HIGHER EDUCATION
FACILITIES AUTHORITY
380 JACKSON ST., STE. 450
ST. PAUL, MN 55101-3899

OFFICIAL STATEMENT DATED APRIL 22, 1987

NEW ISSUE

Rating: Requested from
Standard & Poor's Corporation

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 and is not an item of tax preference included in the computation of the alternative minimum tax imposed on individuals under the Internal Revenue Code, but is subject to federal alternative minimum taxes and environmental surtaxes on corporations and the tax on United States branch profits on certain foreign corporations and to Minnesota franchise taxes on banks and corporations measured by income according to present federal and Minnesota laws, regulations, rulings and decisions. (See "TAX EXEMPTION" herein.)

$2,500,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES TWO-M
(ST. MARYS COLLEGE)

Bonds Dated: May 1, 1987

Interest Due: Each May 1 and November 1, commencing November 1, 1987

The Bonds will mature each May 1 as follows:

$40,000	1995-1996	$115,000	1998	$55,000	2000-2001
$45,000	1997	$ 50,000	1999	$65,000	2002

$970,000 2012 $1,065,000 2017

The Bonds maturing in the years 2012 and 2017 will be subject to mandatory redemption at a price of par and accrued interest from moneys in the Sinking Fund as more fully described herein.

Bonds due on or after May 1, 2000 shall be subject to optional redemption on May 1, 1999, and on any interest payment date thereafter, in whole or in part and if in part, in integral multiples of $5,000. If redemption is in part, those Bonds remaining unpaid which have the latest maturity date will be redeemed first. If only part of the Bonds having a common maturity date are called for redemption, the specific Bonds to be redeemed will be chosen by lot by the Registrar. Redemption of Bonds shall be at a price of par and accrued interest.

The Bonds will be also subject to redemption on any interest payment date in whole but not in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in the event of taxability, as described herein.

Bids must be for not less than $2,450,000 and accrued interest on the total principal amount of the Bonds and must be accompanied by a certified or cashier's check in the amount of $25,000, payable to the order of the Minnesota Higher Education Facilities Authority (the "Authority"). The check of the purchaser will be retained as liquidated damages in the event the purchaser fails to comply with the accepted bid. The Authority will deposit the check of the purchaser, the amount of which will be deducted at settlement.

No rate for any maturity shall be lower than any prior rate. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity.

The Bonds will be special obligations of the Authority payable solely from deposits and payments made by or on behalf of St. Marys College (the "College") pursuant to a Loan Agreement between the Authority and the College, or out of other amounts pledged pursuant to the Indenture, as described herein. The Bonds are additionally secured by a mortgage on and security interest in certain property of the College as described herein and a first lien upon annual tuition and fees of the College up to the annual sum of $300,000.

The Bonds will be issued in denominations of $5,000, and in integral multiples thereof not exceeding the amount maturing in any year, as requested by the purchaser, and will be fully registered as to principal and interest. Norwest Bank Minneapolis, N.A., Minneapolis, Minnesota, will act as Trustee, Registrar and Paying Agent for the Bonds.

The Bonds will be delivered without cost to the purchaser within 40 days following the date of their award. Delivery of the Bonds is subject to receipt of an approving legal opinion by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by its Counsel, Streater, Murphy, Gernander & Forsythe, Winona, Minnesota.

The Bonds will not be qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, relating to deductibility of interest incurred by financial institutions to purchase or carry tax-exempt obligations.

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

BID OPENING: **May 6, 1987 (Wednesday) at 11:00 A.M., Central Time**
AWARD: **May 6, 1987 (Wednesday) at 3:00 P.M., Central Time**

Further information may be obtained from SPRINGSTED Incorporated, Financial Advisor to the Issuer, 85 East Seventh Place, Suite 100, Saint Paul, Minnesota 55101-2143 (612) 223-3000.

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

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

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.

This Official Statement was prepared for the information of bidders for all of the Bonds to be purchased from the Authority. Only the Arabic numbered pages and the Appendices, if any, of this Official Statement may be used or reproduced, in whole or in part, for distribution to investors. However, no assurance can be given and no representation is made that no additional information is required when the Bonds are reoffered by the purchasers to investors or that this Official Statement states all facts which would be material to an Investor purchasing Bonds from the Underwriters.

RATING

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

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Earl R. Herring, Chairman	Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
Kathryn D. Jarvinen, Vice-Chairman	Hospital Administrator, Winona, Minnesota.
Catherine M. Warrick, Secretary	Executive Director, Chrysalis - A Center for Women, Minneapolis, Minnesota.
John M. Amundson	Managing Partner, McMahon, Hartman, Amundson & Co., St. Cloud, Minnesota.
Carol A. Blomberg	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
David A. Longanecker*	Executive Director, Minnesota Higher Education Coordinating Board, St. Paul, Minnesota.
John A. McHugh	Attorney and Banker, Minneapolis, Minnesota.
Larry A. Osnes*	President, Minnesota Private College Council, St. Paul, Minnesota.
Milton Radjenovich	Retired, Buhl, Minnesota
John Young, Jr.	Salesman/Construction Foreman, Olson Pool Company, Hawley, Minnesota

* *Ex Officio*

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

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OFFICIAL TERMS OF OFFERING

$2,500,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES TWO-M

(ST. MARYS COLLEGE)

Sealed bids for the Bonds will be opened by Dr. Joseph E. LaBelle, Executive Director, Minnesota Higher Education Facilities Authority (the "Authority") on May 6, (Wednesday), 1987, at 11:00 A.M., Central Time, at Suite 278, Metro Square Building, Saint Paul, Minnesota 55101, telephone (612) 296-4690. Consideration for award of the Bonds will be by the Board of the Authority at 3:00 P.M., Central Time, of the same day.

DETAILS OF THE BONDS

The Bonds will be dated May 1, 1987, as the date of original issue, and will bear interest payable on November 1 and May 1 of each year, commencing November 1, 1987. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the MSRB. The Bonds will be issued in the denomination of $5,000 each, or in integral multiples thereof as requested by the Purchaser, and fully registered as to principal and interest. Principal will be payable at the main corporate office of the Registrar and interest on each Bond will be payable by check or draft of the Registrar mailed to the registered holder thereof at his address as it appears on the books of the Registrar as of the 15th day of the calendar month next preceding the interest payment.

The Bonds will mature May 1 in the amounts and years as follows:

$40,000	1995-1996	$115,000	1998	$55,000	2000-2001	$ 970,000	2012
$45,000	1997	$ 50,000	1999	$65,000	2002	$1,065,000	2017

REDEMPTION

The Authority may elect to prepay on May 1, 1999, and on any interest payment date thereafter, Bonds due on or after May 1, 2000. Redemption may be in whole or in part of the Bonds subject to optional prepayment. If redemption is in part, those Bonds remaining unpaid which have the latest maturity date will be prepaid first. If only part of the Bonds having a common maturity date are called for prepayment, the specific Bonds to be prepaid will be chosen by lot by the Registrar. Bonds maturing 2012 are subject to mandatory prior redemption from sinking fund deposits on May 1 in the years and amounts as follow:

2003	$65,000	2006	$85,000	2008	$100,000	2010	$115,000
2004	$70,000	2007	$95,000	2009	$105,000	2011	$125,000
2005	$75,000						

Bonds maturing 2017 are subject to mandatory prior redemption from sinking fund deposits on May 1 in the years and amounts as follow:

2013	$145,000	2014	$155,000	2015	$160,000	2016	$170,000

Bonds maturing in 2012 and 2017 called for mandatory prior redemption shall be selected by lot by the Trustee.

The Bonds are also subject to redemption on any interest payment date in whole but not in part under certain circumstances described in a Loan Agreement between St. Marys College (the "College") and

the Authority and a Trust Indenture between the Authority and the Trustee, and in the event of taxability.

All prepayments shall be at a price of par and accrued interest.

SECURITY AND PURPOSE

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College pursuant to the Loan Agreement or from other amounts pledged therefore pursuant to the Trust Indenture. The Bonds are additionally secured by a mortgage on and security interest in certain property of the College and a first lien upon annual tuition and fees of the College up to the annual amount of $300,000. **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 State of Minnesota are pledged.** The Authority has no taxing powers. The proceeds will be used to construct a building over an existing ice rink, the first phase of an addition to Hoffman Science Hall; to renovate academic and residence facilities; to purchase and install a minicomputer for the library and general computing; and to purchase a new campus telecommunications system; all to be located on the campus of the College.

TYPE OF BID

A sealed bid for not less than $2,450,000 and accrued interest on the total principal amount of the Bonds shall be filed with the undersigned prior to the time set for the opening of bids. Also prior to the time set for bid opening, a certified or cashier's check in the amount of $25,000, payable to the order of the Authority, shall have been filed with the undersigned or SPRINGSTED Incorporated, the Authority's Financial Advisor. No bid will be considered for which said check has not been filed. The check of the Purchaser will be retained by the Authority as liquidated damages in the event the Purchaser fails to comply with the accepted bid. The Authority will deposit the check of the Purchaser, the amount of which will be deducted at settlement. No bid shall be withdrawn after the time set for opening bids unless the meeting of the Authority scheduled for consideration of the bids is adjourned, recessed, or continued to another date without award of the Bonds having been made. No rate specified for a maturity shall exceed the rate specified for any subsequent maturity. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity.

AWARD

The Bonds will be awarded to the Bidder offering the lowest dollar interest cost to be determined by the deduction of the premium, if any, from, or the addition of any amount less than par, to the total dollar interest on the Bonds from their date to their final scheduled maturity. The Authority's computation of the total net dollar interest cost of each bid, in accordance with customary practice, will be controlling, and will be on the basis of 56,395 bond years as calculated on a 360-day year.

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

TRUSTEE/REGISTRAR/PAYING AGENT

The Trustee/Registrar/Paying Agent shall be Norwest Bank Minneapolis, N.A., Minneapolis, MN.

CUSIP NUMBERS

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

Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the Purchaser.

SETTLEMENT

It is expected that on or about May 27, 1987, the Bonds will be delivered without cost to the Purchaser at a place mutually satisfactory to the Authority and the Purchaser. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Faegre & Benson of Minneapolis, Minnesota, which opinion will be printed on the Bonds, and of customary closing papers, including a no-litigation certificate. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Authority, or its designee, not later than 1:00 P.M., Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms for payment.

At settlement the Purchaser will be furnished with a certificate, signed by appropriate officers of the Authority, to the effect that the Official Statement did not as of the date of the Official Statement, and does not as of the date of settlement, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

OFFICIAL STATEMENT

Underwriters may obtain a copy of the Official Statement by request to the Authority's Financial Advisor. The Purchaser will be provided with 50 copies of the Official Statement.

Dated April 22, 1987

BY ORDER OF THE MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle, Executive Director

SCHEDULE OF BOND YEARS

$2,500,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES TWO-M

(ST. MARYS COLLEGE)

Year	Principal	Bond Years	Cumulative Bond Years
1995	$ 40,000	320	320
1996	40,000	360	680
1997	45,000	450	1,130
1998	115,000	1,265	2,395
1999	50,000	600	2,995
2000	55,000	715	3,710
2001	55,000	770	4,480
2002	65,000	975	5,455
2012	970,000	24,250	29,705
2017	1,065,000	31,950	61,655

Average Maturity: 24.66 Years

Bonds Dated: May 1, 1987

Interest Due: November 1, 1987 and each May 1 and November 1 to maturity.

Principal Due: May 1, 1994-2002 inclusive. Term bonds due May 1, 2012 and 2017.

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OFFICIAL STATEMENT

$2,500,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
MORTGAGE REVENUE BONDS, SERIES TWO-M
(ST. MARYS COLLEGE)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and St. Marys College, Winona, Minnesota, (the "College") in connection with the issuance of the Authority's $2,500,000 Mortgage Revenue Bonds, Series Two-M (St. Marys College) (the "Bonds" or the "Issue").

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

The Bonds are also issued pursuant to the Trust Indenture between the Authority and Norwest Bank Minneapolis, N.A., Minneapolis, Minnesota, as trustee (the "Trustee"). The Trustee will also be the Registrar and Paying Agent for the Issue.

Pursuant to a Loan Agreement between the College and the Authority, the College will covenant to make payments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the College by the Authority to finance the construction and renovation of certain College buildings and the purchase and installation of a computer system and a telecommunications system (the "Project").

The Bonds will be secured by a pledge by the College of its full faith and credit, of Tuition and Fees up to the annual sum of $300,000, and by a mortgage on and security interest in certain Project Buildings, the sites thereof and Project Equipment.

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

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

THE BONDS

The Bonds will be dated May 1, 1987 and will mature May 1, commencing May 1, 1995, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any year, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each May 1 and November 1, commencing November 1, 1987.

The Bonds will be registered at the office of Norwest Bank Minneapolis, N.A., Minneapolis, Minnesota, as Trustee; the Trustee will also be the Registrar and Paying Agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Holder thereof or his authorized attorney satisfactory to the Trustee, subject to such reasonable regulations as the Trustee may prescribe, and shall be without expense to the Holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for 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 payment of interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Authority.

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

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

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

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

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

Prior Redemption

Optional Redemption

At the option of the Authority, as directed by the College, the Bonds maturing on May 1, 2000 or thereafter will be subject to redemption, in whole or in part, and if in part in integral multiples of $5,000 and in inverse order of maturity and by lot within a maturity, on May 1, 1999, and any interest payment date thereafter. Redemption of the Bonds shall be at a price of par and accrued interest.

The Bonds will be also subject to optional redemption at par and accrued interest, on any interest payment date, in certain cases of damage to or destruction or condemnation of the Project Facilities, as provided in the Loan Agreement (see "SUMMARY OF DOCUMENTS - Loan Agreement").

Mandatory Redemption

The 2012 and 2017 maturities of the Bonds will be subject to mandatory redemption from the Sinking Fund (see "ACCOUNTS-Sinking Fund") at a price of par and accrued interest, as follows:

Of the Bonds maturing in 2012:

May 1	Principal	May 1	Principal
2003	$65,000	2008	$100,000
2004	70,000	2009	105,000
2005	75,000	2010	115,000
2006	85,000	2011	125,000
2007	95,000		

Of the Bonds maturing in 2017:

May 1	Principal	May 1	Principal
2013	$145,000	2015	$160,000
2014	155,000	2016	170,000

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

The Bonds will be subject to mandatory redemption, as a whole and not in part, upon the occurrence of a Determination of Taxability, to the effect that interest payable on the

Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder, in effect on the date of issuance of the Bonds. A determination that interest on the Bonds is includible in the computation of any alternative minimum tax is not a Determination of Taxability. The date of redemption shall be established by the Trustee at the earliest possible date for which notice of redemption can be given and the redemption prices shall be at a price of par and accrued interest.

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

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

USE OF BOND PROCEEDS

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

Project Construction and Equipment	$2,205,000
Debt Service Reserve	245,000
Issuance Costs Including Discount	50,000
Total	$2,500,000

In the event issuance costs exceed $50,000, such excess shall be paid by the College from other than Bond proceeds.

Accrued interest received at Bond Closing will be deposited into the Bond and Interest Sinking Fund Account and applied as a credit against the amount to be deposited in the Bond and Interest Sinking Fund on or before the next interest payment date. To the extent the purchase price exceeds the minimum price, the additional Bond proceeds will be deposited in the Construction Account and may be used for Project Costs.

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 Indenture including moneys and investments in the Reserve Account. The Reserve Account will be fully funded from proceeds of the Bonds in the amount of $245,000.

Pursuant to the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), the College will mortgage and grant a security interest in certain Project Land and Buildings to the Authority to secure its obligations to make timely Loan Repayments (see "SUMMARY OF DOCUMENTS - The Mortgage"). The Authority will, in turn, assign its interest in the Mortgage to the Trustee to be held by the Trustee as part of the Trust Estate.

The College will assign to the Trustee a first lien on Tuition and Fees in the amount of $300,000 annually, pursuant to the Security Agreement. The Tuition and Fees lien is irrevocably pledged to and shall be used by the Trustee, from time to time, if required, for the payment of principal of and interest on the Bonds, and all other charges payable pursuant to the Loan Agreement and Indenture. (See "SUMMARY OF DOCUMENTS - The Security Agreement.")

The College also will covenant that:

1. The College will maintain at least $1,000,000 of unencumbered Unrestricted Endowment Funds or funds functioning as endowment, as priced at current market plus accrued interest by a nationally recognized investment manager and provided to the Trustee on each May 1.

2. At the end of each Fiscal Year, commencing with the Fiscal Year ending on May 31, 1987, Unrestricted Current Fund Revenues shall not be less than Unrestricted Current Fund Expenditures, including mandatory transfers, in at least two of the preceding three Fiscal Years, according to the then current generally accepted principles of accounting as promulgated by the American Institute of Certified Public Accountants. In the event of a deficiency in any Fiscal Year, the College may cure the deficiency by making a cash deposit sufficient to cure the deficiency to the Unrestricted Current Fund, within 90 days following the close of the Fiscal Year in which the deficiency occurs. Such deposit may be made from unencumbered Unrestricted Endowment Funds or funds functioning as endowment but not if such deposit will reduce such funds to less than $1,000,000. The College may not provide the deposit from borrowed moneys.

3. The College shall incur no debt with a maturity in excess of two years (except for a refunding or refinancing of debt now outstanding) if the ratio of total Unrestricted Current Fund Liabilities to total Unrestricted Current Fund Balance is greater than 1.00 to 1.00, in the then most recently ended Fiscal Year.

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

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

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which the proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Sinking Fund, a Reserve Account, a Redemption Account, and a Collateral Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Construction Account, except that $245,000 will be deposited into the Reserve Account and accrued interest will be deposited in the Bond and Interest Sinking Fund Account. Following Bond Closing, amounts received by the Trustee from the College as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account, the Sinking Fund and the Redemption Account and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds.

Construction Account

There shall be deposited initially into the Construction Account approximately $2,205,000. In addition, the College will agree in the Loan Agreement to provide for payment of all Project Costs in excess of the proceeds of the Bonds available therefore and to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the principal amount of the Bonds. Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project. When work on each Project Building has been completed and the Project Equipment has been installed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account, or the Redemption Account.

Bond and Interest Sinking Fund Account

Initially there shall be deposited into the Bond and Interest Sinking Fund Account any amount of Bond proceeds representing accrued interest, which is to be used to pay interest on the Bonds. Deposits shall be made to the Bond and Interest Sinking Fund Account from 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 will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Sinking Fund

Under the Loan Agreement the College will be required to make deposits to the credit of the Sinking Fund annually as Loan Repayments in order to provide for payment of all principal of the Bonds maturing in 2012 and 2017 which will be subject to mandatory redemption through operation of the Sinking Fund on May 1 in each of the years 2003 through 2011, inclusive, and 2013 through 2016 inclusive, in the amounts required therefore (see "THE BONDS - Prior Redemption" herein). The particular Bonds to be redeemed on each such date shall be selected by the Trustee by lot from Bonds maturing in 2012 and 2017, as the case may be.

From such Sinking Fund payments made by the College, to the maximum extent possible, the Trustee shall redeem at 100% of the principal amount thereof plus accrued interest to the Sinking Fund redemption date of the Bonds next maturing. At its option, to be exercised on or before the ninetieth day next preceding any such Sinking Fund redemption date, the Authority or the College may (i) deliver to the Trustee for cancellation such Bonds next maturing in any aggregate principal amount desired, or (ii) receive a credit in respect of such Sinking Fund redemption obligation for any such Bonds next maturing which prior to said date have been purchased or redeemed (otherwise than at the stated maturity thereof or through the operation of such Sinking Fund) and cancelled by the Trustee and not theretofore applied as a credit against such Sinking Fund redemption obligation. Each such Bond so delivered or previously purchased or redeemed shall be credited by the Trustee at 100% of the principal amount thereof on the obligation of the Authority on such Sinking Fund redemption date and any excess amount shall be credited on future Sinking Fund redemption obligations in chronological order, and the principal amount of such Bonds to be redeemed by operation of the Sinking Fund shall be accordingly reduced. The College shall on or before the ninetieth day next preceding each such Sinking Fund redemption date furnish the Trustee with a certificate of an Authorized Institution Representative indicating whether or not and to what extent the provisions of clauses (i) and (ii) above are to be availed of with respect to such Sinking Fund payment.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of $245,000 irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the College as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than $245,000. In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than $245,000, the College shall restore the deficiency from the next Loan Repayment.

Interest and income of the Reserve Account shall be transferred to the Bond and Interest Sinking Fund Account if not necessary to maintain the balance in the Reserve Account as above provided, and when the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund Account, the Sinking Fund or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College shall have failed to pay or provide for the payment thereof under Section 6.09(f) of the Loan Agreement.

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption Account. Funds in this Account will be available to maintain required balances in other accounts and to purchase or redeem Bonds. No specific amounts are required. Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College shall have failed to pay or provide for the payment thereof under Section 6.09 of the Loan Agreement.

Collateral Account

On and after each September 1 and January 1 (or such other dates as may hereafter be established by the College for the collection of tuition payments), if on such date there shall not be on deposit with the Trustee in the Bond and Interest Sinking Fund Account or Sinking Fund, as the case may be, sufficient funds to provide for payment of all principal of and interest on the Bonds due on the next succeeding semiannual interest or principal payment date therefor, the College shall deliver to the Trustee, in pledge for the purpose of perfecting the Trustee's security interest therein, all Tuition and Fees received by the College, provided, however, that such obligation of the College with respect to each Bond year shall be limited to delivery of funds in the amount of $300,000. All such funds shall be deposited by the Trustee and held by it in the Collateral Account established by the Security Agreement.

All interest earnings and other return realized from investments of assets on deposit in the Collateral Account shall be retained by the Trustee in the Collateral Account and reinvested pursuant to the Security Agreement. Provided, however, that if on or prior to any Bond interest or principal payment date there shall be on deposit with the Trustee in the Bond and Interest Sinking Fund Account or the Sinking Fund, as the case may be, sufficient funds to provide for payment of all principal of, premium, if any, and interest on the Bonds due on each date, and there shall be in existence at such time no Event of Default or event which, with the giving of notice or lapse of time or both, would become an Event of Default under the Loan Agreement or Indenture, then the Trustee shall on each May 2 and November 2, as the case may be, return to the College all amounts then on deposit to the credit of the Collateral 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 will not require that the College deposit funds into the General Bond Reserve Account. **The Bonds will not be secured by the General Bond Reserve Account, and Bondholders will have no right to require the Authority to apply moneys or investments in the General Bond Reserve Account to the payment of the Bonds or interest thereon.**

Permitted Investments

Moneys on deposit to the credit of the Construction Account, Bond and Interest Sinking Fund Account, the Reserve Account, the Sinking Fund, the Redemption Account or the Collateral Account shall be invested by the Trustee only in those investments described

in Section 5.04 of the Indenture. Obligations so purchased shall be deemed at all times to be a part of the respective fund or 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 fund or 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 to be deposited by the College under the Loan Agreement. 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 $5,000 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 for the payment of principal of and interest on the Bonds or for the prior redemption or retirement of Bonds. 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 148 of the Internal Revenue Code of 1986 and regulations thereunder.

THE PROJECT

The College will expend approximately $2,205,000 of Bond proceeds as follows:

1. Approximately $700,000 of proceeds will be used for construction of a 29,480 square-foot insulated ice arena building to enclose an existing ice rink and the addition of related mechanical improvements to existing refrigeration and electrical systems.

2. Approximately $500,000 of proceeds will be used to construct the first phase of an addition to Hoffman Science Hall, consisting of approximately 7,000 square feet of laboratory, classroom and support space for the science departments, including equipment for the botany/zoology and genetics laboratories.

3. Approximately $200,000 of proceeds will be used to renovate Saint Marys/Griffin Hall in which approximately 4,600 square feet of former dining hall and office space will be remodeled for use by the Psychology and Sociology Departments. The Admissions and Counseling offices will be relocated in the process.

4. Approximately $200,000 will be expended for the purchase and installation of a minicomputer system to be used for library catalog automation and for general academic and administrative computing.

5. Approximately $600,000 will be used for the purchase and installation of a campus-wide telecommunications system including a digital PBX with least-cost routing, an account processor and voice message system, and a campus cabling system between and within buildings.

The ice arena and Hoffman Science Hall, including the addition, and sites thereof will be included in the Mortgage to secure the Bonds. Saint Marys/Griffin Hall to be renovated and the buildings in which the minicomputer system and telecommunication system will be installed will not be included in the Mortgage.

THE AUTHORITY

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $150 million. The Authority has had 43 issues (including refunded and retired issues) totaling $140,360,000 of which $100,190,000 (excluding the Bonds) is outstanding as of April 2, 1987. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

Educational institutions eligible for assistance by the Authority are 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.

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

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

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

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

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

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.

LEGALITY

The Bonds will be subject to approval as to certain matters by Faegre & Benson of Minneapolis, Minnesota as Bond Counsel. Bond Counsel has not participated in the preparation of this Official Statement except for guidance concerning the following section, "Tax Exemption," and will not pass upon its accuracy, completeness, or sufficiency. Bond Counsel has not examined nor attempted to examine or verify, any of the financial or statistical statements, or data contained in this Official Statement and will express no opinion with respect thereto. A legal opinion in substantially the form set out in Appendix II herein will be delivered at Bond Closing.

Certain legal matters will be passed upon for the College by Streater, Murphy, Gernander & Forsythe, Winona, Minnesota.

TAX EXEMPTION

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

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. Certificates will be furnished by officers of the Authority and the College to Bond Counsel at closing to the effect that, at the date of issuance of the Bonds, not more than $150,000,000 of tax-exempt nonhospital bonds (including the Bonds) are outstanding allocable to St. Marys College and 501(c)(3) organizations under common management or control. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to mandatory redemption without premium. (See "THE LOAN AGREEMENT- Determination of Taxability" in

Appendix IV). A determination that interest on the Bonds is includible in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

Interest on the Bonds is exempt from federal income taxes, including the alternative minimum tax imposed with respect to individuals and corporations and the environmental tax imposed with respect to corporations, except that (effective for taxable years beginning after 1986) interest on the Bonds will be included in the computation of "adjusted net book income" (or, for taxable years beginning after 1989, "adjusted current earnings"), which may be an item of tax preference includible in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

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

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of a United States branch of a foreign corporation is income that would be effectively connected with a United States trade or business if such income were taxable, such as the interest on the Bonds. Existing United States income tax treaties may modify, reduce or eliminate the branch profits tax except in cases of "treaty shopping."

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

Bondholders should consult their tax advisor with respect to the calculations of alternative minimum tax, Environmental tax or foreign branch profits tax liability, or the inclusion of social security or other retirement payments in taxable income.

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

THE COLLEGE

St. Marys College, located at Winona, Minnesota, is a non-profit, non-sectarian, residential, four-year, co-educational, 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. There is no pledge, directly or indirectly, of the credit or support by the Christian Brothers of Minnesota for the Bonds.

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.

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
Eugene Figliulo, Chairman*	Chairman, Systems and Programming Resources, Inc., Oak Brook, Illinois
Brother Damian Steger, F.S.C., Vice Chairman*	President, Saint Marys Press, Winona, Minnesota
Anthony J. Adducci, Secretary*	President, Technology Enterprises, Arden Hills, Minnesota
Brother Louis DeThomasis, F.S.C., Ph.D*	President, Saint Marys College, Winona, Minnesota
Brother David Brennan, F.S.C.	President, Christian Brothers Winery, Napa, California
Most Reverend Robert J. Carlson, D.D.	Auxiliary Bishop, Archdiocese of Saint Paul/Minneapolis, Saint Paul, Minnesota

Sister Mary Irenaeus Chekouras, R.S.M., Ph.D.*	Former President, Saint Xavier College, Chicago, Illinois
Jerome A. Colletti	President, The Alexander Group, Inc., Scottsdale, Arizona
Brother Joel Damian, F.S.C.	Senior Consultant, Christian Brothers Services, Inc., Romeoville, Illinois
Raymond T. Denten, J.D.	Senior Vice President and General Counsel, Anvan Companies, Lombard, Illinois
Michael J. Dooley, CLU, CEBS	Vice President, Group Insurance Marketing, The Prudential Insurance Company, Chicago, Illinois
Brother Dominic Ehrmantraut, F.S.C., Ed.S.	Provincial, Saint Paul and Minneapolis District, Saint Paul, Minnesota
Brother Patrick Ellis, F.S.C., Ph.D	President, La Salle University, Philadelphia, Pennsylvania
Sister Helen Marie Feeney, P.B.V.M.	Treasurer-General, Sisters of the Presentation, Dubuque, Iowa
Reverend J. Thomas Finucan, Ph.D	Director of Christian Formation and Education, Archdiocese of Saint Paul/Minneapolis, Saint Paul, Minnesota
Curtis H. Holmquist*	President, Norwest Bank Winona, N.A., Winona, Minnesota
Suzanne Jelense, M.D.	Winona Clinic, Ltd., Winona, Minnesota
Brother Robert Kealey, F.S.C.	Executive Director, Department of Elementary Schools, National Catholic Education Association, Washington, D.C.
Lee Luebbe	Winona County Commissioner, 4th District, Winona, Minnesota
Paul J. Meyer, Esq.	Meyer, Hendricks, Victor, Osborn & Maledon, Phoenix, Arizona
Brother Anthony Pisano, F.S.C.	Vice President, Academic Affairs, Christian Brothers College, Memphis, Tennessee
Donald K. Ross	Development/Public Relations Consultant, Naperville, Illinois
William P. Skemp, Esq.*	Attorney, Hale, Skemp, Hanson and Skemp, La Crosse, Wisconsin
David R. Thies	Partner, Thies and Talle Enterprises, Inc., Edina, Minnesota

Bernard E. Wagnild*	President, Wagnild Chevrolet, Inc., Winona, Minnesota
Brother Michael Wallgren, F.S.C.	Principal, University of San Diego High School, San Diego, California
Most Reverend Loras J. Watters, D.D., Ph.D. (Emeritus)	Apostolic Administrator, Diocesan Pastoral Center, Winona, Minnesota

Brother Paul Grass, F.S.C., is the Treasurer of the Corporation.

* Executive Committee

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; College of Santa Fe, New Mexico; The Ocean Tides Treatment Center for Juvenile Offenders, Narragansett, Rhode Island; The Martin de Porres School for Exceptional Children, Queens, New York (Chairman); and St. John's Military College High School in Washington, D.C.

Brother DeThomasis has written several books and monographs: The Finance of Education, Investing With Options, Social Justice - A Christian Pragmatic Response in Today's World, and My Father's Business: Creating a New Future for the People of God. 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 surrounding 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	37	$6,949,196
Heffron Hall	1921	93	1,730,167
Hoffman Science Hall	1956		2,346,527
Fitzgerald Library	1961		1,428,344
St. Thomas More Chapel	1958		747,360
College Center	1969		3,301,720
Gymnasium	1965		2,548,069
Heating Plant	1921		639,470
Cotter Hall	1870	15	392,117
Aquinas Hall	1953	52	461,861
St. Edward Hall	1957	114	818,602
LaSalle Hall	1957	45	793,444
Benilde Hall	1960	118	869,668
Skemp Hall	1921; 1965	108	1,462,013
Griffin Hall	1912	23	928,922
White House	1920	7	61,887
St. Joseph Hall	1906	58	3,042,419
St. Yon Hall	1962	95	1,994,693
Village I	1971; 1985	136	815,424
Village II	1972	101	365,211
Damian Hall and Garage	1960	53	954,509
Miscellaneous Structures	Various		640,629
Theatre/Recital Hall	1986		4,500,000
Ice Arena	1987		850,000
		Total	$38,642,252

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 dean 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 eight 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 Administration; Masters of Science in Nurse Anesthesia; Master of Arts in Telecommunications; Master of Arts in Management; and Master of Arts in Liberal and Integrated Studies.

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.

Graduate Institute

The College and Abbott-Northwestern Hospital, Minneapolis, Minnesota, formed the Abbott-Northwestern St. Marys College Graduate Institute in 1984. The Institute provides graduate level education in human and health service administration, telecommunications, counseling psychology and nurse anesthesia leading to a master's degree.

Library

The Fitzgerald Library of the College has 150,000 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. In 1987, Fitzgerald Library will inaugurate a computerized on-line catalog system.

Student Body

The fall term undergraduate enrollment at the College for the 1986/87 academic year was 1,183; the 1987/88 fall enrollment is expected to be 1,187. Master's Degree program enrollment was 400 for 1986/87 and is expected to be 460 for the 1987/88 academic year. The student body is drawn from varied social, economic, cultural, racial and religious backgrounds. As of the fall of 1986, approximately 56% of the students were Minnesota residents.

Actual and Projected Full-time Undergraduate Enrollment, 1978 through 1990

(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	349	314	247	257	14	1,181
1985	365	323	273	201	6	1,168
1986	370	304	269	230	11	1,183
1987	372	318	261	228	8	1,187
1988	364	320	272	220	8	1,184
1989	356	314	273	232	8	1,183
1990	349	307	268	233	8	1,165

Master's Degree Program Enrollment

Academic Year	FTE Enrollment
1987/88	460
1986/87	400
1985/86	324
1984/85	190
1983/84	234
1982/83	227
1981/82	193
1980/81	160
1979/80	139

First-Time Freshmen Applications, Acceptances and Enrollment (Fall Semester)

	1982	1983	1984	1985	1986	Projected 1987*
Applied	820	831	905	855	798	900
Accepted	660	716	767	768	706	790
Percent Accepted	80.5%	86.2%	84.8%	89.8%	88.5%	87.8%
Enrolled	299	339	310	321	319	340
Percent Enrolled To Accepted	45.3%	47.3%	40.4%	41.8%	45.2%	43.0%

* *As of March 31, 1987, the 778 applications already received for Fall 1987 were 12% more than at the same date in 1986.*

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 1983/84 through 1987/88.

	1983/84	1984/85	1985/86	1986/87	1987/88
Annual Tuition	$4,700	$5,200	$5,600	$6,200	$6,600
Activity Fee	50	50	50	50	50
Room:					
Residence Halls	1,090	1,150	1,300	1,350	1,450
Villages	1,270	1,350	1,550	1,600	1,700
Board	1,070	1,120	1,120	1,150	1,200
Total Tuition, Activity Fee, Residence Hall Room & Board	$6,910	$7,520	$8,070	$8,750	$9,300

Faculty and Staff

The full-time undergraduate teaching faculty-student ratio for 1986-87 is 16 to 1. Eight percent of the faculty are Christian Brothers. There are no religious or denominational prerequisites or any participatory religious requirements for faculty membership. The College subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

The College employs 68 full-time and 23 part-time undergraduate faculty. Total employment is approximately 250. The total payroll for fiscal year 1986/87 is approximately $6,500,000, including contributed services, net of expenses.

Salaries of Full-Time Instructional Faculty

Academic Rank	Number of Faculty	Average Salary*
Professor	26	$34,838
Associate Professor	23	27,477
Assistant Professor	16	23,248
Instructor	3	19,288

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

Of the full-time faculty, 43 hold Ph. D's and 25 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, 1986, the value of the "Contributed Services" of the Brothers was $76,590 net of expenses. This represents the difference between the full salaries actually paid the Brothers and what the Brothers donated back to the College's Unrestricted Current Fund. 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 Brothers' 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 $143,965 and $143,478 for the 1985/86 and 1984/85 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

No College employees are represented by unions.

Financial Aid

Approximately 63% 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	
	1983/84	1984/85	1985/86	1986/87	1987/88
St. Marys College	$1,252,038	$1,375,638	$1,330,108	$1,489,110	$1,554,200
Federal Government*	1,075,082	1,037,929	1,080,885	1,039,100	1,009,100
State of Minnesota	466,660	437,085	584,706	582,800	582,800
Other	20,000	36,950	49,569	25,000	25,000
Total	$2,813,780	$2,887,602	$3,045,268	$3,136,010	$3,171,100
Number of FTE Students Aided	715	848	833	844	846

* *Includes Pell Grants, Supplemental Educational 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 federal and State governmental agencies.

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. That capital campaign raised approximately $7.5 million. A new campaign to raise $10 million is under way in 1987. Gift income received for the past five fiscal years has been:

	1981/82	1982/83	1983/84	1984/85	1985/86
Annual Fund (unrestricted)	$ 332,260	$ 350,163	$ 369,418	$ 383,618	$ 404,872
Outside Scholarships	10,475	21,383	20,000	31,950	40,197
MN Private College Fund	113,817	112,210	118,349	118,705	121,049
Contributed Salaries	129,042	130,286	84,627	70,725	76,590
Capital Gifts (including Estates)	496,744	799,069	834,716	620,935	978,988
Sponsored Programs	397,756	383,857	498,475	573,832	566,972
	$1,480,094	$1,796,968	$1,925,585	$1,799,765	$2,188,668

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 IV sets forth the financial statements of the College for the years ended May 31, 1986 and 1985, which statements have been examined by Bansley and Kiener, Certified Public Accountants.

Summaries of Current Funds Revenues, Expenditures and Other Changes

The following tables set forth summaries of revenues, expenditures and other changes for the College's unrestricted current fund for the past five fiscal years and the budget-to-actual comparison through March 31, 1987 for Fiscal Year 1987. These tables should be read in conjunction with the financial statements found in Appendix V.

SUMMARY OF UNRESTRICTED CURRENT FUND REVENUES, EXPENDITURES & OTHER CHANGES
YEARS ENDED MAY 31

	1982	1983	1984	1985	1986
Revenues					
Educational and general:					
Student tuition and fees	$5,202,060	$5,680,720	$6,203,505	$ 6,822,312	$ 7,483,321
Government grants and contracts	80,360	78,383	-	-	-
Gifts and private grants	575,119	592,659	572,394	573,048	602,511
Other sources	285,028	299,939	307,538	349,985	322,367
Sponsored research/programs	-	-	2,407	4,501	936
Education and general revenues	6,142,567	6,651,701	7,085,844	7,749,846	8,409,135
Non-mandatory transfers for plant renewals and replacements	-	129,500	-	471,066	-
Total educational and general	6,142,567	6,781,201	7,085,844	8,220,912	8,409,125
Auxiliary enterprise:					
Food Service	1,090,879	1,099,064	1,153,233	1,136,070	1,020,030
Housing	703,093	935,140	1,031,222	1,056,670	1,173,817
Bookstore	302,743	313,605	348,059	381,469	394,031
Total auxiliary enterprises	2,096,715	2,347,809	2,532,514	2,574,209	2,587,878
Total Revenues	8,239,282	9,129,010	9,618,358	10,795,121	10,997,013
Expenditures and Transfers					
Educational and general:					
Instructional	2,187,166	2,382,561	2,401,705	2,830,365	3,141,861
Public service	19,170	17,552	14,959	11,972	10,626
Academic support	538,044	569,519	632,952	758,723	911,843
Student service	945,876	1,047,316	1,117,315	1,194,450	1,298,309
Institutional support	905,391	948,731	1,034,617	1,268,230	1,399,777
Operation & maintenance of physical plant	783,050	1,052,402	912,711	1,419,929	1,074,365
Scholarships and grants	698,146	752,911	883,130	886,508	773,497
Educational and general expenditures	6,076,843	6,770,992	6,997,399	8,370,177	8,610,278
Mandatory transfers for:					
Loan fund matching grants	12,500	41,307	3,005	-	66
Principal, interest and sinking fund	-	-	-	-	170,432
Non-mandatory transfers for:					
Appropriation for loans	110,789	-	15,000	-	-
Plant renewals and replacements	-	34,862	70,440	-	-
Total educational and general	6,200,132	6,847,161	7,085,844	8,370,177	8,780,767
Auxiliary enterprises:					
Food Service	883,138	919,965	939,823	930,074	786,084
Housing	468,601	874,360	906,569	1,047,740	910,342
Bookstore	281,028	295,658	332,184	365,003	367,210
Auxiliary enterprises expenditures	1,632,767	2,089,983	2,178,576	2,342,817	2,063,636
Mandatory transfers for:					
Principal, interest and sinking fund	225,863	-	75,006	54,314	-
Non-mandatory transfers for:					
Quasi endowment fund	-	-	-	-	-
Plant renewals and replacements	180,520	191,866	278,932	18,000	120,000
Total auxiliary enterprises	2,039,150	2,281,849	2,532,514	2,415,131	2,183,636
Total expenditures and transfers	8,239,282	9,129,010	9,618,358	10,785,308	10,964,403
Net increase (decrease) in fund balance	$ -	$ -	$ -	$ 9,813	$ 32,610

BUDGETED REVENUES TO ACTUAL REVENUES
TEN MONTHS ENDED MARCH 31, 1987
(Unrestricted Current Fund plus student-aid sponsored programs and grants)

	F.Y. 1987 BUDGET	ACTUAL TO 3/31/87	VARIANCE	% REALIZED AS OF 3/31/87
REVENUES: EDUCATIONAL & GENERAL				
Student tuition & fees	$8,319,173	$8,516,618	$197,445	102.4 %
Government student aid programs	1,321,900	1,161,702	-160,198	87.9 %
Private gifts	605,000	525,460	-79,540	86.9 %
Endowment income applied	250,000	8,110	-241,890	3.2 %
Other sources	315,000	202,758	-112,242	64.4 %
SUB-TOTAL ED. & GEN. REVENUES	$10,811,073	$10,414,648	$-396,425	96.3 %
REVENUES: AUXILIARY SERVICES				
Food service	$1,190,853	$1,176,581	-14,272	98.8 %
Housing	1,472,716	1,479,166	6,450	100.4 %
Bookstore	421,262	425,405	4,143	101.0 %
SUB-TOTAL AUX. SERV. REVENUES	$3,084,831	$3,081,152	$-3,679	99.9 %
TOTAL CURRENT FUND REVENUES	$13,895,904	$13,495,800	$-400,104	97.1 %

BUDGETED EXPENDITURES TO ACTUAL EXPENDITURES
TEN MONTHS ENDED MARCH 31, 1987
(Unrestricted Current Funds plus student-aid sponsored programs and grants)

	F.Y. 1987 BUDGET	ACTUAL TO 3/31/87	VARIANCE	% REALIZED AS OF 3/31/87
SALARIES & WAGES				
Faculty salaries	$2,481,525	$2,040,818	$440,707	82.2 %
Professional salaries	1,609,089	1,450,014	159,075	90.1 %
Clerical wages	433,545	368,529	65,016	85.0 %
Hourly wages	590,145	489,665	100,480	83.0 %
Sub-total, Salaries & Wages	$5,114,304	$4,349,026	$765,278	85.0 %
Student wages	473,910	359,253	114,657	75.8 %
TOTAL SALARIES & WAGES	$5,588,214	$4,708,279	$879,935	84.3 %
Staff benefits	966,459	840,571	125,888	87.0 %
TOTAL PAYROLL EXPENSE	$6,554,673	$5,548,850	$1,005,823	84.7 %
OTHER EXPENSE				
President	$162,350	$116,413	$45,937	71.7 %
Provost	533,510	425,483	108,027	79.8 %
Graduate Dean	208,290	174,900	33,390	84.0 %
Executive Vice President				
Offices & services	353,660	227,959	125,701	64.5 %
Plant main/op, incl housing	766,840	769,354	-2,514	100.3 %
Food service	679,700	571,222	108,478	84.0 %
Bookstore	32,600	26,135	6,465	80.2 %
V P for Inst Advancement	176,350	138,277	38,073	78.4 %
Dean of Admissions	259,940	243,536	16,404	93.7 %
Dean for Student Development	312,170	215,207	96,963	68.9 %
TOTAL OTHER EXPENSE	$3,485,410	$2,908,486	$576,924	83.4 %
SPECIAL CATEGORIES OF EXPENSE				
Energy (total plant)	$490,300	$294,681	$195,619	60.1 %
Insurance (general)	110,000	106,956	3,044	97.2 %
Library acquisitions	117,800	91,704	26,096	77.8 %
Bookstore merchandise cost	310,000	259,042	50,958	83.6 %
SMC contribution to NDSL fund	0	0	0	
Debt service (princ & interest)	682,816	512,393	170,423	75.0 %
SMC funded scholarships & grants	1,103,000	1,207,458	-104,458	109.5 %
Fed/state/outside schol & grants	1,039,100	960,632	78,468	92.4 %
TOTAL SPECIAL CATEGORIES	$3,853,016	$3,432,866	$420,150	89.1 %
TOTAL EXPENDITURES	$13,893,099	$11,890,202	$2,002,897	85.6 %

ENDOWMENT AND QUASI-ENDOWMENT FUNDS

	Actual 1981-82	Actual 1982-83	Actual 1983-84	Actual 1984-85	Actual 1985-86	Projected 1986-87
Fund Balance at June 1 (start of FY)	$1,384,464	$1,647,700	$2,399,221	$2,857,832	$3,232,939	$4,462,860
Revenues and Other Additions:						
Gifts and bequests	402,618	729,713	842,285	517,500	1,203,956	400,000
Investment income (projected @ 6%)	42,014	200,399	18,496	665,116	752,454	300,000
Expenditures and Other Deductions:						
Capital campaign costs	(158,579)	(133,414)	(185,477)	(7,130)		(96,000)
Appropriations for scholorships	(7,262)	(20,000)	(20,000)	(100,104)	(207,844)	(250,000)
Expenditures for plant facilities	(30,002)	(29,705)			(18,645)	
Unrealized net depreciation	(133,523)	(32,653)	(235,830)			
Transfers Among Funds: Additions						
From Current Funds for debt service	37,181	37,181	39,137			
From Unrestricted Current Funds	110,789					
Transfers Among Funds: Deductions						
For retirement of indebtedness				(29,131)		
For theatre construction				(482,000)	(500,000)	(900,000)
For plant renewals and replacements				(189,144)		
Fund Balance at May 31 (end of FY)	$1,647,700	$2,399,221	$2,857,832	$3,232,939	$4,462,860	$3,916,860

PLANT FUND - RENEWALS/REPLACEMENTS

	Actual 1981-82	Actual 1982-83	Actual 1983-84	Actual 1984-85	Actual 1985-86	Projected 1986-87
Fund Balance at June 1 (start FY)	$380,611	$501,020	$130,484	$593,163	$245,657	$226,708
Revenues and Other Additions:						
Gifts and bequests						
From Current Funds (for remodeling)	100,000	70,000		204,411		
Investment Income	42,244	31,668	30,808	58,161	16,852	15,000
Expenditures and Other Deductions:						
Expenditures for plant renewals	(190,633)	(578,254)	(32,921)	(294,548)	(31,800)	(30,000)
Transfers Among Funds: Additions						
From Unrestricted Current Funds	180,520	226,728	349,372			250,000
From Plant Funds (Retirement of Indebtedness)		8,822	115,420	5,536		
From Theatre Contruction Account						350,000
Transfers Among Funds: Deductions						
For retirement of indebtedness	(11,722)				(4,001)	(300,000)
For plant renewals and replacements		(129,500)		(321,066)		(150,000)
Fund Balance at May 31 (end of FY)	$501,020	$130,484	$593,163	$245,657	$226,708	$361,708

Long-Term Debt of the College As of May 31, 1987:

1. $350,000 first mortgage, dated June, 1972; due in equal monthly installments of $2,819 to 1997 at 8.5% interest. The debt is secured by a mortgage on the Village I student apartments. $225,843 is outstanding.

2. $595,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds of 1973, Series C, dated January 1, 1973; interest rates range from 4.2% to 5.6%; final maturity due January 1, 1998; $385,000 is outstanding. The bonds are secured by a first mortgage on the Village II student apartments and its gross revenues; the full faith and credit of the College; debt service reserve of $36,000; and the Authority's General Bond Reserve. The College receives an annual U.S. Department of Education interest subsidy of $8,396.

3. $1,300,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Refunding Series 1976-2, dated April 1, 1977; interest ranges from 5.00% to 6.00%; final maturity due April 1, 2002; $1,035,000 is outstanding. The bonds are secured by a second mortgage on the College Center; the full faith and credit of the College; debt service reserve of $22,800; and the Authority's General Bond Reserve.

4. $40,073 mortgage incurred in 1978; due in equal monthly installments of $335 to 2001 at 8.75% interest. The debt is secured by a mortgage on a residence. $32,968 is outstanding.

5. $48,000 mortgage incurred in 1982; due in equal monthly installments to 2006 at a variable rate of interest, currently 9.875%. The debt is secured by a mortgage on a residence. $45,726 is outstanding.

6. $543,000 U.S. Department of Education First Mortgage incurred 1980 and due in semiannual payments of $12,023 to 2020 at 3% interest. The debt is secured by a mortgage on Heffron Hall. $523,020 is outstanding.

7. $580,172 (College share of $18,520,000 total) Minnesota Higher Education Facilities Authority Pooled Revenue Bonds, Series 1983-A, dated September 1, 1983 at various interest rates from 6.75% to 8.50%; final maturity in September 1, 1991; $499,828 is currently outstanding. The full faith and credit of the College is pledged.

8. $2,825,000 Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Two-H, dated October 2, 1984 and due October 1, 2004, but subject to annual mandatory redemption from October 1, 1987 through 2003. The bonds are secured by an irrevocable standby letter of credit issued by Norwest Bank Minneapolis, N.A.; the full faith and credit of the College; a mortgage on the College's theatre building; and securities having a market value of $1,500,000.

9. $600,000 contract for deed, incurred in 1986 from the Christian Brothers of Minnesota and due in semiannual installments of $15,000 to February 1, 2006, with no interest charged. $540,000 is outstanding.

10. The Bonds

    Total long-term debt as of May 31, 1987: $8,612,385.

The College is negotiating the discounted prepayment of four U.S. Department of Education loans which have total principal outstanding of $962,000. The College expects to complete the transactions before May 31, 1987.

DEBT SERVICE OF THE COLLEGE BY FISCAL YEAR

Fiscal Year	The Bonds: Principal(a)	The Bonds: Total Principal and Interest(b)	Less Reserve Revenue	Net Present Debt(c)	Total Net Debt Service
1987/88	$ 0	$ 191,595	$ 18,750	$ 534,103	$ 706,948
1988/89	0	191,595	18,750	538,023	710,868
1989/90	0	191,595	18,750	531,556	704,401
1990/91	0	191,595	18,750	529,898	702,743
1991/92	0	191,595	18,750	532,711	705,556
1992/93	0	191,595	19,750	456,639	629,484
1993/94	0	191,595	18,750	452,659	625,504
1994/95	40,000	231,595	18,750	448,369	661,214
1995/96	40,000	228,995	18,750	495,509	705,754
1996/97	45,000	231,315	18,750	488,009	700,574
1997/98	115,000	298,210	18,750	419,705	699,165
1998/99	50,000	225,160	18,750	506,585	712,995
1999/00	55,000	226,610	18,750	498,145	706,005
2000/01	55,000	222,650	18,750	507,345	711,245
2001/02	65,000	228,635	18,750	398,420	608,305
2002/03	65,000	223,825	18,750	499,045	704,120
2003/04	70,000	223,820	18,750	521,420	726,490
2004/05	75,000	223,430	18,750	634,045	838,725
2005/06	85,000	227,655	18,750	29,045	237,950
2006/07	95,000	231,110	18,750	29,045	241,405
2007/08	100,000	228,795	18,750	24,045	234,090
2008/09	105,000	226,095	18,750	24,045	231,390
2009/10	115,000	228,010	18,750	24,045	233,305
2010/11	125,000	229,155	18,750	24,045	234,450
2011/12	135,000	229,530	18,750	24,045	234,825
2012/13	145,000	229,135	18,750	24,045	234,430
2013/14	155,000	227,680	18,750	24,045	232,975
2014/15	160,000	220,435	18,750	24,045	225,730
2015/16	170,000	217,795	18,750	24,045	223,090
2016/17	435,000	469,365	269,750	24,045	224,660
Totals	$2,500,000	$6,870,170	$812,500	$9,290,726	$15,348,396

(a) Maturities shown including mandatory annual redemption payable from the Sinking Fund.

(b) Assumes an average interest rate on the Bonds of 7.75%.

(c) Excludes the four Department of Education loans being prepaid by the College; assumes a 6.50% interest rate on the Variable Rate Demand Revenue Bonds, Series Two-H.

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PROPOSED FORM OF LEGAL OPINION

FAEGRE & BENSON

2300 MULTIFOODS TOWER
33 SOUTH SIXTH STREET
MINNEAPOLIS, MINNESOTA 55402-3694
612/371-5300
TELEX 425131

SUITE 1150, 8400 TOWER
8400 NORMANDALE LAKE BOULEVARD
BLOOMINGTON, MINNESOTA 55437-1076
612/921-2200

2500 REPUBLIC PLAZA
370 SEVENTEENTH STREET
DENVER, COLORADO 80202-4004
303/592-5690

10 DE WALDEN COURT
85 NEW CAVENDISH STREET
LONDON W1M 7RA, ENGLAND
01/580-3542
TELEX 8811084

$2,500,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Two-M
(St. Marys College)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Mortgage Revenue Bonds, Series Two-M (St. Marys College), in the aggregate principal amount of $2,500,000 (the "Bonds"), dated May 1, 1987, in the denomination of $5,000 each and integral multiples thereof, maturing on May 1 in the years and amounts as follows:

The Bonds are subject to redemption and prepayment prior to the stated maturities thereof as provided in the Bonds. Interest on the Bonds is payable November 1, 1987, and semiannually thereafter on each May 1 and November 1, at the rates per annum, according to years of maturity, as follows:

Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the office of Norwest Bank Minneapolis, National Association, Minneapolis, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to St. Marys College, a Minnesota non-profit corporation and non-profit institution of higher education located in the City of Winona, Minnesota (the "College"), in order to permanently finance the costs of acquiring, constructing and improving facilities for the College, all located or to be located on the main campus of the College (as further described in the Loan Agreement mentioned below, the "Project"). We have examined executed counterparts of the Loan Agreement, the Indenture, the Mortgage and the Security Agreement referred to in the Bonds, opinions of Streater, Murphy, Gernander & Forsythe, as counsel to the College, one of the executed Bonds (No. R-1) and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Streater, Murphy, Gernander & Forsythe as to the Loan Agreement, the Mortgage and the Security Agreement having been duly authorized and executed and being binding upon the College, as to the corporate organization, good standing and powers of the College, and as to title to the Project sites, without examining the records of the College or original title records or abstracts of title.

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

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

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

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

3. The Bonds are secured by the assignment of the loan repayments payable by the College under the Loan Agreement to the Trustee in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, the Mortgage on certain of the Project facilities, and the Security Agreement providing a security interest on certain tuition and fee revenues of the College and by the pledge of the funds and investments held by the Trustee under the Indenture.

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is exempt from gross income for purposes of Federal income taxation and is exempt from Minnesota income taxation (other than Minnesota corporate franchise and bank excise taxes measured by income) under present laws and rulings. The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Internal Revenue Code of 1986 (the"Code"). Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of federal alternative minimum tax applicable to individuals under Section 55 of the Code, but is includable in "book income" or in "earnings and profits" for the purpose of determining the "alternative minimum taxable income" of corporations for taxable years beginning after December 31, 1986. The alternative minimum taxable income is also used to determine the environmental tax imposed by Section 59A of the Code. In addition, interest on the Bonds may be included in the income of a foreign corporation for purposes of the branch profits tax imposed by Section 884 of the Code. Deductions for "losses incurred" by property and casualty insurance companies must be reduced by 15% of the interest received or accrued on the Bonds. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Code.

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

Dated at Minneapolis, Minnesota, May _____, 1987.

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DEFINITION OF CERTAIN TERMS

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

Authority: The Minnesota Higher Education Facilities Authority.

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

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

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

Board of Trustees: The Board of Trustees of the College, including the Executive Committee authorized to act for such board.

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

Bonds: $2,500,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-M (St. Marys College).

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

Bond Resolution: The Series Resolution of the Authority adopted on April 22, 1987, 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 Buildings acquired from funds other than the proceeds of the Bonds.

Collateral Account: The Collateral Account established by the Security Agreement for the deposit of Tuition and Fees.

College: St. Marys College, a Minnesota nonprofit corporation and institution of higher education located in Winona, Minnesota.

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

Determination of Taxability: A determination that the interest payable on the Bonds is includable in gross income for purposes of federal income taxation by reason of the

application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance of the Bonds. A determination that interest on the Bonds is includible in the computation of any alternative minimum tax is not a Determination of Taxability.

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

Fiscal Year: The College'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 31, 1972, and any amendments thereto.

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

Indenture: The Trust Indenture between the Authority and Norwest Bank Minneapolis, N.A. of Minneapolis, Minnesota, as Trustee, dated as of May 1, 1987, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: The College.

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

Issue: The Bonds.

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

Loan Repayments: Payments required to be made by the College to the Trustee pursuant to the Loan Agreement.

Mortgage: The Combination Mortgage, Security Agreement and Fixture Financing Statement, dated as of May, 1987 from the College to the Authority, and assigned by the Authority 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 or the Trustee as secured party, less the cost of recovery (including attorneys' fees) of such moneys from the insuring company or the condemning authority.

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

Project: The constructing of the first phase of an ice arena building approximately 134 feet by 220 feet in size over an existing ice rink; construction of the first phase of an addition to Hoffman Science Hall consisting of approximately 7,000 square feet; the

renovation of academic facilities; the purchase and installation of a DEC VAX 8200 minicomputer for library automation and general computing; and the purchase and installation of a new campus telecommunications system; all to be located on the campus of the College.

Project Buildings: The buildings constructed or improved as part of the Project.

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

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

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

Project Site: The land on which certain Project Buildings are or will be located (see "THE PROJECT").

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

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

Reserve Account: The Reserve Account established under the Indenture, into which at Bond closing will be placed $245,000 of Bond proceeds. Moneys in the Reserve Account may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College fails to provide for payment of any rebate.

Security Agreement: The Security Agreement between the College and the Trustee, dated as of May 1, 1987.

Sinking Fund: The Sinking Fund established under the Indenture into which the College will make deposits prior to each May 1, in the years 2003 through 2011 and 2013 through 2016 for mandatory redemption of the Bonds maturing in 2012 and 2017.

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

Tuition and Fees: Tuition and Fees, as defined by the American Institute of Certified Public Accountants for audits of universities and colleges.

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

Trustee, Registrar, Paying Agent: Norwest Bank, Minneapolis, N.A., Minneapolis, Minnesota

Unrestricted Current Fund Balance: The Unrestricted Current Fund Balance as defined by the American Institute of Certified Public Accountants for audits of universities and colleges.

Unrestricted Current Fund Expenditures: The Unrestricted Current Fund Expenditures as defined by the American Institute of Certified Public Accountants for audits of universities and colleges.

Unrestricted Current Fund Liabilities: The Unrestricted Current Fund Liabilities as defined by the American Institute of Certified Public Accountants for audits of universities and colleges.

Unrestricted Current Fund Revenues: The Unrestricted Current Fund Revenues as defined by the American Institute of Certified Public Accountants for audits of universities and colleges.

Unrestricted Endowment Funds: The Unrestricted Endowment Funds as defined by the American Institute of Certified Public Accountants for audits of universities and colleges.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The College represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than May 31, 1988, subject only to "force majeure," as provided in the Loan Agreement. The College agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account.

Loan Repayments

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

(a) prior to each February 1, May 1, August 1 and November 1, commencing August 1, 1987, into the Bond and Interest Sinking Fund Account or Sinking Fund, as the case may be, a sum which will be equal to one-half of the amount payable as interest on the Series Two-M Bonds on the next succeeding interest payment date, and, commencing on May 1, 1994, a sum equal to one-fourth of the amount payable as principal of the Series Two-M Bonds on the next succeeding principal payment date, provided however, that not less than 90 days in advance of each such interest or principal payment date the College shall make such Loan Repayments as are necessary to insure that there shall be on deposit in the Bond and Interest Sinking Fund Account or Sinking Fund, as the case may be, a sum sufficient to pay all principal of the Bonds maturing and interest on the Bonds coming due on such payment date, but provided further that there shall be credited against such obligations (i) the net credit of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings); and

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

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

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

(e) into any fund or account designated by the Trustee funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement (relating to rebate payments to be made to the United States).

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.

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 loss of the tax-exemption of interest on the Bonds under 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.

Title to Property and Liens

Except for Permitted Encumbrances, the College will not permit any liens to be established or to remain against the Project Facilities, including any mechanics liens for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements, provided the College may in good faith contest any liens filed or established against the Project Facilities and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest unless the Authority or Trustee shall notify the 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 purchased by the College therein or thereon, or the Bonds, the Loan Agreement, the Mortgage, the Security 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 the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds, or both, as more fully provided in the Loan Agreement.

Condemnation

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

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 a 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 the Internal Revenue Code 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 income taxes under Section 501 (a) of such Code.

Determination of Taxability

In the event a Determination of Taxability is made that the Bonds are includible in gross income for purpose of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall be subject to mandatory redemption on a date to be determined by the Trustee following the Determination of Taxability, and the redemption price therefor shall be equal to par plus accrued interest.

A "Determination of Taxablity," as described above, means a Notice of Deficienary or a ruling from the National Office or any District Office of the Internal Revenue Service or a final decision of a court of competent jurisdiction to the effect that interest on the Bonds is includible in the gross income of the recipient under Section 103 of the Internal Revenue Code, related sections and regulations thereunder, as in effect on the date of issuance of the Bonds. A determination that interest on the Bonds is includible in the computation of an alternative minimum tax is not a Determination of Taxability.

Financial Covenants

The Institution covenants and agrees, so long as the Bonds shall remain Outstanding, to comply with the following provisions:

(a) At the end of each Fiscal Year, commencing with the Fiscal Year ending on May 31, 1987, Unrestricted Current Fund Revenues shall be not less than Unrestricted

Current Fund Expenditures, including mandatory transfers, in at least two of the preceding three Fiscal Years, according to the principles of accounting to be used for audits of colleges and universities, as required by the American Institute of Certified Public Accountants. In the event that, following any Fiscal Year, the College shall not be in compliance with this paragraph (a), the College may cure such default by making a transfer to Unrestricted Current Fund, within 90 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposits may be made from Unrestricted Endowment Funds or funds functioning as endowment, but not if such deposit will cause such unencumbered endowment funds to be less than $1,000,000. No such deposit may be made from proceeds of the Bonds or other borrowed funds.

(b) The total assets constituting unencumbered Unrestricted Endowment Funds of the College, including funds functioning as endowment, as reported annually by a nationally recognized investment manager (a copy of which report is to be furnished to the Trustee), not later than May 1 of each year, shall not be less than $1,000,000.

(c) Following the date hereof, and for so long as the Bonds remain outstanding, the College shall incur no debt with a maturity in excess of two years (except for a refunding or refinancing of debt now outstanding), if in the then most recently ended Fiscal Year of the College the ratio of total Current Liabilities to total Current Fund Balances shall have been in excess of one to one.

(d) For purposes of this Section, the terms "Unrestricted Current Fund Revenues," "Unrestricted Current Fund Expenditures," "Unrestricted Endowment Funds," "Current Liabilities," and "Current Fund Balances" shall have the meanings provided for audits of colleges and universities by the American Institute of Certified Public Accountants.

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; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder with respect to the non-arbitrage status of the Bonds, including but not limited to making all required rebate payments to the United States required by the Code and regulations; 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 Section 7.01 of the Loan Agreement:

(a) If (i) the College shall fail to make any Loan Repayment when due and either (ii) the moneys on deposit in the Bond and Interest Sinking Account, Sinking Fund or Redemption Account, as the case may be, on a Bond principal or interest payment date are insufficient to pay when due principal, premium, if any, and interest on the Bonds, or (iii) such failure shall continue for 10 days after notice from the Trustee or the Authority to the College that such payment has not been made; or

(b) If the College shall fail to comply with the provisions of Section 4.02(e) of the Loan Agreement (relating to maintaining the required balance in the Reserve Account); or

(c) If the College shall default in the observance of any of the covenants set forth in Section 6.13 of the Loan Agreement (relating to financial covenants), provided that failure to comply with Section 6.13(b) (relating to maintaining $2,000,000 in endowment funds) shall not become an Event of Default unless the College fails to restore the deficiency thereunder within a period of 90 days from the close of the Fiscal year in which such deficiency was reported; or

(d) If the College shall fail to observe and perform for reasons other than force majeure any other covenant, condition or agreement on its part under this Loan Agreement for a period of thirty (30) days after written notice, specifying such default and requesting that it be remedied, is given to the College by the Authority or the Trustee; or

(e) If there shall occur an event of default under the Mortgage or Security Agreement; or

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

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

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

The term "force majeure" as used above includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders, regulations or laws of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the Institution. The provisions of paragraph (d) above, are subject to the further limitation that if the Default can be remedied but not within a period of thirty days after notice and if the Institution has taken all action reasonably possible to remedy such default within such thirty-day period, the default shall not become an Event of Default for so long as the Institution shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The Institution agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the Institution from carrying out its agreements.

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

(b) The Trustee (or the Authority with respect to certain sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due or to foreclose the Mortgage or Security Agreement or to enforce performance and observance of any obligation, agreement or covenant of the Institution under the Mortgage, the Security Agreement or the Loan Agreement.

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

Amendments

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

THE INDENTURE

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

Granting Clauses

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

(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 Funds and 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 written consent, to the Trustee, including, but not limited to, the Mortgage and the Security Agreement.

Accounts

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

Trustee's Right to Payment

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

Covenants of the Authority

Under the Indenture the Authority covenants, among other things, to perform its various undertakings and agreements; not to extend the maturity of any of the Bonds or the time of payment of any claims for interest; to take such action or cause and permit the Trustee to take such action as may be necessary and advisable to enforce the covenants, terms and conditions of the Loan Agreement, if such action shall, in the discretion of the Trustee, be deemed to be in the best interests of the Authority or the Bondholders; to 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 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 the Indenture; or

(d) If an event of default on the part of the Institution as that term is defined in the Loan Agreement shall occur.

Remedies

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

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

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

Concerning the Trustee

The Trustee has no responsibility to use its own funds under the Indenture, but it may make advances at a rate equal to its prime rate plus two percent (2%) rate per annum, which advances are given priority of payment. The Trustee also has a lien with right of payment prior to payment of Bond interest or principal for reasonable compensation, expenses 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 in principal amount of outstanding Bonds, or in the event of disability, by the Authority or a court.

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the College shall:

(a) pay or cause to be paid the principal of and 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 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 at 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 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 shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee and the rebate of all amounts due or to become due to the United States under Section 148 of the Internal Revenue Code, then at the request of the Authority or the College, 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 by them be deemed necessary or desirable for any one or more of the following purposes:

(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 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.

Amendments to the Loan Agreement, the Mortgage and the Security 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, the Mortgage or the Security Agreement as may be required (a) by the provisions of the Loan Agreement, the Mortgage, the Security Agreement or Indenture, or (b) for the purpose of curing any ambiguity or formal defect or omission, or (c) so as to add additional rights acquired in accordance with the provisions of the Loan Agreement or the Mortgage or the Security Agreement, or (d) in connection with any other change therein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders of the Bonds.

Except for amendments, changes or modifications provided for in the preceding paragraph, neither the Authority nor the Trustee may consent to any amendment, change or modification of the Loan Agreement, the Mortgage or the Security Agreement without the written approval or consent of the Holders of not less than 65% in aggregate principal amount of the Bonds at the time outstanding, given and procured as provided in the Indenture. However, the Indenture does not permit a reduction in, or a postponement of, the 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 or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be

without expense to the Holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for 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.

THE MORTGAGE

At or prior to the closing, the College will execute and deliver to the Trustee a Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), to be dated as of May 1, 1987, to secure the Bonds. The following is a summary of certain provisions of the Mortgage.

Under the Mortgage, in order to secure its obligations under the Loan Agreement, including payment of Loan Repayments in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Bonds, the College grants to the Trustee a security interest in the Project Equipment described therein and a first mortgage lien on its right, title and interest in and to those Project Buildings constituting the College's ice arena and Hoffman Science Hall, including the addition and the sites thereof. The Trustee is also granted a security interest in all of the general intangibles, rents, issues, condemnation awards, insurance proceeds and similar revenues and income arising from the ownership of the Mortgaged Property (to the extent the same may be perfected).

The College may remove Project Equipment from the Project Buildings released from the lien of the Mortgage upon the following conditions:

(a) the College may substitute equipment and related property for any Project Equipment, provided that such property so substituted shall not impair the character or revenue producing significance of the Project Facilities, and such substituted property shall be subject to the lien of the Mortgage in place of the replaced equipment;

(b) the College shall have the privilege of removing any Project Equipment without substitution therefor, provided that the College pays a sum equal to the then value of such Project Equipment (other than items with an original cost of less than $25,000) to the Trustee, provided that such removal does not impair the character or revenue producing significance of the Project Facilities.

The College may obtain a release from the Mortgage of any portion of the mortgaged land for the purpose of selling the same to a third party or to facilitate the construction or financing of additions to the Project Buildings or additional structures on the land, provided that such portion of the land does not contain any permanent structure necessary for the operating unity and efficiency of the Project Facilities and provided further that the College deposits with the Trustee the sum set forth in the Loan Agreement, as payment for the portion of the land so released.

THE SECURITY AGREEMENT

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

Security Interest

Under the Security Agreement, the Institution grants to the Trustee, for the security of the Bonds, a security interest in all Tuition and Fees, as provided therein, and all other amounts on deposit to the credit of Collateral Account (the "Collateral").

Collateral Account

On and after each September 1 and January 1 (or such other dates as may be established by the Institution for the collection of tuition payments), if on such date there shall not be on deposit with the Trustee in the Bond and Interest Sinking Fund Account or Sinking Fund, as the case may be, sufficient funds to provide for payment of all principal of and interest on the Bonds due on the next succeeding semiannual interest or principal payment date therefor, the Institution shall deliver to the Trustee, in pledge for the purpose of perfecting the Trustee's security interest therein, all Tuition and Fees received by the Institution, provided, however, that such obligation of the Institution with respect to each Bond year shall be limited to delivery of funds in the amount of $300,000 (except that amounts returned to the College in accordance with the following paragraph shall not serve as a credit against such $300,000 limitation). All such funds shall be deposited by the Trustee and held by it in the Collateral Account.

All interest earnings and other return realized from investment of assets on deposit in the Collateral Account shall be retained by the Trustee in the Collateral Account and reinvested. Provided, however, that if on or prior to any Bond interest or principal payment date there shall be on deposit with the Trustee in the Bond and Interest Sinking Fund Account or the Sinking Fund, as the case may be, sufficient funds to provide for payment of all principal of, premium, if any, and interest on the Bonds due on such date, and there shall be in existence at such time no Event of Default or event which, with the giving of notice of lapse of time or both, would become an Event of Default under the Loan Agreement or Indenture, then the Trustee shall on each May 2 and November 2, as the case may be, return to the College all amounts then on deposit to the credit of the Collateral Account.

Duties of Trustee

The Trustee shall exercise reasonable care in the custody and preservation of any Collateral held in the Collateral Account and maintenance of records with respect thereto, and shall be deemed to have exercised such care if such Collateral is accorded treatment substantially equivalent to that which the Trustee accords its own property, it being understood that the Trustee shall not have any responsibility for taking any necessary steps to preserve rights against any parties with respect to any such Collateral.

ST. MARY'S COLLEGE

FINANCIAL REPORT

MAY 31, 1986

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, 1986 and 1985, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the year ended May 31, 1986. 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, 1985, 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, 1986 and 1985 and the changes in fund balances and the current funds revenues, expenditures and other changes for the year ended May 31, 1986, in conformity with generally accepted accounting principles applied on a consistent basis.

Bansley and Kiener
Certified Public Accountants

July 16, 1986

ST. MARY'S COLLEGE

BALANCE SHEETS
MAY 31, 1986 AND 1985

ASSETS	Current Year	Prior Year
CURRENT FUNDS		
Cash, including net interest-bearing accounts of $754,557 in 1986 and $598,125 in 1985	$ 803,906	$ 663,158
Accounts and notes receivable, less allowance of $100,000 in 1986 and $75,000 in 1985	710,413	951,485
Investments, at cost (Market value $25,933 in 1986 and $3,162 in 1985)	23,450	3,162
Inventories - bookstore and kitchen - at lower of cost (First-in, first-out basis) or market	68,603	62,863
Prepaid expense	5,670	10,388
Due from other funds	7,763	29,246
Total current funds	$ 1,619,805	$ 1,720,302
LOAN FUNDS		
Cash	$ 81,131	$ 33,477
Loans to students, less allowance for uncollectible loans of $200,000 in 1986 and 1985	2,466,515	2,508,727
Total loan funds	$ 2,547,646	$ 2,542,204
ENDOWMENT FUNDS		
Marketable securities (At market)	$ 4,369,908	$ 3,279,994
Due from other funds	387,952	247,945
Total endowment funds	$ 4,757,860	$ 3,527,939
PLANT FUNDS		
Unexpended		
Cash and temporary investments held by trustees	$ 817,731	$ 1,887,215
Due from other funds	120,000	-
Total unexpended	937,731	1,887,215
Renewals and replacements		
Cash and temporary investments held by Trustees	559,867	494,349
Investments held by Trustees	22,600	33,900
Due from other funds	295,000	345,071
Total renewals and replacements	877,467	873,320
Retirement of indebtedness		
Cash and temporary investments held by Trustees	414,044	422,945
Investments held by Trustees	65,245	60,791
Total retirement of indebtedness	479,289	483,736
Investment in plant (Note 1)		
Land and improvements	448,682	348,682
Buildings	10,399,154	9,978,040
Equipment	4,640,686	4,385,056
Construction in process (Note 5)	3,689,886	1,580,271
Due from other funds	1,743	1,743
Total investment in plant	19,180,151	16,293,792
Total plant funds	$21,474,638	$19,538,063
AGENCY FUNDS		
Due from other funds	$ 24,272	$ 26,032
Total agency funds	$ 24,272	$ 26,032
ANNUITY FUNDS		
Due from other funds	$ 18,297	$ 4,470
Total annuity funds	$ 18,297	$ 4,470

LIABILITIES AND FUND BALANCES	Current Year	Prior Year
CURRENT FUNDS		
Accounts payable	$ 150,844	$ 410,230
Due to Government - Federal programs	4,200	4,200
Student deposits and deferred revenue	374,520	403,835
Accrued expenses	425,471	419,100
Due to other funds	550,521	330,261
Fund balances		
Unrestricted	92,924	60,314
Restricted	21,325	92,362
Total current funds	$ 1,619,805	$ 1,720,302
LOAN FUNDS		
Due to other funds	$ 7,763	$ 29,246
Fund balance		
U.S. Government	2,241,795	2,217,562
College - restricted	298,088	295,396
Total fund balance	2,539,883	2,512,958
Total loan funds	$ 2,547,646	$ 2,542,204
ENDOWMENT FUNDS		
Due to other funds	$ 295,000	$ 295,000
Fund balance	4,462,860	3,232,939
Total endowment funds	$ 4,757,860	$ 3,527,939
PLANT FUNDS		
Unexpended		
Accounts payable	$ 410,035	$ 118,167
Fund balance	527,696	1,769,048
Total unexpended	937,731	1,887,215
Renewals and replacements		
Reserve for remodeling	649,016	627,663
Due to other funds	1,743	-
Fund balance	226,708	245,657
Total renewals and replacements	877,467	873,320
Retirement of indebtedness		
Fund balance	479,289	483,736
Total retirement of indebtedness	479,289	483,736
Investment in plant		
Notes and bonds payable (Note 2)	7,347,831	6,936,741
Net investment in plant	11,832,320	9,357,051
Total investment in plant	19,180,151	16,293,792
Total plant funds	$21,474,638	$19,538,063
AGENCY FUNDS		
Deposits held in custody for others	$ 24,272	$ 26,032
Total agency funds	$ 24,272	$ 26,032
ANNUITY FUNDS		
Annuities payable	$ 8,242	$ 2,530
Fund balance	10,055	1,940
Total annuity funds	$ 18,297	$ 4,470

ST. MARY'S COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MAY 31, 1986

	Current Funds				Plant Funds				
	Unrestricted	Restricted	Loan Funds	Endowment Funds	Unexpended	Renewals and Replacements	Retirement of Indebtedness	Investment in Plant	Annuity Funds
REVENUES AND OTHER ADDITIONS									
Educational and general revenues	$ 8,409,135	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Auxiliary enterprises revenues	2,587,878	347,210	-	-	-	-	-	-	-
Gifts and bequests - restricted	-	40,197	-	1,203,956	-	-	-	-	15,000
Grants and contracts - restricted	-	1,861,558	6,121	-	-	-	-	-	-
Investment income - restricted	-	-	53,815	752,454	99,709	16,852	37,125	-	-
Expended for plant facilities (charged to current funds expenditures $364,296)	-	-	-	-	-	-	-	2,473,911	-
Retirement of indebtedness	-	-	-	-	-	-	-	158,910	-
Endowment funds appropriated for scholarships	-	207,844	-	-	-	-	-	-	-
Total revenues and other additions	10,997,013	2,456,809	59,936	1,956,410	99,709	16,852	37,125	2,632,821	15,000
EXPENDITURES AND OTHER DEDUCTIONS									
Educational and general expenditures	8,610,278	2,112,843	-	-	-	-	-	-	-
Auxiliary enterprises expenditures	2,063,636	67,793	-	-	-	-	-	-	-
Loan cancellations and write-offs	-	-	8,673	-	-	-	-	-	-
Administrative and collection costs	-	-	24,404	-	-	-	-	-	-
Letter of credit fees	-	-	-	-	-	-	52,753	-	-
Adjustment of actuarial liability for annuities payable	-	-	-	-	-	-	-	-	6,885
Retirement of indebtedness	-	-	-	-	-	-	158,910	-	-
Interest on indebtedness	-	-	-	-	-	-	191,634	-	-
Repairs	-	-	-	-	-	31,800	-	-	-
Disposal of plant assets	-	-	-	-	-	-	-	187,552	-
Appropriations for scholarships	-	-	-	207,844	-	-	-	-	-
Expended for plant facilities	-	-	-	18,645	1,961,061	-	129,909	-	-
Total expenditures and other deductions	10,673,914	2,180,636	33,077	226,489	1,961,061	31,800	533,206	187,552	6,885
TRANSFERS AMONG FUND ADDITIONS (DEDUCTIONS)									
Mandatory:									
Principal and interest	(170,423)	(347,210)	-	-	-	-	487,633	30,000	-
Loan fund matching grant	(66)	-	66	-	-	-	-	-	-
Non-mandatory:									
Appropriations for theater construction	(120,000)	-	-	(500,000)	620,000	-	-	-	-
Plant renewals and replacements	-	-	-	-	-	(4,001)	4,001	-	-
Total transfers	(290,489)	(347,210)	66	(500,000)	620,000	(4,001)	491,634	30,000	-
Net increase (decrease) for the year	32,610	(71,037)	26,925	1,229,921	(1,241,352)	(18,949)	(4,447)	2,475,269	8,115
FUND BALANCES - BEGINNING OF YEAR	60,314	92,362	2,512,958	3,232,939	1,769,048	245,657	483,736	9,357,051	1,940
FUND BALANCES - END OF YEAR	$ 92,924	$ 21,325	$2,539,883	$4,462,860	$ 527,696	$226,708	$479,289	$11,832,320	$10,055

ST. MARY'S COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
YEAR ENDED MAY 31, 1986
WITH COMPARATIVE FIGURES FOR 1985

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
REVENUES				
Educational and general:				
Student tuition and fees	$ 7,483,321	$ -	$ 7,483,321	$ 6,822,312
Government grants and contracts	-	1,366,559	1,366,559	1,178,017
Gifts and private grants	602,511	40,197	642,708	611,498
Sponsored research/programs	936	566,036	566,972	573,832
Endowment income applied	-	207,844	207,844	100,104
Other sources	322,367	-	322,367	349,985
Educational and general revenues	8,409,135	2,180,636	10,589,771	9,635,748
Non-mandatory transfers for -				
Plant renewals and replacements	-	-	-	471,066
Total educational and general	8,409,135	2,180,636	10,589,771	10,106,814
Auxiliary enterprises:				
Food service	1,020,030	120,834	1,140,864	1,256,114
Housing	1,173,817	226,376	1,400,193	1,262,602
Bookstore	394,031	-	394,031	381,469
Total auxiliary enterprises	2,587,878	347,210	2,935,088	2,900,185
Total revenues	10,997,013	2,527,846	13,524,859	13,006,999
EXPENDITURES AND TRANSFERS				
Educational and general:				
Instructional	3,141,861	318,432	3,460,293	3,265,483
Research	-	26,974	26,974	8,078
Public service	10,626	52,701	63,327	49,606
Academic support	911,843	102,561	1,014,404	833,574
Student service	1,298,309	85,612	1,383,921	1,376,266
Institutional support	1,399,777	45,751	1,445,528	1,277,542
Operation and maintenance of the physical plant	1,074,365	151,594	1,225,959	1,494,945
Scholarships and grants	773,497	1,329,218	2,102,715	1,911,598
Educational and general expenditures	8,610,278	2,112,843	10,723,121	10,217,092
Mandatory transfers for -				
Loan fund matching grants	66	-	66	-
Principal, interest and sinking fund	170,423	-	170,423	54,314
Total educational and general	8,780,767	2,112,843	10,893,610	10,271,406
Auxiliary enterprises:				
Expenditures:				
Food service	786,084	14,738	800,822	951,836
Housing	910,342	53,055	963,397	1,064,965
Bookstore	367,210	-	367,210	365,003
Auxiliary enterprises expenditures	2,063,636	67,793	2,131,429	2,381,804
Mandatory transfers for:				
Principal, interest and sinking fund	-	347,210	347,210	325,976
Non-mandatory transfers for:				
Plant renewals and replacements	120,000	-	120,000	18,000
Total auxiliary enterprises	2,183,636	415,003	2,598,639	2,725,780
Total expenditures and transfers	10,964,403	2,527,846	13,492,249	12,997,186
OTHER ADDITIONS (DEDUCTIONS)				
Excess of transfers to revenue over restricted receipts	-	(71,037)	(71,037)	18,879
Net increase (decrease) in fund balances	$ 32,610	$ (71,037)	$ (38,427)	$ 28,692

ST. MARY'S COLLEGE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
MAY 31, 1986

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 renewals and replacements; 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 noncash 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

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 payable are summarized as follows:

Description	Interest Rate	Amount Due May 31, 1986 (Note A) Within One Year	After One Year	Total	Total Amount Due May 31, 1985	Original Debt Amount	Collateral
To U.S. Department of Education:							
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.)	2.75%	$ 24,000	$ 234,000	$ 258,000	$ 281,000	$ 960,000	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.)	3.125%	10,000	153,000	163,000	173,000	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%	9,000	221,000	230,000	239,000	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%	12,000	354,000	366,000	376,000	500,000	Christian Brothers College Center (formerly known as Student Union Building)
Due to Norwest National Bank of Winona: 1st mortgage (Village I), dated June, 1972, due in equal monthly installments of $2,819 to 1997 (Note B).	8.5%	13,979	225,843	239,822	252,666	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%	25,000	385,000	410,000	435,000	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 mortgaged 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 payable are summarized as follows (Continued):

Description	Interest Rate	Amount Due May 31, 1986 (Note A) Within One Year	After One Year	Total	Total Amount Due May 31, 1985	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.)	5% - 6%	40,000	1,035,000	1,075,000	1,110,000	1,300,000	Christian Brothers College Center
1st Mortgage payable to the Congregation of the Sacred Hearts of Jesus and Mary, due in quarterly installments of $6,668 to January 1, 1987.	6.5%	19,371	-	19,371	43,783	275,000	Damian Hall (student dormitory)
1st Mortgage payable to Winona National and Savings Bank, due in monthly principal and interest payments of $335.	8.75%	1,088	32,968	34,056	35,160	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 $578.	Variable	494	45,726	46,220	46,838	48,000	Residence at 556 Kerry Drive
U.S. Department of Education First Mortgage, due in semiannual payments of $12,023 to 2020.	3%	8,170	523,020	531,190	539,122	543,000	Heffron Hall (student dormitory)
Minnesota Higher Education Facilities Authority Pooled Revenue Bonds, Series 1983-A, due in annual principal payments ranging from $80,344 to $115,798 to September 1, 1991 starting September 1, 1986. Interest payments due monthly.	6.75% - 8.5%	80,344	499,828	580,172	580,172	580,172	Insured by American Municipal Bond Assurance Corporation
Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue bonds. Series two-H, due in annual principal payments ranging from $25,000 to $425,000 to October 1, 2003, starting October 1, 1987. Interest payments are due quarterly.	Variable	-	2,825,000	2,825,000	2,825,000	2,825,000	Letter of credit in the amount of $2,825,000, secured by marketable securities having an aggregate market value of $1,500,000. The College has agreed to maintain certain ratios required by the agreement.
Christian Brothers contract for deed, due in semiannual installments of $15,000 to February 1, 2006	None	30,000	540,000	570,000	-	600,000	St. Yon Hall (student dormitory)
		$273,446	$7,074,385	$7,347,831	$6,936,741		

NOTES

A Payment schedule reflects payment on principal only.

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

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

Note 3 - 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 funds expenditures by objective.

Note 4 - 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 $143,965 and $143,478 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 5 - St. Mary's College began construction of a new theater in October, 1984. At May 31, 1986 the costs incurred amounted to $3,689,886. The total estimated cost of construction when complete, will approximate $4,000,000, of which $2,825,000 has been financed by the Minnesota Higher Education Facilities Authority variable rate demand revenue bond issue. (See Note 2).

Note 6 - Average semester full-time equivalent enrollment was 1,511 in 1986 and 1,470 in 1985.

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OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
278 Metro Square Building
Saint Paul, Minnesota 55101

SALE DATE: May 6, 1987

RE: $2,500,000 Mortgage Revenue Bonds, Series Two-M (St. Marys College)

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $_____ (Note: This amount may not be less than $2,450,000) and accrued interest to the date of delivery.

_____% 1995	_____% 1997	_____% 1999	_____% 2001
_____% 1996	_____% 1998	_____% 2000	_____% 2002
	_____% 2012	_____% 2017	

In making this offer we accept all of the terms and conditions of the Official Terms of Offering published in the Official Statement dated April 20, 1987. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

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

NET INTEREST COST: $ _____

NET EFFECTIVE RATE: _____ %

Account Members

_____
Account Manager

BY: _____

. . . . . .

The foregoing offer is hereby accepted by the Issuer on the date of the offer by its following officers duly authorized and empowered to make such acceptance.

_____ _____

Received good faith check for return to bidder.
SPRINGSTED Incorporated _____.

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
278 Metro Square Building
Saint Paul, Minnesota 55101

SALE DATE: May 6, 1987

RE: $2,500,000 Mortgage Revenue Bonds, Series Two-M (St. Marys College)

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_____% 1995	_____% 1997	_____% 1999	_____% 2001
_____% 1996	_____% 1998	_____% 2000	_____% 2002
	_____% 2012	_____% 2017	

In making this offer we accept all of the terms and conditions of the Official Terms of Offering published in the Official Statement dated April 20, 1987. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

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NET INTEREST COST: $ _____

NET EFFECTIVE RATE: _____ %

Account Members

_____
Account Manager

BY: _____

. . . . . .

The foregoing offer is hereby accepted by the Issuer on the date of the offer by its following officers duly authorized and empowered to make such acceptance.

_____ _____

Received good faith check for return to bidder.
SPRINGSTED Incorporated _____.

Certificate

The Official Statement prepared for the issuance of the Authority's $2,500,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-M (St. Marys College), as of its date, April 20, 1987, and the date of this Certificate, did not and does not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Witness our hands this _____ day of _____, 1987.

FOR THE AUTHORITY

_____

Joseph E. LaBelle, Executive Director

FOR THE COLLEGE

_____

Brother Paul Grass, Executive Vice President