	193
1980/81	160
1979/80	139

Tuition and Fees

The College meets the cost of educational programs primarily through tuition and fees. The following table lists the schedule of fees charged full-time undergraduate students from the academic years 1980/81 through 1984/85:

	1980/81	1981/82	1982/83	1983/84	1984/85
Annual Tuition	$3,270	$3,750	$4,300	$4,700	$5,200
Activity Fee	40	40	40	50	50
Room:					
Residence Halls	350	890	990	1,090	1,150
Villages	1,020	1,070	1,170	1,270	1,350
Board	810	870	970	1,070	1,120
Total Tuition, Activity Fee, Residence Hall Room & Board	$4,970	$5,550	$6,300	$6,910	$7,520

Faculty and Staff

The full-time faculty-student ratio for 1983-84 is 15.5 Nine percent of the faculty are Christian Brothers. There is no religious or denominational prerequisites or any participatory religious requirements for faculty membership. The College subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

The College employs 69 full-time and 30 part-time faculty. Total employment is approximately 220. The total payroll for fiscal year 1982/83 was approximately $4,750,000, including contributed services, net of expenses.

Salaries of Full-Time Instructional Faculty

Academic Rank	Number of Faculty	Average Salary*
Professor	11	$31,168
Associate Professor	24	25,233
Assistant Professor	33	21,509
Instructor	1	16,000

* *Salaries for nine-month contracts exclusive of fringe benefits.*

Of the full-time faculty, 43 hold Ph. D's and 26 hold Master degrees.

Contributed Services

The "Average Salaries" shown in the preceding table reflect both salaries actually paid to lay faculty members and salaries which the College could expect to pay comparably qualified lay faculty for the services performed by the Christian Brothers.

For the fiscal year ending May 31, 1984, the value of the "Contributed Services" of the Brothers was $84,627, net of expenses. This represents the difference between what was actually paid the Brothers and what would be paid lay faculty performing their services. In addition to the fixed sum paid for each Brother to his religious community, the College makes a contribution to the Social Security program and the thers' retirement program as a fringe benefit. The College also includes the Brothers in its employee group hospitalization program.

Pensions

St. Marys College is a participant in the Christian Brothers Retirement Plan which provides pension benefits to full-time lay faculty and other lay personnel by means of contributions made by the employees and St. Marys College.

The annual contributions made by St. Marys College which amounted to $120,981 and $113,871 for the 1982/83 and 1981/82 fiscal years cover the annual normal costs which are for future service benefits. There is no liability for unfunded past service costs since the Trustee of the plan has considered such costs as fully funded.

Unions

The Hotel, Hospital, Restaurant and Tavern Employees Union, A.F.L.-C.I.O. Local 21, an affiliate of the Hotel and Restaurant Employees and Bartenders International Union currently represents the following St. Marys College employees:

23 Custodians
18 Food Service Workers

No other College employees are represented by unions.

Financial Aid

Approximately 60% of the College's students receive some form of financial aid. Some of the federal and State financial aid programs apply to tuition and fees, whereas others provide for living expenses such as transportation, housing and personal expenses.

The following table sets forth a five-year summary of direct financial aid for students at the College.

	Actual			Budget	
	1980/81	1981/82	1982/83	1983/84	1984/85
St. Marys College	$ 838,617	$1,005,942	$1,185,497	$1,319,786	$1,454,786
Federal Government*	1,139,782	1,051,498	1,018,960	1,103,000	1,103,000
State of Minnesota	337,041	277,648	282,553	511,145	511,145
Other	13,950	10,475	21,380	26,000	20,000
Total	$2,329,390	$2,345,563	$2,508,390	$2,959,931	$3,088,931
Number of FTE Students Aided	695	657	653	710	713

* *Includes Basic Education Opportunity Grants, Supplemental Education Opportunity Grants, National Direct Student Loans, and College Work Study Program.*

Gift Income

The College actively solicits and receives gifts and bequests from a variety of donors and also receives various grants from private foundations, corporations and from agencies of the federal government

The College maintains its ongoing Annual Fund drive used for operating purposes. Between 1980 and 1983, the St. Marys Design capital campaign was undertaken to raise funds for capital improvements, including the Project. Gift income received for the past five fiscal years has been:

	1983/84	1982/83	1981/82	1980/81	1979/80
Annual Fund	$ 439,445	$ 419,894	$ 427,391	$ 544,322	$ 372,629
Outside Scholarships	20,000	21,380	10,475	13,950	20,035
Mn. Private College Fund	118,349	112,210	113,817	100,594	92,144
Estates				17,326	7,283
Contributed Salaries	84,627	130,286	129,043	143,717	172,624
St. Marys Design	816,399	729,338	401,613		
Mn. Private College Contract		78,383	80,360	114,697	98,445
Sponsored Programs	498,475	383,858	397,756	384,027	446,332
	$1,977,295	1,875,349	$1,560,455	$1,318,633	$1,209,492

Financial Statements

The College's fiscal year ends on May 31 of each year. Financial records are maintained on a fund accounting system and financial statements have been prepared on the accrual basis of accounting except for depreciation accounting as explained in the notes to the College's financial statements. Appendix I sets forth the financial statements of the College for the years ended May 31, 1983 and 1982, which statements have been examined by Bansley and Kiener, Certified Public Accountants.

Statement of Current Funds Revenues, Expenditures and Other Changes

The following tables set forth the statements of revenues, expenditures and other changes for the College's general (unrestricted) funds for the past six fiscal years. These tables should be read in conjunction with the financial statements found in Appendix I.

ST. MARYS COLLEGE
BUDGETED REVENUES TO ACTUAL REVENUES
TWELVE MONTHS ENDED MAY 31, 1984
(Unaudited)

	Budgeted	Results As of 5-31-84	Variance	Percent Realized
Revenues: Educational & General				
Student tuition & fees	$ 6,103,580	$ 6,203,655	$100,075	101.6%
Government grants & contracts	1,271,145	1,184,942	(86,203)	93.2
Private gifts, grants & contracts	551,000	593,030	42,030	107.6
Endowment income	30,000	27,677	(2,323)	92.2
Other sources	275,000	306,752	31,752	11.5
Subtotal, E & G Revenues	$ 8,230,725	$ 8,316,056	$ 85,331	101.0%
Revenues: Auxiliary Services				
Food Service	$ 1,310,553	$ 1,274,612	$(35,941)	97.2%
Housing	1,185,345	1,195,971	10,626	100.8
Bookstore	321,006	348,059	27,053	108.4
Subtotal, Aux. Services Revenues	$ 2,816,904	$ 2,818,642	$ 1,738	100.0%
Total Current Fund Revenues	$11,047,629	$11,134,698	$ 87,069	100.7%

ST. MARYS COLLEGE
BUDGETED EXPENDITURES TO ACTUAL EXPENDITURES
TWELVE MONTHS ENDED MAY 31, 1984
(Unaudited)

	Budgeted	Results As of 5-31-84	Variance	Percent Realized
Salary & Wages				
Faculty salaries	$ 1,678,959	$ 1,780,155	$(101,196)	106.0%
Professional salaries	1,254,365	1,244,491	9,874	99.2
Clerical wages	380,561	389,150	(8,589)	102.2
Hourly wages	588,160	605,842	(17,682)	103.0
Subtotal, Salaries & Wages	3,902,045	4,019,638	(117,593)	103.0
Student wages	538,931	476,350	62,581	88.3
Total Salaries & Wages	4,440,976	4,495,988	(55,012)	101.2
Staff benefits	780,409	749,455	30,954	96.0
Total Payroll Expense	5,221,385	5,245,443	(24,058)	100.4
Other Expense				
President	88,005	72,491	15,514	82.3
V. President, Academic Affairs	632,206	544,806	87,400	86.1
V. President, Administration				
Offices & services	263,818	261,556	2,262	99.1
Plant maintenance	358,180	561,298	(203,118)	156.7
Food service	154,350	136,984	17,366	88.7
Bookstore	26,650	25,843	807	96.9
V. President, College Relations	130,730	114,256	16,474	87.3
V. President, Student Development	234,012	234,344	(332)	100.1
Total Other Expense	1,887,951	1,951,578	(63,627)	103.3
Special Categories of Expense				
Energy (total plant)	445,400	459,077	(13,677)	103.0
Insurance (general)	45,000	37,923	7,077	84.2
Capital expenditures	175,000	33,758	141,242	19.2
Library acquisitions	75,000	79,982	(4,982)	106.6
Food & beverage cost	606,113	513,078	93,035	84.6
Bookstore merchandise cost	260,000	266,735	(6,735)	102.5
SMC contribution to NDSL fund	30,000	18,005	11,995	60.0
Debt service (principal & interest)	310,000	403,979	(93,979)	130.3
SMC funded scholarships & grants	907,000	912,197	(5,197)	100.5
Fed/state/outside scholarships & grants	966,000	909,255	56,745	94.1
Total Special Categories	3,819,513	3,633,989	185,524	95.1
Total Expenditures	$10,928,849	$10,831,010	$ 97,839	99.1

STATEMENT OF UNRESTRICTED FUNDS REVENUES, EXPENDITURES & OTHER CHANGES YEARS ENDED MAY 31

	1979	1980	1981	1982	1983
Revenues					
Educational and general:					
Student tuition and fees	$3,532,803	$4,008,198	$4,628,750	$5,202,060	$5,680,720
Government grants and contracts	95,300	98,445	114,697	80,360	78,383
Gifts and private grants	356,206	366,923	422,485	575,119	592,659
Other sources	238,606	228,415	287,942	285,028	299,939
Contributed salaries	232,484	171,624	143,717	-	-
Education and general revenues	4,455,399	4,874,605	5,597,591	6,142,567	6,651,701
Non-mandatory transfers for plant renewals and replacements					129,500
Total educational and general	4,455,399	4,874,605	5,597,591	6,142,567	6,781,201
Auxiliary enterprise:					
Food Service	880,644	982,424	1,037,454	1,090,879	1,099,064
Housing	557,688	624,032	685,385	703,093	935,140
Bookstore	206,772	244,848	262,553	302,743	313,605
Total auxiliary enterprises	1,645,104	1,851,304	1,985,392	2,096,715	2,347,809
Total Revenues	6,100,503	6,725,909	7,582,983	8,239,282	9,129,010
Expenditures and Transfers					
Educational and general:					
Instructional	1,414,596	1,538,345	1,923,949	2,187,166	2,382,561
Public service	-	-	13,927	19,170	17,552
Academic support	370,283	510,025	572,686	538,044	569,519
Student service	634,250	727,890	846,676	945,876	1,047,316
Institutional support	933,914	1,010,472	801,416	905,391	948,731
Operation & maintenance of physical plant	497,261	615,154	668,552	783,050	1,052,402
Scholarships and grants	529,756	363,632	587,564	698,146	752,911
Educational and general expenditures	4,380,060	4,765,518	5,414,770	6,076,843	6,770,992
Mandatory transfers for:					
Loan fund matching grants	21,024	24,174	16,942	12,500	41,307
Non-mandatory transfers for:					
Endowment fund	50,000	450,000	200,000	110,789	-
Plant renewals and replacements	-	-	25,000	-	34,862
Total educational and general	4,451,084	5,239,692	5,656,712	6,200,132	6,847,161
Auxiliary enterprises:					
Food Service	683,590	745,570	822,741	883,138	919,965
Housing	275,072	251,161	433,487	468,601	874,360
Bookstore	196,399	224,076	242,030	281,028	295,658
Auxiliary enterprises expenditures	1,155,061	1,220,807	1,498,258	1,632,767	2,089,983
Mandatory transfers for:					
Principal, interest and sinking fund	227,945	259,781	256,128	225,863	-
Non-mandatory transfers for:					
Quasi endowment fund	150,000	-	-	-	-
Plant renewals and replacements	100,000	-	165,000	180,520	191,866
Total auxiliary enterprises	1,633,006	1,480,588	1,919,386	2,039,150	2,281,849
Total expenditures and transfers	6,084,090	6,720,280	7,576,098	8,239,282	9,129,010
Net increase (decrease) in fund balance	$ 16,413	$ 5,629	$ 6,885	$ -	$ -

LONG-TERM DEBT AMORTIZATION SCHEDULE
FOR FISCAL YEARS ENDING MAY 31, 1985 – 2025

Fiscal Year Ending May 31	$760,000 HUD Bonds 1957	$350,000 HUD Bonds 1960	$360,000 HUD Bonds 1965	$500,000 HUD Bonds 1969	$350,000 Mortgage 1972*	$595,000 MHEFA Bonds 1973*	$195,000 Mortgage 1977	$1,300,000 MHEFA Bonds 1977	$40,073 Mortgage 1978	$48,000 Mortgage 1983	$543,000 USDE Mortgage 1980	$580,172 MHEFA Bonds 1983	This Issue**	Total
1985	$ 31,360	$ 15,719	$ 16,440	$ 21,580	$ 20,200	$ 36,191	$26,672	$ 107,850	$ 4,025	$ 6,934	$ 23,175	$ 45,382	$ 113,000	$ 468,528
1986	30,728	15,406	16,170	21,280	20,200	40,171	26,672	105,750	4,025	6,934	30,060	45,382	226,000	588,778
1987	31,095	15,094	15,900	22,980	20,200	38,871	20,004	108,650	4,025	6,934	30,060	122,111	226,000	661,924
1988	31,435	15,781	15,630	22,620	20,200	37,571		106,250	4,025	6,934	30,060	121,680	250,000	662,186
1989	30,748	15,438	16,360	22,260	20,200	41,259		108,850	4,025	6,934	30,060	120,936	248,000	665,070
1990	30,060	15,094	16,060	21,900	20,200	39,684		106,060	4,025	6,934	30,060	120,459	246,000	656,536
1991	31,345	15,750	15,760	21,540	20,200	38,094		108,225	4,025	6,934	30,060	119,851	244,000	655,784
1992	31,603	15,375	16,460	23,180	20,200	41,504		110,025	4,025	6,934	30,060	119,079	242,000	660,445
1993	30,833	15,000	16,130	22,760	20,200	39,614		111,505	4,025	6,934	30,060		264,000	561,061
1994	31,063	15,625	15,800	22,340	20,200	42,724		107,665	4,025	6,934	30,060		260,000	556,436
1995	31,265	15,219	16,470	21,920	20,200	40,524		108,825	4,025	6,934	30,060		256,000	551,442
1996	20,400	15,813	16,110	21,500	20,200	43,324		109,665	4,025	6,934	30,060		300,000	588,031
1997		15,375	15,790	23,080	20,200	40,804		110,185	4,025	6,934	30,060		292,000	558,453
1998		14,938	16,390	22,600	17,381	23,284		110,385	4,025	6,934	30,060		284,000	529,997
1999		15,500	16,000	22,120				110,265	4,025	6,934	30,060		372,000	576,904
2000		1,031	15,610	21,640				114,825	4,025	6,934	30,060		356,000	550,125
2001			16,220	21,160				113,650	4,025	6,934	30,060		364,000	556,049
2002			15,800	22,680				117,150		6,934	30,060		370,000	562,624
2003				22,140						6,934	30,060		470,000	529,134
2004				21,600						6,934	30,060		488,000	546,594
2005				23,060						6,934	30,060		598,000	658,054
2006–2025										578	601,200			601,778
	$361,935	$232,158	$289,100	$465,940	$279,981	$543,619	$73,348	$1,975,780	$68,425	$146,192	$1,225,575	$814,880	$6,469,000	$12,945,933

* *Computed at the effective rate of 3%.*

** *The debt service for the Issue is based on the mandatory redemption schedule and assumes an interest rate of 8.00%.*

PRINCIPAL OUTSTANDING AS OF JUNE 1, 1984 INCLUDING THE BONDS: $7,216,201

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."

Term of Loan Agreement

The Loan Agreement shall remain in full force and effect from September 1, 1984 until the Indenture has been discharged.

Construction of Project

The College agrees that it will complete the Project by January 1, 1987, delays incident to causes beyond the reasonable control of the College only excepted, and pay all costs relating to the acquisition and construction of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account.

Loan Repayments

Until the principal of and interest on the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the Indenture, the College agrees that:

(a) at least 115 days before each quarterly interest payment date (the "Applicable Payment Date") the College shall pay into the Bond and Interest Sinking Fund Account a sum which, together with all other amounts then credited to such Account, will be equal to the amount payable as interest due on the Applicable Payment Date, by assuming for such purpose that the interest rate to be borne by the Bonds during the period from the next interest payment date to the Applicable Payment Date will be the maximum rate payable thereon, after crediting the net amount of funds and investment then on deposit to the credit of the Bond and Interest Sinking Fund Account, after deducting such amount as the Trustee determines will be necessary to be withdrawn from such Account for all payments of principal and interest to become due on any intervening interest payment date with respect to the Bonds;

(b) at least 115 days before each principal payment date, the College shall pay into the Bond and Interest Sinking Fund Account a sum equal to the principal due on the next principal payment date;

(c) the College shall forthwith pay into the Bond and Interest Sinking Fund Account or, if appropriate, the Redemption Account, the amount of deficiency in the event that the funds on deposit in the Bond and Interest Sinking Fund Account or the Redemption Account on any interest or principal payment date, or at any time within five days prior thereto, are insufficient to pay principal, premium (if any) and interest due on such date;

(d) at least 115 days prior to a date established for the mandatory redemption and prepayment of the Bonds, and at least 91 days prior to a date established for the optional prepayment of the Bonds, the College shall pay into the Redemption Account such amount, if any, as shall be necessary to provide for the redemption of any of the Bonds called for redemption from the Redemption Account.

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

As Additional Payments the College agrees to pay the annual fee of the Authority, fees and expenses of the Trustee and certain other expenses.

Rates and Charges

The College agrees to charge and collect such tuition fees, other fees, rentals and charges which, together with the general funds and other available funds of the College, shall provide moneys sufficient to pay all of the expenses during each year for operation, maintenance and repair of the Project Facilities, and to make all Loan Repayments and all other payments required under the Loan Agreement, and to pay all other obligations payable by the College.

Use of Project Facilities

The College agrees to use the Project Facilities as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. It agrees not to permit use of the Project Facilities in such manner or to such an extent as would result in a loss of the tax-exemption for interest on the Bonds under Section 103 of the Internal Revenue Code.

Maintenance of Project Facilities

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

Title to Property and Liens

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

Taxes and Other Governmental Charges

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

The College may, at its expense, in good faith contest any such taxes, assessments and other charges and may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest unless the Authority or the Trustee shall notify the College that, in the opinion of Independent Counsel, by nonpayment of any such items the Project Facilities or the revenue therefrom will be subject to loss or forfeiture, in which event such items shall be paid promptly.

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, with the consent of the Bank, the College shall either repair, rebuild or restore the damaged facilities, or prepay Bonds, as more fully provided in the Mortgage and the Bank Mortgage.

Condemnation

Subject to the applicable provisions of the Mortgage and the Bank Mortgage, if at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to the Project Building shall be taken in any proceeding involving the exercise of the right of eminent domain, the College shall, with the consent of the Bank, either redeem Bonds or rebuild or restore such facilities, as more fully provided in the Mortgage and the Bank Mortgage.

Indemnification

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

The College agrees to indemnify and hold harmless the Authority against any and all losses, claims, damages or liability to which the Authority may become subject under law, and to reimburse the Authority for any out-of-pocket legal and other expenses (including reasonable counsel fees) incurred by the Authority in connection with investigating any such losses, claims, damages, or liabilities or in connection with defending any actions, insofar as the same relate to information furnished to the Authority by the College in connection with the sale of the Bonds.

Institution to Maintain its Existence and Accreditation

The College agrees that during the term of the Loan Agreement it will maintain its existence as a nonprofit corporation and a nonprofit institution of higher education under the laws of Minnesota and its accreditation as an institution of higher education by recognized accrediting agencies and that it will not consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another institution except upon the conditions provided in the Loan Agreement. The conditions are the following: (i) if the surviving, resulting or transferee corporation, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Loan Agreement, and shall be either a state university or college or nonprofit corporation and a nonprofit institution of higher education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Loan Agreement against discrimination and requiring that the institution be nonsectarian; and (ii) the College shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect upon the tax-exempt nature of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1954, as amended, and regulations thereunder.

College to Be Nonsectarian

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

In the event a determination of taxability is made that the Bonds are subject to federal income taxation under the provisions of the Internal Revenue Code as in effect at the date of the Loan Agreement and regulations thereunder, the Bonds shall be subject to redemption at the option of the College on the next practicable and each succeeding interest payment date following the determination of taxability to the dates of payment of the Bonds at an additional rate equal to the basic Variable Floating Rate or Loan Rate, as the case may be, for an aggregate rate of interest two times the basic Variable Floating Rate or Loan Rate, as the case may be, payable by the College as additional Loan Repayments. Additional interest, if any, is payable on regular interest payment dates, commencing the first interest payment date following the determination of taxability, provided that no Bond shall bear additional interest during any period for which the statute of limitations is a bar to the assertion or collection of a federal income tax deficiency from the holder. Additional interest from the date of taxability to the first interest payment date following the determination of taxability shall be payable to the holders of the Bonds (or with respect to Bonds paid or redeemed after the date of taxability, to the persons who were the holders at the respective dates of payment and redemption) on the first interest payment date following the determination of taxability.

The determination of taxability described above shall be established by a ruling from the National Office of the Internal Revenue Service or a final decision of a court of competent jurisdiction obtained on the question of taxability, and the date of taxability shall be that date as of which interest on the Bonds shall be so determined to be includable in the gross income of the holders. The Bonds shall not bear additional interest, and the College shall have no obligation to pay additional Loan Repayments or option to cause the Bonds to be called for prior redemption, if interest on the Bonds shall become subject to federal income taxation by reason of amendments to the Internal Revenue Code adopted after the Bonds have been issued.

Other Covenants

The College further agrees to provide financial statements and other information to the Authority and the Trustee; to comply with all applicable laws and regulations against discrimination, and not to discriminate on account of religion, race, color or creed in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the Trustee may request; and to observe all applicable State laws and regulations, including those of the Authority and the Minnesota Higher Education Coordinating Board, subject to the right of contest.

Events of Default

Following are Events of Default under the Loan Agreement:

(a) If (i) the College shall fail to make any Loan Repayment when due and such failure shall continue until the 94th day prior to the date that any payment of principal of, premium, if any, or interest on the Bonds comes due, and (ii) the Bank shall not have deposited moneys with the Trustee prior to such 94th day to pay, when due, the principal of, premium, if any, or interest on the Bonds, and (iii) the moneys on deposit in the Bond Fund on such 94th day are insufficient to pay when due the principal of, premium, if any, and interest on the Bonds; or

(b) If the College shall fail to observe and perform for reasons other than force majeure, any other covenant, condition or agreement on its part under the Loan Agreement for a period of thirty (30) days after written notice, specifying such default and requesting that it be remedied, given to the College by the Authority or the Trustee (in which event the Bank shall have the privilege of curing such default in the name of the College) or unless the Trustee shall agree in writing to an extension of such time prior to its expiration, or for such longer period as may be reasonably necessary to remedy such default provided that the College is proceeding with reasonable diligence to remedy the same; or

(c) If a Bankruptcy Petition shall have been filed; or

(d) If the Trustee receives notice from the Bank requiring the Trustee to submit a draft under the Letter of Credit, pursuant to Section 8.22 of the Indenture; or

(e) If the Standby Agreement is terminated by the Standby Lender as a result of the occurrence of an Event of Default thereunder.

Remedies on Default

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

(a) The Trustee, upon an Event of Default under Section 7.01(a), (c) or (d) of the Loan Agreement, shall declare all of any amount of Loan Repayments thereafter to become due immediately due and payable under Section 4.02 hereof 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. Upon the occurrence of an Event of Default under subparagraph (b) or (e) of Section 7.01 of the Loan Agreement, the Trustee may, with the written consent of the Bank or without such consent, if at the time the Bank is subject to an insolvency or receivership proceeding, declare the principal amount of the loan, and any other indebtedness hereunder, with interest accrued thereon, to be immediately due and payable. Upon the acceleration of Loan Repayments under this subsection, the Trustee shall promptly draw such funds pursuant to the Letter of Credit as shall be required to pay the Bonds.

(b) If the Bank does not honor a sight draft presented under the Letter of Credit in accordance with the terms thereof, or if at the time the Bank is subject to an insolvency or receivership proceeding, the Trustee shall bring suit to enforce the Letter of Credit, and, subject to the provisions of Section 7.02(a) above, may take whatever action at law or in equity that appears necessary or desirable to enforce the Loan Agreement, the Mortgage, the Collateral Agreement, the Letter of Credit 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 payment of the Bonds (interest, and then principal and premium, if any) as provided in Section 7.05 of the Indenture, and any excess to the Bank, to the extent of any unreimbursed payments made under the Letter of Credit, and the balance to the Trustee and the College, as their interests may appear.

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."

Granting Clauses

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

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

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

(3) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the College or by anyone in behalf of them or with their consent, to the Trustee, including, but not limited to, the Mortgage, the Collateral Agreement, the Letter of Credit and the Standby Agreement.

Accounts

Bond proceeds, moneys deposited by the College with the Trustee at Bond Closing, and revenues derived under the Loan Agreement, Mortgage, Collateral Agreement, Letter of Credit or Indenture shall be deposited into accounts held by the Trustee as described in "ACCOUNTS."

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

(a) If default shall be made in the due and punctual payment of any interest on any Bond outstanding; or

(b) If default shall be made in the due and punctual payment of the principal, or redemption premium, if any, of any Bond outstanding, whether at the stated maturity thereof or at the date fixed for redemption thereof, or upon the maturity thereof by acceleration; or

(c) If default shall be made in the due and punctual payment of any other moneys required to be paid to the Trustee under the provisions of the Indenture and such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default, shall have been given by the Trustee to the Authority, the College and the Bank, or by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the outstanding Bonds to the Authority, the College, the Trustee and the Bank; or

(d) If default shall be made in the performance or observance of any other of the covenants, agreements or conditions on the part of the Authority in the Indenture, or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof given in the manner provided in clause (c) above; or

(e) If an Event of Default occurs under Section 7.01 (a), (c) or (d) of the Loan Agreement; or

(f) If an Event of Default occurs under Section 7.01 (b) or (e) of the Loan Agreement.

Remedies

Upon the occurrence of any Event of Default, pursuant to subparagraphs (a), (b) or (e) above, the Trustee shall, by notice in writing delivered to the Authority, the College and the Bank, 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. Upon the occurrence of an Event of Default pursuant to subparagraphs (c), (d) or (f) above, with the consent of the Bank, or without such consent if at the time the Bank is subject to an insolvency or recivership proceeding, the Trustee may, or, at the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds outstanding, the Trustee shall by notice in writing delivered to the Authority, the College and the Bank, declare the principal and interest on all Bonds then outstanding immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Upon any such declaration of acceleration, the Trustee shall draw upon the Letter of Credit in such amount as shall be necessary to pay the principal of and interest on the Bonds at the date fixed for payment thereof.

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 such payment of the funds, investments, revenues and income appropriated thereto by the Indenture and the Bonds, and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee is not required to proceed upon any such written request of the Bondholders unless the Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, expense and liabilities to be incurred therein or thereby.

The Trustee is permitted to file proofs of claim and otherwise act for the Bondholders without having possession of the Bonds.

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 prime rate announced from time to time by Norwest Bank Minneapolis, National Association, which advances are given priority of payment. The Trustee also has a lien with right of payment after payment of Bond interest or principal from the proceeds of a draw under the Letter of Credit for reasonable compensation, expenses and counsel fees. The responsibilities of the Trustee prior to an Event of Default are limited to express provisions of the Indenture, and at all times the Trustee shall not be liable unless it acts negligently or in bad faith. The Trustee is not required to institute suit or take other steps to enforce its rights and powers unless indemnified to its satisfaction against all costs and expenses. The Trustee and its officers and directors are authorized to acquire and hold Bonds and otherwise deal with the Authority or the College to the same extent as if it were not Trustee. Provision is made for the addition of an individual co-trustee if necessary or convenient and 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 of outstanding Bonds, or in the event of disability, by the Authority or a court.

Provisions Concerning the Letter of Credit

The Trustee agrees that all funds received pursuant to the Letter of Credit shall be credited to the Bond and Interest Sinking Fund Account, to be utilized for the payment of principal of the Bonds. The Trustee is authorized to deliver immediately to the Bank amounts on deposit with the Trustee under the Indenture at the time of submission of a draft under the Letter of Credit which are not used for payment of the Bonds. Upon a final determination by the bankruptcy court that any such amounts consitute voidable preferences under Section 547 of the United States Bankruptcy Code, the Trustee shall submit a certificate to the Bank demanding payment of such amount to the trustee in bankruptcy in safisfaction of such bankruptcy claim. In the event a trustee in bankruptcy makes a demand upon the Trustee for any amounts deposited with the Trustee by the College, claiming that such amount constitute voidable preferences under the Bankruptcy Code, and the Letter of Credit shall be outstanding or a draw shall have been submitted under the Letter of Credit, the Trustee shall give notice to the Bank of such demand as promptly as possible and shall permit the Bank to contest, on the Trustee's behalf, any payment by the Trustee of such funds. The Bank shall have the right to control all proceedings contesting the payment of such funds, including the compromise of claims in such proceedings and abandonment of rights to appeal. Notwithstanding the foregoing, the Trustee shall only permit the Bank to contest payment of such funds upon the Bank's agreement to indemnify the Trustee against any claim, liability or expense to which the Trustee may become subject as a result of such demand by the Trustee in bankruptcy and defense thereof.

Appointment of Trustee as Tender Agent; Obligations With Respect to Standby Agreement

The Trustee accepts the appointment of it by the Authority and the College as Tender Agent, and accepts the duties and obligations of the Tender Agent under the Standby Agreement and as follows:

(a) The Tender Agent shall hold all Bonds delivered to it for purchase under the Standby Agreement and the Indenture as agent and bailee of, and in escrow for the benefit of the respective Bondholders which shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such Bondholders.

(b) The Tender Agent shall hold all moneys and due-bill-checks delivered to it under the Standby Agreement and the Indenture for the purchase of Bonds as agent and bailee of, and in escrow for the benefit of the person or entity which shall have so delivered such moneys until the Bonds purchased with such moneys shall have been delivered to or for the account of such person or entity.

(c) The Tender Agent shall keep such books and records as shall be consistent with prudent industry practice and shall make such books and records available for inspection by the Trustee and the Authority upon reasonable notice during the usual business hours of the Tender Agent.

(d) The Tender Agent shall give telephonic or other electronic notice, promptly confirmed by a written notice, to the Trustee, the College, the Remarketing Agent and the Authority of any Purchase Demand and specifying the principal amount of Bonds, if any, delivered to it pursuant to such Purchase Demand.

(e) On the date at least seven calendar days after receipt of a Purchase Demand but otherwise on the purchase date set forth in the Purchase Demand, and absent notice from the Remarketing Agent that the Remarketing Agent either (i) has arranged for the remarketing of Bonds listed in a Purchase Demand, to a person other than the Remarketing Agent, or (ii) that the Remarketing Agent is purchasing the Bonds for its own account, as contemplated by the Remarketing Agreement, the Tender Agent shall purchase, but only from funds supplied from an advance made pursuant to the Standby Agreement, Bonds delivered to it in accordance with such Purchase Demand and on or prior to 11:00 A.M. on the purchase date set forth in the Purchase Demand at a purchase price equal to 100% of the principal amount thereof plus accrued interest. Purchases of Bonds shall be made against payment in immediately available funds evidenced in the customary manner. The Tender Agent shall be entitled to demand a due-bill-check, from the seller of such Bonds when appropriate, as a condition of purchase.

(f) The Tender Agent agrees that it will not release any Bonds tendered to it except (i) to the Trustee for cancellation; (ii) to the Trustee for registration; (iii) to the Trustee for authentication; (iv) to the Remarketing Agent; or (v) to the Standby Lender as purchaser under the Standby Agreement.

(g) In the event that the manner of redelivery of Bonds is not specified in the instructions delivered by the Remarketing Agent, or in the notice provided by the tendering Bondholder, in the case of a portion of Bonds for which purchase or redemption is not demanded, the Tender Agent is authorized to deliver such Bonds together with the applicable due-bill-check in accordance with standard industry practices and subject to the rules of the New York Clearing House Association in effect at the time of such delivery.

(h) The Tender Agent agrees to such written notice to Bondholders at the addresses as shown on books maintained by the Trustee of any change in address to be used by such Bondholders in connection with the tendering of Bonds to the Tender Agent.

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 proced to exercise the powers granted or to institute such 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 shall:

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

(b) provide for the payment of principal and interest on the Bonds by depositing with the Trustee at or at any time ninety-one days 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 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 Authority under its official seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the holders of all such outstanding Bonds, and in any case, deposit with the Trustee 91 days 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 prior interest payment dates, or

(d) surrender to the Trustee for cancellation all Bonds, and shall also pay all other sums due and payable under the Indenture by the Authority,

and 91 days have elapsed since the occurrence of (a), (b), (c) or (d) above during which time no Bankruptcy Petition has been filed, then at the request of the Authority, the entire estate, right, title and interest of the Trustee, and of registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Authority, or its order, 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 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, 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 be them be deemed necessary or desirable for any one or more of the following purposes, and shall provide to the Bank a copy of such supplemental indenture:

(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; and

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

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

Amendment to the Loan Agreement

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement or the Indenture, or (b) for the purpose of curing any ambiguity or formal defect or omission. The Trustee shall provide the Bank with a copy of any such amendment, change or modification.

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 consent of the Bank and the written approval or consent of the holders of not less than 65% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the payments under the Loan Agreement without the consent of the holders of all the Bonds then outstanding.

REGISTRATION

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

Bonds surrendered. Payment of principal will be at the corporate office of the Trustee and 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.

Transfers shall not be made with respect to any Bonds called for redemption or during any period within 15 days next prior to the required date for mailing or publication of notice of such redemption.

THE STANDBY AGREEMENT

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

The Standby Agreement

The Standby Agreement consists of two parts, Part I (the "Standby Agreement") and Part II (the "Remarketing Agreement") (both parts together referred to as the "Standby Agreement"). Part I is entered into among the Authority, the College, the Trustee and Norwest Bank Minneapolis, National Association, as Standby Lender (the "Standby Lender"). Upon the terms and conditions set forth in the Standby Agreement, the Standby Lender agrees to advance to the Trustee sufficient funds for the purchase by the Trustee, at any time and from time to time, of any Bonds for which a Holder (other than the Holder of Loan Rate Bonds) has made a Purchase Demand of the Trustee. The Trustee agrees to apply such funds to the purchase of such Bonds as specified in the applicable Purchase Demand. The Bonds shall be purchased in the name of the Standby Lender, and be registered as it shall direct. The term of the Standby Agreement shall terminate on October 1, 2004, or on such earlier date as all principal of and interest on the bonds shall have been paid in full, provided, however, that the Agreement may be terminated at any time upon an Event of Default specified therein. An Event of Default under the Agreement shall consist of either:

(a) failure of the College to pay or have paid the Commitment Fee (as described below) when due and 15 days have elapsed after notice to the Authority, the Trustee, the College and the Bank by the Standby Lender of such failure to pay; or

(b) an "event of default," as defined in Section 7.01(a), (b) or (c) of the Indenture, occurs and shall be continuing.

The Commitment Fee payable to the Standby Lender under the Agreement is an annual fee equal to .50% per annum of the aggregate principal amount of Bonds (other than Loan Rate Bonds) outstanding from time to time.

The Remarketing Agreement

Part II of the Standby Agreement consists of the Remarketing Agreement. Under the Remarketing Agreement the College appoints Norwest Bank Minneapolis, National Association as Remarketing Agent, subject to the terms and conditions contained therein. The Remarketing Agent agrees that, upon receipt of notice from the Trustee that the Trustee has received a properly completed Purchase Demand, the Remarketing Agent shall use its best efforts to remarket the Bonds specified therein at par. The Remarketing Agent in remarketing any Bonds shall estimate the interest rate which would in its judgment, having due regard for prevailing secondary market conditions and the yields at which comparable securities are then being sold, be the interest rate appropriate to enable the Remarketing Agent to arrange remarketing of the required aggregate principal amount of Bonds at par. In no event shall the Remarketing Agent remarket Bonds in an amount that will leave Bonds unremarketed in an amount less than $25,000. The Remarketing Agent shall not be required to remarket any Bonds if the Remarketing Agent has received from the Trustee or the College notice that an event of default has occurred under the Indenture or has received notice from the Standby Lender that an event of default has occurred under the Standby Agreement. If the Remarketing Agent is unable to arrange placement of any Bonds by the Business Day preceding any applicable purchase date for tendered Bonds, the Remarketing Agent shall so notify the Trustee, but shall not discontinue its efforts to arrange placement of such Bonds, unless the College shall so request. The Remarketing Agent agrees that it will only place the Bonds with institutional or money fund investors and other entities or individuals who customarily purchase tax-exempt securities in denominations of $25,000 or more and in compliance with applicable securities laws.

The College agrees to provide information concerning the College and the Bonds to the Remarketing Agent from time to time, as requested by the Remarketing Agent, to permit the Remarketing Agent to revise offering material used or useful in the remarketing of the Bonds. The College further agrees to notify the Remarketing Agent of any change in its financial or business affairs that may have an effect on the creditworthiness of the Bonds or the ability of the College to meet its obligations under the Loan Agreement.

The College agrees to indemnify and hold the Remarketing Agent harmless from any and all liability, loss, damages, costs and expenses of any nature (including interest and counsel fees) arising out of or in connection with its duties, or those of its employees or agents arising from their performance under the Remarketing Agreement, except for liabilities, losses, damages, costs, expenses and fees arising out of the negligence or misconduct of the Remarketing Agent or its employees or agents.

The amount of the fee for the services of the Remarketing Agent will be .10% per annum of the aggregate principal amount of Bonds (other than Loan Rate Bonds) outstanding from time to time.

The term of the Remarketing Agreement shall be co-extensive with the term of the Standby Agreement, provided, however, that the Remarketing Agreement shall be terminated if Part I of the Standby Agreement is terminated by reason of the occurrence of an Event of Default thereunder, as described above. The Remarketing Agent shall have the right to resign as Remarketing Agent if it terminates its activities generally as a remarketing agent and underwriter of tax-exempt bonds. Any such resignation shall not be effective until a successor Remarketing Agent is appointed. The College agrees to use its best efforts to obtain the services of a successor Remarketing Agent without unreasonable delay.

BOND PURCHASE AGREEMENT

The Underwriter has agreed to purchase the Bonds at a purchase price of $2,803,812.50, plus accrued interest to the date of delivery, pursuant to a Bond Purchase Agreement entered into among the Authority, the College and the Underwriter. The obligations of the Underwriter to purchase and accept delivery of the Bonds are subject to various conditions, including delivery of customary closing documents and opinions of counsel. The Underwriter is obligated under the Bond Purchase Agreement to purchase all of the Bonds if any of the Bonds are purchased.

The College has agreed, pursuant to the Bond Purchase Agreement, to indemnify the Underwriter and the Authority against certain liabilities relating to the Official Statement, including liabilities under the Securities Act of 1933 and the Securities Exchange Act of 1934.

LETTER OF CREDIT

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

Concurrently with the issuance and delivery of the Bonds, the Bank will issue and deliver the Letter of Credit for the account of the College and in favor of the Trustee.

Pursuant to the Letter of Credit the Trustee is authorized to draw, upon presentation of a sight draft accompanied by supporting documentation, in accordance with the terms and conditions set forth therein, an amount equal to the aggregate principal amount of the Bonds. As Bonds are redeemed, the maximum amount which can be drawn under the Letter of Credit reduces from time to time in accordance with the provisions thereof.

The Trustee is required to submit a draft under the Letter of Credit upon (1) a call by the Bank for submission of a draft, or (2) the occurence of those Events of Default under the Indenture described in paragraphs (a), (b) or (e) hereof under the heading "THE INDENTURE - Events of Default." The Bank may in its sole discretion call for submission of a draft against the Letter of Credit upon the occurence of an Event of Default under the Reimbursement Agreement.

Subject to the requirement that the Trustee present the required documents thereunder, the obligations of the Bank under the Letter of Credit are unconditional. Only one draft may be submitted under the Letter of Credit.

The Letter of Credit expires at the Bank's close of business upon the earlier of the following dates ("Expiration Date"):

(1) October 2, 2004;

(2) The day following the Redemption Date for all Bonds established by the Trustee pursuant to the Indenture;

(3) The day following the date established by the Trustee pursuant to the Indenture for the payment of the Bonds upon acceleration;

(4) The day following the date on which the Bonds, together with premium thereon, are paid in full.

Pursuant to the Indenture, the Trustee is required to deliver to the Bank, upon payment of a draw under the Letter of Credit, amounts then on deposit in any fund established under the Indenture. Such amount shall be held by the Bank until such time, if ever, as a claim to such amounts is finally established by a trustee in a bankruptcy case commenced by or against the College.

The Letter of Credit will be transferred to a successor Trustee appointed in accordance with the Indenture.

THE LETTER OF CREDIT WILL EXPIRE IF THE TRUSTEE FAILS TO SUBMIT A DRAFT PRIOR TO THE EXPIRATION DATE. ONLY ONE DRAFT MAY BE SUBMITTED UNDER THE LETTER OF CREDIT.

REIMBURSEMENT AGREEMENT

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

The Reimbursement Agreement, and the terms, conditions, and agreements contained therein, are solely for the benefit of the Bank and should not be relied upon, nor are they enforceable by, the Bondholders or the Trustee. The Reimbursement Agreement may be amended by the Bank and the College without the consent of or notice to the Trustee or the Bondholders.

Pursuant to the Reimbursement Agreement, the College will agree to reimburse the Bank for any draft drawn on the Letter of Credit and paid by the Bank, plus interest thereon at the rate specified in the Reimbursement Agreement, plus certain expenses of the Bank. The College will also agree to pay certain fees for issuance of the Letter of Credit, including an annual commission based upon the amount available for drawing under the Letter of Credit.

The Reimbursement Agreement includes a number of covenants by the College which are to remain in effect so long as the Bank remains obligated to honor a draft submitted under the Letter of Credit. Such covenants generally require the College (1) to deliver certain financial statements to the Bank on a periodic basis, (2) to maintain accurate books and records, (3) to comply with applicable laws, (4) to preserve its properties in good working order and condition, (5) to pay its taxes and claims as they become due, (6) to maintain insurance, (7) to proceed with construction of the project, (8) not to consolidate or merge into any other entity, (9) not to create, incur or suffer to exist any mortgage, pledge, lien, security interest, assignment or transfer upon or of any of its assets, and (10) not to incur, create, assume or permit any indebtedness or liability for borrowed money or guaranties. The Reimbursement Agreement also requires the College to maintain certain financial ratios and minimum requirements. The Bank may waive or amend any of the foregoing covenants and may agree with the College to add new covenants. The Bondholders will have no rights or obligations as a result of such covenants or any amendements thereto or waivers thereof. However, a breach of any such covenant, or the occurrence of any other Event of Default under the Reimbursement Agreement, may result in a drawing under the Letter of Credit and prepayment of the Bonds at the option and direction of the Bank.

The occurrence of any one of more of the following constitutes an "Event of Default" under the Reimbursement Agreement:

(a) Failure by the College to pay any amount due under the Reimbursement Agreement on the day such amount is due and payable, and the continuation of such failure for three business days;

(b) Failure by the College to pay any Loan Repayment under the Loan Agreement on the day such amount is due and payable, and the continuation of such failure for three business days;

(c) Misrepresentations made by the College to the Bank;

(d) Failure by the College to perform or observe any covenant or agreement of the College under the Reimbursement Agreement (other than covenants or agreements specifically dealt with in the other Events of Default listed herein) and continuance of such failure for 30 days after notice thereof to the College from the Bank;

(e) Certain events of liquidation, bankruptcy or reorganization involving the College;

(f) The occurrence of an Event of Default under the Indenture, the Loan Agreement, the Bank Mortgage or the Bank Collateral Agreement; or

(g) Abandonment or delay of construction of the project.

Upon the occurrence of any Event of Default described above, the Bank, in its sole discretion, may exercise any one or more of the following rights and remedies:

(a) Instruct the Trustee to submit a draft under the Letter of Credit;

(b) To the extent possible, cure an Event of Default arising under the Loan Agreement or the Indenture;

(c) Declare all indebtedness of the College to the Bank to be immediately due and payable;

(d) Under certain circumstances, offset any deposits of the College held by the Bank against sums under the Reimbursement Agreement;

(e) Exercise the Bank's rights under the Bank Mortgage or the Bank Collateral Agreement; and

(f) Enter and complete or cause to be completed the Project.

MORTGAGE

The following is a summary of certain provisions of the Mortgage. This summary does not purport to be complete, and reference is made to the full text of the Combination Mortgage, Security Agreement and Fixture Financing Statement for a complete recital of its terms.

The College, as fee owner of the real property comprising the Project, will execute and deliver the Mortgage to the Trustee to secure payment of the principal of the Bonds. The Mortgage creates a mortgage lien on and security interest in the real estate, improvements, fixtures, and personal property included in the Project (the "Mortgaged Property").

Default and Remedies

If an Event of Default occurs under the Mortgage by reason of failure to pay the principal of the Bonds when due and if the Letter of Credit is unavailable at such time, the Trustee may exercise one or more of the following rights and remedies:

(1) Accelerate the indebtedness secured by the Mortgage;

(2) With respect to the fixtures and personal property covered by the Mortgage, exercise all rights and remedies accorded upon default to a secured party under the Uniform Commercial Code as in effect in the State of Minneosta; and

(3) Foreclose the Mortgage by action or advertisement in the manner provided by law.

The Trustee is required to execute and deliver any amendment, release, subordination, satisfaction or partial release under the Mortgage as is requested by the Bank and the College, so long as at or prior to delivery of such amendment, release, subordination, satisfaction or partial satisfaction the Bank executes and delivers to the College a substantially similar instrument with respect to the Bank Mortgage.

BANK MORTGAGE

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

The Bank Mortgage, and the terms, conditions and agreements contained therein, are solely for the benefit of the Bank and should not be relied upon, nor are they enforceable by, the Bondholders or the Trustee.

The College, as fee owner of the real property comprising the Project, will execute and deliver the Bank Mortgage to the Bank to secure payment of the obligations of the College under the Reimbursement Agreement. The Bank Mortgage creates a second mortgage lien on and security interest in the real estate, improvements, fixtures, and personal property included in the Project (the "Mortgaged Property").

The occurrence of any one or more of the following constitutes an "Event of Default" under the Bank Mortgage:

(a) Failure by the College to pay any amount due under the Reimbursement Agreement and continuation of such failure for ten days;

(b) The occurrence of an Event of Default under the Indenture, the Loan Agreement, the Reimbursement Agreement, the Bank Mortgage, the Collateral Agreement or the Bank Collateral Agreement;

(c) Failure by the College to perform or observe any covenant or agreement of the College under the Bank Mortgage;

(d) Certain events of liquidation, bankruptcy, or reorganization involving the College;

(e) The issuance or levy of a judgment, writ or warrant of attachment or execution against the Mortgaged Property.

Upon the occurrence of any Event of Default described above, the Bank may exercise any one or more of the following rights and remedies:

(a) Accelerate the indebtedness secured by the Bank Mortgage;

(b) With respect to the fixtures and personal property covered by the Bank Mortgage, exercise all rights and remedies accorded upon default to a secured party under the Uniform Commercial Code as in effect in the State of Minnesota.

(c) Foreclose the Bank Mortgage by action or advertisement in the manner provided by law;

(d) Secure the appointment of a receiver of the rents and profits of the Mortgaged Property; and

(e) Exercise any and all rights and remedies under the Reimbursement Agreement and Bank Collateral Agreement.

COLLATERAL AGREEMENT

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

To secure the payment of the principal of the Bonds, the College will execute and deliver the Collateral Agreement assigning to the Trustee and granting to the Trustee a security interest in a trading account of the College maintained with a Broker and in marketable securities which may from time to time be delivered to Norwest Bank Minneapolis, N.A. for itself as agent to the Trustee, having a market value of at least $1,500,000, the value of such pledged Collateral shall be in an amount not less than the outstanding balance of the Letter of Credit. Upon the occurrence of an Event of Default under the Loan Agreement, and if the Letter of

Credit is unavailable at such time, the Trustee may exercise its rights and remedies under the Collateral Agreement.

The Collateral Agreement provides that the Bank shall serve as agent to the Trustee for the purpose of perfecting the security interest granted pursuant thereto.

BANK COLLATERAL AGREEMENT

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

The Bank Collateral Agreement, and the terms, conditions and agreements contained therein, are solely for the benefit of the Bank and should not be relied upon, nor are they enforceable by, the Bondholders or the Trustee.

To secure payment under the Reimbursement Agreement, the College will execute and deliver the Bank Collateral Agreement assigning to the Bank and granting to the Bank a security interest in a trading account of the College maintained with a Broker and in other marketable securities which may from time to time be delivered to the Bank, all of which have a market value of at least $1,500,000; provided, that at any time that the outstanding balance of the Letter of Credit is an amount less than $1,500,000, the value of such pledged Collateral shall be in an amount not less than the outstanding balance of the Letter of Credit.

If an Event of Default occurs under the Bank Collateral Agreement by reason of an Event of Default under the Reimbursement Agreement or failure to perform or observe any of the covenants contained in the Bank Collateral Agreement, the Bank may exercise one or more of the following rights and remedies:

(1) Exercise all rights and remedies under the Reimbursement Agreement;

(2) Exercise all rights as holder of the Collateral and receive all payments made on account of any collateral;

(3) Exercise and enforce all rights available after default to a secured party under the Uniform Commercial Code as adopted in the State of Minnesota; and

(4) Exercise and enforce any and all other rights available to the Bank by law.

ABSENCE OF LITIGATION

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

ARBITRAGE

The Authority has covenanted to comply in all respects with the requirements of Section 103(c) of the Internal Revenue Code of 1954, as amended, and all applicable Department of Treasury regulations relating to arbitrage.

FINANCIAL STATEMENTS

The College's audited general purpose financial statements for the fiscal year ended May 31, 1983 are included in their entirety as Appendix I of this Official Statement.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Faegre & Benson, Minneapolis, Minnesota, Bond Counsel, whose approving opinion will be delivered with the Bonds. Faegre & Benson will also pass upon certain matters pertaining to the Standby Letter of Credit, as Counsel to the Bank. Certain legal matters will be passed upon for the College by Streater, Murphy, Gernander & Forsythe, Winona, Minnesota.

TAX EXEMPTION

In the opinion of Faegre & Benson, Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities and the interest to be paid on said Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes (other than Minnesota corporate franchise and bank excise taxes measured by income) according to present federal and Minnesota laws, regulations, rulings and decisions. Under the provisions of Section 136A.39, Minnesota Statutes, any bonds issued by the Authority under the provisions of Section 136A.25 to 136A.42, Minnesota Statutes, their transfer and the income therefrom, including any profit made on the sale thereof, shall be exempt from taxation of every kind by the State and its municipalities and other political subdivisions of the State. Under some interpretations of this provision, interest income from the Bonds received by corporations and banks may be exempt from State of Minnesota corporate franchise taxes measured by income, including bank excise taxes, but no opinion is being expressed nor is any representation being made in that respect.

(This Page Has Been Left Blank Intentionally.)

BANSLEY AND KIENER
CERTIFIED PUBLIC ACCOUNTANTS
300 WEST WASHINGTON STREET
CHICAGO, ILLINOIS 60606
AREA CODE 312 263-2700

The Board of Trustees
St. Mary's College
Winona, Minnesota

We have examined the balance sheets of St. Mary's College as of May 31, 1983 and 1982, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the year ended May 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We previously examined and reported upon the statement of current funds revenues, expenditures and other changes for the year ended May 31, 1982, totals of which are included for comparative purposes only.

In our opinion, the aforementioned financial statements present fairly the financial position of St. Mary's College at May 31, 1983 and 1982 and the changes in fund balances and current funds revenues, expenditures and other changes for the year ended May 31, 1983, in conformity with generally accepted accounting principles consistently applied during the periods except for the change, with which we concur, in the establishment of an allowance for uncollectible National Direct Student Loans.

Bansley and Kiener
Certified Public Accountants

July 14, 1983

ST. MARY'S COLLEGE

BALANCE SHEETS
MAY 31, 1983 AND 1982

ASSETS	Current Year	Prior Year
CURRENT FUNDS		
Cash	$ 35,284	$ 34,295
Accounts and notes receivable, less allowance of $71,000 in 1983 and $59,200 in 1982	529,658	370,100
Investments (Market value $872,439 and $880,090)	872,439	881,951
Inventories - bookstore and kitchen - at lower of cost (First-in, first-out basis) or market	138,389	127,416
Prepaid expense	2,530	6,564
Due from Government - Federal programs	46,984	19,802
Due from other funds	117,066	378,941
Total current funds	$ 1,742,350	$ 1,819,069
LOAN FUNDS		
Cash	$ 21,049	$ -
Loans to students, less allowance for uncollectible loans of $200,000 in 1983	2,408,826	2,458,040
Total loan funds	$ 2,429,875	$ 2,458,040
ENDOWMENT FUNDS		
Marketable securities (At market)	$ 1,665,461	$ 778,604
Investments - other	-	1,000
Due from other funds	733,760	887,877
Total endowment funds	$ 2,399,221	$ 1,667,481
PLANT FUNDS		
Renewal and replacement:		
Cash and temporary investments held by Trustees	$ 402,252	$ 360,989
Investments held by Trustees	319,224	20,000
Due from other funds	226,728	311,316
Total renewal and replacement	948,204	692,305
Retirement of indebtedness:		
Cash and temporary investments held by Trustees	203,893	98,367
Investment held by Trustees	157,693	264,119
Total retirement of indebtedness	361,586	362,486
Investment in plant (Note 1):		
Land	61,267	61,267
Land improvements	326,165	307,101
Buildings	9,253,787	9,003,277
Equipment	4,017,435	3,910,138
Due from other funds	32,539	-
Total investment in plant	13,691,193	13,281,783
Total plant funds	$15,000,983	$14,336,574
AGENCY FUNDS		
Due from other funds	$ 19,185	$ 19,096
Total agency funds	$ 19,185	$ 19,096

LIABILITIES AND FUND BALANCES	Current Year	Prior Year
CURRENT FUNDS		
Accounts payable	$ 114,077	$ 174,863
Due to Government - Federal programs	4,250	10,067
Student deposits and deferred revenue	232,147	209,271
Accrued expenses	417,297	357,094
Due to other funds	907,782	985,714
Fund balances:		
Unrestricted	50,501	50,501
Restricted	16,296	31,559
Total current funds	$ 1,742,350	$ 1,819,069
LOAN FUNDS		
Accounts payable	$ 46,984	$ 5,460
Fund balance:		
U.S. Government	2,110,602	2,207,322
College - restricted	272,289	245,258
Total fund balance	2,382,891	2,452,580
Total loan funds	$ 2,429,875	$ 2,458,040
ENDOWMENT FUNDS		
Due to other funds	$ -	$ 19,781
Fund balance	2,399,221	1,647,700
Total endowment funds	$ 2,399,221	$ 1,667,481
PLANT FUNDS		
Renewal and replacement:		
Reserve for remodeling	$ 668,115	$ 191,285
Due to other funds	149,605	-
Fund balance	130,484	501,020
Total renewal and replacement	948,204	692,305
Retirement of indebtedness:		
Fund balance	361,586	362,486
Total retirement of indebtedness	361,586	362,486
Investment in plant:		
Notes and bonds payable (Note 2)	3,811,029	3,350,907
Due to other funds	71,891	591,737
Net investment in plant	9,808,273	9,339,139
Total investment in plant	13,691,193	13,281,783
Total plant funds	$15,000,983	$14,336,574
AGENCY FUNDS		
Deposits held in custody for others	$ 19,185	$ 19,096
Total agency funds	$ 19,185	$ 19,096

The summary of significant accounting policies and notes to financial statements are an integral part of these financial statements.

ST. MARY'S COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MAY 31, 1983

	Current Funds		Loan Funds	Endowment Funds	Plant Funds		
	Unrestricted	Restricted			Renewal and Replacements	Retirement of Indebtedness	Investment in Plant
REVENUES AND OTHER ADDITIONS							
Educational and general revenues	$6,651,701	$ -	$ -	$ -	$ -	$ -	$ -
Auxiliary enterprises revenues	2,347,809	258,186	-	-	-	-	-
Gifts and bequests - restricted	-	21,380	-	729,713	-	-	-
Grants and contracts - restricted	-	1,305,117	65,763	-	-	-	-
Investment income - restricted	-	8,510	35,562	200,399	31,668	80,655	-
Expended for plant facilities (charged to current funds expenditures $338,853)	-	-	-	-	-	-	338,853
Charged to reserve for remodeling	-	-	-	-	70,000	-	-
Retirement of indebtedness	-	-	-	-	-	-	130,879
Endowment funds appropriated for scholarships	-	20,000	-	-	-	-	-
Total revenues and other additions	8,999,510	1,613,193	101,325	930,112	101,668	80,655	469,732
EXPENDITURES AND OTHER DEDUCTIONS							
Educational and general expenditures	6,770,992	1,304,310	-	-	-	-	-
Auxiliary enterprises expenditures	2,089,983	65,960	-	-	-	-	-
Loan cancellations and write-offs	-	-	3,959	-	-	-	-
Administrative and collection costs	-	-	8,362	-	-	-	-
Establish allowance for uncollectible loans	-	-	200,000	-	-	-	-
Retirement of indebtedness	-	-	-	-	-	130,879	-
Interest on indebtedness	-	-	-	-	-	162,859	-
Remodeling	-	-	-	-	320,105	-	-
Repairs	-	-	-	-	31,421	-	-
Appropriations for scholarships	-	-	-	20,000	-	-	-
Advances for plant facilities	-	-	-	29,705	226,728	-	-
Investments depreciation	-	-	-	32,653	-	-	-
Closing cost	-	-	-	-	-	-	598
Development campaign costs	-	-	-	133,414	-	-	-
Total expenditures and other deductions	8,860,975	1,370,270	212,321	215,772	578,254	293,738	598
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)							
Mandatory:							
Principal and interest	-	(258,186)	-	37,181	-	221,005	-
Loan fund matching grant	(7,307)	-	7,307	-	-	-	-
Renewals and replacement	-	-	-	-	8,822	(8,822)	-
Non-mandatory:							
Appropriation for loans	(34,000)	-	34,000	-	-	-	-
Appropriations for plant renewals	(226,728)	-	-	-	226,728	-	-
Plant renewals and replacements	129,500	-	-	-	(129,500)	-	-
Total transfers	(138,535)	(258,186)	41,307	37,181	106,050	212,183	-
Net increase (decrease) for the year	-	(15,263)	(69,689)	751,521	(370,536)	(900)	469,134
FUND BALANCES - BEGINNING OF YEAR	50,501	31,559	2,452,580	1,647,700	501,020	362,486	9,339,139
FUND BALANCES - END OF YEAR	$ 50,501	$ 16,296	$2,382,891	$2,399,221	$ 130,484	$361,586	$9,808,273

The summary of significant accounting policies and notes to financial statements are an integral part of these financial statements.

ST. MARY'S COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
YEAR ENDED MAY 31, 1983
WITH COMPARATIVE FIGURES FOR 1982

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
REVENUES				
Educational and general:				
Student tuition and fees	$5,680,720	$ -	$ 5,680,720	$5,202,060
Government grants and contracts	78,383	942,385	1,020,768	1,036,340
Gifts and private grants	592,659	21,380	614,039	585,594
Sponsored research/programs	5,863	377,995	383,858	397,756
Endowment income applied	-	28,510	28,510	16,754
Other sources	294,076	-	294,076	274,373
Educational and general revenues	6,651,701	1,370,270	8,021,971	7,512,877
Non-mandatory transfers for -				
Plant renewals and replacements	129,500	-	129,500	-
Total educational and general	6,781,201	1,370,270	8,151,471	7,512,877
Auxiliary enterprises:				
Food service	1,099,064	107,520	1,206,584	1,110,379
Housing	935,140	150,666	1,085,806	995,978
Bookstore	313,605	-	313,605	308,243
Total auxiliary enterprises	2,347,809	258,186	2,605,995	2,414,600
Total revenues	9,129,010	1,628,456	10,757,466	9,927,477
EXPENDITURES AND TRANSFERS				
Educational and general:				
Instructional	2,382,561	266,676	2,649,237	2,356,656
Research	-	34	34	981
Public service	17,552	14,866	32,418	38,098
Academic support	569,519	110,552	680,071	583,197
Student service	1,047,316	72,557	1,119,873	1,151,815
Institutional support	948,731	89,446	1,038,177	1,004,481
Operation and maintenance of physical plant	1,052,402	44,686	1,097,088	860,827
Scholarships and grants	752,911	705,493	1,458,404	1,393,533
Educational and general expenditures	6,770,992	1,304,310	8,075,302	7,389,588
Mandatory transfers for -				
Loan fund matching grants	41,307	-	41,307	12,500
Non-mandatory transfers for:				
Endowment fund	-	-	-	110,789
Plant renewals and replacements	34,862	-	34,862	-
Total educational and general	6,847,161	1,304,310	8,151,471	7,512,877
Auxiliary enterprises:				
Expenditures:				
Food service	919,965	31,546	951,511	914,798
Housing	874,360	34,414	908,774	787,391
Bookstore	295,658	-	295,658	281,028
Auxiliary enterprises expenditures	2,089,983	65,960	2,155,943	1,983,217
Mandatory transfers for:				
Principal, interest and sinking fund	-	258,186	258,186	250,863
Non-mandatory transfers for:				
Plant renewals and replacements	191,866	-	191,866	180,520
Total auxiliary enterprises	2,281,849	324,146	2,605,995	2,414,600
Total expenditures and transfers	9,129,010	1,628,456	10,757,466	9,927,477
OTHER ADDITIONS (DEDUCTIONS)				
Excess of transfers to revenue over restricted receipts	-	(15,263)	(15,263)	(51,727)
Net (decrease) in fund balances	$ -	$ (15,263)	$ (15,263)	$ (51,727)

The summary of significant acccounting policies and notes to financial statements are an integral part of these financial statements.

ST. MARY'S COLLEGE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
MAY 31, 1983

The significant accounting policies followed by St. Mary's College are described below.

ACCRUAL BASIS

The financial statements of St. Mary's College have been prepared on the accrual basis of accounting except for depreciation accounting, as explained in Note 1 to the financial statements. The statement of current funds revenues and expenditures and other changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period, as would a statement of income, or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization and interest and equipment renewal and replacement; and (3) transfers of a non-mandatory nature for all other cases.

FUND ACCOUNTING

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College, the accounts of the College are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified.

Within each fund, fund balances restricted by outside sources are so indicated, and are distinguished from unrestricted funds. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of the College's purposes.

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets except for income derived from investments of endowment and similar funds, which is accounted for in the fund to which it is restricted or, if unrestricted, as revenues in unrestricted current funds.

All unrestricted revenue is accounted for in the unrestricted current fund. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Investments held by the endowment fund and investments in Religious Communities Trust Fund are carried on the books at current market value. All other investments are carried at cost or the fair market value at date of gift.

OTHER SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies are set forth in the financial statements and the notes thereto.

ST. MARY'S COLLEGE

NOTES TO FINANCIAL STATEMENTS

Note 1 - Physical plant and equipment are stated at cost, at date of acquisition or fair value at date of donation in the case of gifts. Depreciation on physical plant and equipment is not recorded.

Note 2 - The notes and bonds are summarized as follows:

Description	Interest Rate	Amount Due May 31, 1983 (Note A) Within One Year	After One Year	Total	Total Amount Due May 31, 1982	Original Debt Amount	Collateral
To Housing and Urban Development:							
St. Mary's College Faculty Residence Building and Student Dormitory Bonds, Series 1957, due in annual amounts ranging from $19,000 to $32,000 through 1997. (Established Debt Service Reserve deposited with Trustee - $66,000.)	2-3/4%	$ 22,000	$ 304,000	$ 326,000	$ 348,000	$ 760,000	LaSalle Hall (faculty residence) and St. Edward's Hall (student dormitory)
St. Mary's College Dormitory Bonds, Series 1960, due in annual amounts ranging from $8,000 to $15,000 through the year 2000. (Established Debt Service Reserve deposited with Trustee - $33,000.)	3-1/8%	9,000	183,000	192,000	201,000	350,000	Benilde Hall (student dormitory)
St. Mary's College Dormitory Bonds, Series 1965, due in annual amounts ranging from $7,000 to $16,000 through the year 2005. (Established Debt Service Reserve deposited with Trustee - $16,000.)	3%	8,000	248,000	256,000	264,000	360,000	Skemp Hall (student dormitory)
St. Mary's College Student Union Bonds, Series 1969, due in annual amounts ranging from $8,000 to $22,000 through the year 2009. (Established Debt Service Reserve deposited with Trustee - $25,000.)	3%	10,000	386,000	396,000	406,000	500,000	College Center (formerly known as Student Union Building)
Due to Northwest Bank of Winona:							
1st mortgage (Village I), dated June, 1972, due in equal monthly installments of $2,819 to 1997 (Note B).	8-1/2%	10,755	264,554	275,309	286,064	350,000	Village I (student apartments)
Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series C (1973), due in annual payments ranging from $10,000 to $30,000 to 1998 (Note B). (Established Debt Service Reserve deposited with Trustee - $36,000.)	4.2%-5.6%	20,000	455,000	475,000	495,000	595,000	Village II (student apartments)

As a part of the agreement in issuing bonds to finance construction of Village II, Title to the real estate and improvements was conveyed to the Minnesota Higher Education Facilities Authority which mortgage the property to secure the bonds. The provisions of the agreement between the College and the Minnesota Higher Education Facilities Authority provides for the conveyance of this property back to the College at the time the bonds are redeemed in full for the sum of $500.00.

ST. MARY'S COLLEGE

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 2 - The notes and bonds are summarized as follows (Continued):

Description	Interest Rate	Amount Due May 31, 1983 (Note A) Within One Year	After One Year	Total	Total Amount Due May 31, 1982	Original Debt Amount	Collateral
Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series 1976-2, due in annual payments ranging from $20,000 to $110,000 to 2002 starting April 1, 1979. (Established Debt Service Reserve deposited with Trustee - $91,200.)	6%-6.5%	$ 30,000	$1,145,000	$1,175,000	$ 1,205,000	$1,300,000	College Center
1st Mortgage payable to the Congregation of the Sacred Hearts of Jesus and Mary, due in quarterly installments of $6,668 to December 31, 1987.	6-1/2%	20,119	68,013	88,132	108,251	275,000	Damian Hall (student dormitory)
1st Mortgage payable to Winona National and Savings Bank, due in monthly principal and interest payments of $335.44.	8-3/4%	776	36,040	36,816	37,592	40,073	Residence at 488 Kerry Court
1st Mortgage payable to Twin City Federal Savings and Loan due in monthly principal and interest payments of $577.82.	14%	261	47,511	47,772	-	48,000	Residence at 556 Kerry Drive
U.S. Department of Education First Mortgage, interest of $8,145 due semiannually through April 1, 1985. Starting October 1, 1985 semiannual payments of $15,030 to 2020.	3%	-	543,000	543,000	-	543,000	Heffron Hall (student dormitory)
Total		$130,911	$3,680,118	$3,811,029	$3,350,907		

NOTES

A Payment schedule reflects payment on principal only.

B Annual interest subsidies received from U.S. Dept. of Housing and Urban Development:

First Mortgage - Northwest Bank of Winona	$13,628
MHEFA Bonds	8,396

NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 3 - A detailed analysis of restricted expenditures is as follows:

		Sources					
	Total	Government Grants and Contracts	Private Gifts, Grants and Contracts	Sponsored Programs and Research	Endowment Fund	Food Service	Housing
Instruction	$ 266,676	$ 45,919	$ –	$220,757	$ –	$ –	$ –
Research	34	–	–	34	–	–	–
Public service	14,866	2,834	–	12,032	–	–	–
Academic support	110,552	34,414	–	76,138	–	–	–
Student services	72,557	65,960	–	6,597	–	–	–
Institutional support	89,446	31,546	–	57,900	–	–	–
Operation and maintenance	44,686	40,149	–	4,537	–	–	–
Student aid	705,493	655,603	21,380	–	28,510	–	–
Debt service	258,186	–	–	–	–	107,520	150,666
Food service and bookstore	31,546	31,546	–	–	–	–	–
Housing	34,414	34,414	–	–	–	–	–
Total	$1,628,456	$942,385	$21,380	$377,995	$28,510	$107,520	$150,666

Note 4 - Scholarships and grants do not include NDSL Loans, College Work Study Funds or St. Mary's College student wages. NDSL Loans are accounted for in the Loan Funds. College Work Study Funds and student wages are reflected in the current fund's expenditures by objective.

Note 5 - St. Mary's College is a participant in the Christian Brothers Retirement Plan which provides pension benefits to full-time lay faculty and other lay personnel by means of contributions made by the employees and St. Mary's College.

The annual contributions made by St. Mary's College which amounted to $120,981 and $113,871 for the current and prior year, cover the annual normal costs which are for future service benefits. There is no liability for unfunded past service costs since the Trustee of the plan has considered such costs as fully funded.

Note 6 - During the current year the Development Campaign Fund was merged into the Endowment Funds. The fund balances at the beginning of the year, have been restated as follows:

As previously stated:	
Development Campaign Fund	$ 86,515
Endowment Funds	1,561,185
Endowment Funds as restated	$1,647,700

Note 7 - Average semester full-time equivalent enrollment was 1,383 in 1983 and 1,311 in 1982.