OFFICIAL STATEMENT DATED JUNE 25, 1991

NEW ISSUE **RATING: BBB–**

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

$2,950,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Three-F
(St. Marys College)

Dated Date: June 1, 1991

Interest Due: April 1 and October 1, commencing October 1, 1991

The Bonds will mature annually on October 1 as follows:

Year	Amount	Interest Rate	Yield	Year	Amount	Interest Rate	Yield
1992	$40,000	5.25%	100%	2002	$ 80,000	7.10%	100%
1993	45,000	5.50	100	2003	85,000	7.10	100
1994	50,000	5.75	100	2004	95,000	7.20	100
1995	55,000	6.00	100	2005	100,000	7.20	100
1996	55,000	6.20	100	2006	110,000	7.25	100
1997	60,000	6.40	100	2007	115,000	7.25	100
1998	65,000	6.60	100	2008	125,000	7.30	100
1999	70,000	6.75	100	2009	135,000	7.30	100
2000	70,000	6.90	100	2010	145,000	7.40	100
2001	75,000	7.00	100	2011	155,000	7.40	100

$1,220,000 7.625% Term Bonds due October 1, 2016.
Price: 100%

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after October 1, 2002 may be redeemed prior to maturity, in whole on any date or in part on any interest payment date commencing October 1, 2001. The Bonds will also be subject to optional redemption in whole in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in whole or in part in the event of a Determination of Taxability, as described herein.

The Bonds will be issued in integral multiples of $5,000, and are fully registered as to principal and interest. Norwest Bank Minnesota, National Association, Minneapolis, Minnesota will act as Trustee, Registrar and Paying Agent.

The Bonds are special obligations of the Authority payable solely from Loan Repayments made by or on behalf of St. Marys College, Winona, Minnesota (the "College") pursuant to a Loan Agreement between the Authority and the College, or out of other amounts pledged pursuant to the Indenture or realized from the Mortgage as described herein. The Loan Repayments will be a general obligation of the College.

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

The Bonds are offered when, as and if issued by the Authority and accepted by the Underwriter named below subject to the approval of legality by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon by Streater Murphy Gernander & Forsythe, P.A., Winona, Minnesota, counsel to the College. Bonds are expected to be available for delivery on or about June 27, 1991.

NORWEST INVESTMENT SERVICES

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

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

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

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

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Catherine M. Warrick, Chair	Faculty Member, Metropolitan State University, Saint Paul, Minnesota.
Carol A. Blomberg, Vice Chair	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
Kathryn D. Jarvinen, Secretary	Hospital Administrator, Winona, Minnesota.
Jack Amundson	Partner, McMahon, Hartmann, Amundson & Co., Saint Cloud, Minnesota.
Kathryn Balstad Brewer	Student, New Brighton, Minnesota.
Earl R. Herring	Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
Fred Hsiao	President, Shaw/Lundquist Associates, Saint Paul, Minnesota.
David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota.
Tom Martinson	Principal, Private City Planning Practice, Minneapolis, Minnesota.
David Powers (Ex Officio)	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

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OFFICIAL STATEMENT

$2,950,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MORTGAGE REVENUE BONDS, SERIES THREE-F (ST. MARYS COLLEGE)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and St. Marys College (the "College"), an institution of higher education located in Winona, Minnesota, in connection with the issuance of the Authority's $2,950,000 Mortgage Revenue Bonds, Series Three-F (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, as amended, by the provisions of which the Authority was created and authorized to issue its obligations to assist institutions of higher education within the State of Minnesota to finance certain projects.

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

Pursuant to a Loan Agreement between the College and the Authority, the College will covenant as a general obligation of the College to make Loan Repayments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the College to be used together with available College funds to refund the outstanding principal of the Authority's Variable Rate Demand Revenue Bonds, Series Two-H (the "Series Two-H Bonds"), dated October 2, 1984, which were issued on behalf of the College. The Series Two-H Bonds have been scheduled to be redeemed on July 1, 1991. The Series Two-H Bonds were originally issued to finance the Theater/Recital Hall on the College's campus.

The Bonds are secured by a pledge of the Loan Repayments and a mortgage on and security interest in the Theater/Recital Hall and site thereof. The Loan Repayments are a general obligation of the College.

The Reserve Account will be funded in the amount of $295,000. (See "Reserve Account," page 11.)

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.

RISK FACTORS

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

Risk of Insufficient Collateral

The Bonds are secured by (a) a pledge of amounts payable under the Loan Agreement, (b) a Reserve Account which will be held by the Trustee and applied to the payment of principal and interest on the Bonds and (c) a mortgage on and security interest in the Theater/Recital Hall and site thereof. If an Event of Default occurs, there can be no assurance that such security will be sufficient to pay the principal of, premium, if any, or interest on the Bonds.

Adequacy of Revenues

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

Reliance on Tuition

The adequacy of College revenues will be largely dependent on the amount of future tuition revenue received by the College. Such revenue in turn will depend primarily on the ability of the College to charge sufficient rates for tuition and to maintain enrollment levels. Because of the relatively high acceptance rate for applicants to the College, future enrollment levels will depend on the number of students applying to the College. A number of various factors, including, without limitation, such factors as any increases in tuition rates, competition from other colleges, a decline in the number of college age students generally (which is expected for the near future), and adverse general economic conditions will influence the number of applicants to the College.

Financial Aid

Approximately 52% of the College's students currently receive some Federal financial aid and 31% receive State financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's revenues.

Damage or Destruction

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

Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and computed pro forma debt service coverage is provided in APPENDIX I under the caption "Annual Debt Service by Fiscal Year and

Coverage Statement." The pro forma coverage is merely a mathematical computation as reflected in the applicable table and constitutes no assurance as to the future sufficiency of College revenues to satisfy College operations and Bond debt service requirements.

Limited Obligation

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

Foreclosure of the Mortgage

The Bonds are limited obligations of the Authority and are payable from Loan Repayments by the College under the Loan Agreement or from the Reserve Account. If sufficient payments are not forthcoming from these sources, it may be necessary for the Trustee to exercise its remedies under the Mortgage. The value of the Mortgaged Property upon foreclosure of the Mortgage may be adversely affected by a number of factors. The mortgaged building is designed for educational and performance purposes and its use and marketability for other purposes may be limited. Attempts to foreclose under mortgages are frequently met with protracted litigation and/or bankruptcy proceedings, which proceedings cause delays in realizing on collateral and may otherwise limit the value of the collateral.

Bankruptcy

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

Other Possible Risk Factors

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

(1) Reinstatement of or establishment of mandatory governmental wage and price controls.

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

(3) Employee strikes and other adverse labor actions which could result in a substantial increase in expenditures without corresponding increase in revenues.

(4) Adoption of Federal, State or local legislation or regulations having an adverse effect on the future operating or financial performance of the College.

THE BONDS

The Bonds will be dated June 1, 1991 and will mature annually each October 1, commencing October 1, 1992, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each April 1 and October 1, commencing October 1, 1991.

The Bonds will be registered at the principal corporate trust office of Norwest Bank Minnesota National Association, 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 Owner thereof or the Owner's authorized attorney satisfactory to the Trustee, subject to such reasonable regulations as the Trustee may prescribe, and shall be without expense to the Owner, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for new Bonds of the same maturity which may be of any authorized denominations so long as the aggregate principal amount thereof equals the aggregate principal sum of the Bonds surrendered. Payment of principal will be at the corporate trust 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 the address as shown on the registration books of the Authority.

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

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

(a) Subject to the provisions of Article VII of the Indenture relating to application of money upon the occurrence of an Event of Default, upon receipt by the Trustee of any defaulted interest, the Trustee shall fix a Special Record Date for the payment of such defaulted interest which shall not be more than fifteen days nor less than ten days prior to the date of the payment set by the Trustee in its discretion, but not less than ten days after the receipt by the Trustee of such defaulted interest. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name of the Authority, shall cause notice of the proposed payment of such defaulted interest and the Special Record Date therefor to be mailed first class postage prepaid, to each Holder at the 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

Mandatory Redemption

Bonds maturing on October 1, 2016 shall be called for redemption on October 1 in the years 2012 through 2015, at the principal amount thereof to be redeemed, without premium, plus accrued interest to the date fixed for redemption, from moneys in the Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account, in the respective amounts set forth below.

Year	Principal Amount	Year	Principal Amount
2012	$165,000	2015	$205,000
2013	180,000	2016	480,000*
2014	190,000		

* *Maturity*

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

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

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

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

Optional Redemption

Bonds maturing on or after October 1, 2002 are subject to optional redemption on October 1, 2001 and thereafter, in whole, on any date or, in part, on any interest payment date thereafter, and if in part, in such order of maturity as the College shall direct and by lot within a maturity, in integral multiples of $5,000, at par plus accrued interest.

The Bonds will also be subject to optional redemption at par and accrued interest as a whole on any date in certain cases of damage to or destruction or condemnation of the Project Facilities. In addition, in the event of a Determination of Taxability, the Bonds shall be subject to optional redemption, in integral multiples of $5,000, as a whole on the next practicable date and any date thereafter and in part on the next interest payment date for which proper notice of redemption may be given and any interest payment date thereafter, and the redemption price in either event shall be equal to par plus accrued interest, as provided in the Loan Agreement (see "SUMMARY OF DOCUMENTS - The Loan Agreement").

Partial Redemption

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

Notice of Redemption

Notice of any redemption shall be mailed to the registered Owners at their addresses shown on the registration books of the Authority and maintained by the Trustee not less than thirty days, and if more than 60 days, then again not less than 30 nor more than 60 days, before the date fixed for such payment. If moneys are available at the office of the Trustee to pay the redemption price on the date of redemption, any Bonds thus called shall not bear interest after the call date and, except for the purpose of payment by application of the funds so deposited, shall no longer be protected by the Indenture.

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is includable in gross income by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the date of taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption" on pages 14 through 16 and Appendix III, "DEFINITION OF CERTAIN TERMS."

The College will have the option to prepay the Loan in full on the next practicable date and on any date thereafter and in part on any interest payment date thereafter for which proper notice of redemption may be given and any interest payment date thereafter following a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability).

Additional Bonds

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

1. The exclusion of interest on the outstanding Bonds from gross income of the holders of the Bonds for purposes of federal income taxation under the Code shall not be jeopardized by the issuance of the Additional Bonds.

2. Supplements to the Loan Agreement, Mortgage, and Indenture are executed and delivered describing the Additional Bonds as additional indebtedness secured thereby.

3. No Default or Event of Default on the part of the College exists under the Loan Agreement or the Mortgage.

4. The College furnishes evidence satisfactory to the Authority of the College's ability to meet debt service on the Additional Bonds and comply with certain financial covenants as further provided in Section 6.13(c) of the Loan Agreement and deposits additional monies or investments in the Reserve Account, to be held by the Trustee under the Indenture in such amount and value as shall bring the amount on deposit in the Reserve Account to the Reserve Requirement, calculated after giving effect to the issuance of the Additional Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

Sources of Funds	
Bond Principal	$2,950,000
Series Two-H Bond and Interest Sinking Fund	127,000
College Funds	30,000
Total	$3,107,000
Uses of Funds	
Redeem Principal of Series Two-H Bonds	$2,725,000
Debt Service Reserve	295,000
Discount & Costs of Issuance	87,000
Total	$3,107,000

In the event issuance costs including underwriter's discount exceed 2% of the proceeds of the Bonds, defined as par less original issue discount according to the reoffering scale, such excess shall be paid by the 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 Account on or before the next interest payment date.

PURPOSE OF THE ISSUE

Net proceeds of the Bonds together with amounts on deposit in the Series Two-H Bond Account and available general funds of the College, if necessary, are to be used to redeem the outstanding Series Two-H Bonds on July 1, 1991, pursuant to the Series Two-H Indenture. Said funds will be deposited with the Series Two-H Trustee into the Series Two-H Redemption Account at Bond Closing.

The Series Two-H Bonds were used by the College to finance the construction of the Theater/Recital Hall, which was completed in 1986.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by 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 the Reserve Requirement.

The Bonds are secured by the pledge of the College of its full faith and credit. 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 College agrees to make such payments out of its operating funds or any other moneys legally available.

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

In connection with the issuance of the Authority's $2,500,000 Mortgage Revenue Bonds, Series Two-M (St. Marys College) (the "Series Two-M Bonds"), the College granted to the Series Two-M Trustee a first lien on tuition and fees in the amount of $300,000 annually, which represents a senior encumbrance on the College's tuition and fees.

Pursuant to the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), the College will mortgage and grant a security interest in the Project Facilities 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 of the Trust Estate.

The College will also covenant that:

a. For at least two of the preceding three complete Fiscal Years, Unrestricted Current Fund revenues shall be not less than Unrestricted Current Fund expenditures, including mandatory transfers, according to the principles of accounting used in the preparation of the College's financial statements for the Fiscal Year ended May 31, 1991. In the event that, following any Fiscal Year, the College shall not be in compliance with this paragraph (a), the College may cure such deficiency by making a deposit to the Unrestricted Current Fund, during or within 180 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposit may be made from Unrestricted Endowment Funds or funds functioning as endowment if such unrestricted funds may legally be transferred to the Unrestricted Current Fund by action of the Board of Trustees, but not if such deposit will cause the College's unencumbered Unrestricted Endowment Funds to be less than $1,500,000. No such deposit may be made from any proceeds of the Bonds or other borrowed funds.

b. At May 31, 1992 and at the end of each Fiscal Year thereafter, the Unrestricted Endowment Funds shall not be less than $1,500,000. Within 30 days after the end of each Fiscal Year, the College shall furnish to the Trustee a certificate of an authorized institution representative showing the Unrestricted Endowment Funds, the investments thereof, the estimated valuations of such investments, and the amount thereof (if any), which is pledged to secure obligations of the College or is otherwise encumbered, all as of the end of the Fiscal Year. If at the end of any Fiscal Year, the unencumbered Unrestricted Endowment Funds do not equal or exceed $1,500,000, the College shall obtain (from gifts, removal of encumbrance or restriction, sale of tangible property or otherwise) and cause to be credited to Unrestricted Endowment Funds additional unencumbered moneys or investments at least equal to the amount of the deficiency as promptly as possible, but in any event within 180 days after the close of the Fiscal Year, and shall report the same to the Trustee, but proceeds of borrowed funds or from the sale of tangible property leased back by the College for a term of more than two years or with a repurchase option shall not be included in computation of amounts eligible to cure the deficiency.

c. For so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding which does not increase the annual average debt service on such Funded Debt and further excepting that portion of Funded Debt for capital projects for which the College has received written and signed pledges of gifts for such project), unless at the end of the last Fiscal Year for which audited financial statements are available the Debt Service Coverage Ratio was at least 120% of Maximum Annual Debt Service of (A) then outstanding Funded Debt and (B) Funded Debt thereafter issued or proposed to be issued; provided that if the additional Funded Debt proposed to be issued is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for the most recent complete Fiscal Year for purposes of this paragraph, the estimated Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be issued is to finance other College facilities and if the Board of Trustees has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, for purposes of this paragraph (c), there shall be added to Net Income Available for Debt Service for the earlier first complete Fiscal Year the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the College and the Trustee.

For purposes of (a), (b), and (c) above, all capitalized terms used but not otherwise defined in Appendix III, "DEFINITION OF CERTAIN TERMS" shall have the meanings provided for audits of colleges and universities, as applied in the College's audited financial statements for the Fiscal Year ended May 31, 1991.

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 certain 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 Costs of Issuance Fund, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Series Two-H Redemption Account held by the Series Two-H Trustee, except that funds for the payment of issuance costs will be deposited into the Costs of Issuance Fund, the amount of the Reserve Requirement ($295,000) 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 Reserve Account, and the Redemption Account, as required by the Loan Agreement and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds.

Costs of Issuance Fund

There shall be deposited initially into the Costs of Issuance Fund any Bond proceeds available for the payment of issuance costs. In addition, the College will agree in the Loan Agreement to pay out of available general funds (other than Bond proceeds) all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (par value minus original issue discount according to the reoffering scale). Any amounts in the Costs of Issuance Fund which have not been spent within six months of the issuance of the Bonds shall be deposited into the Bond and Interest Sinking Fund Account.

Bond and Interest Sinking Fund Account; Sinking Fund Subaccount

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. A separate Sinking Fund Subaccount will be maintained within the Bond and Interest Sinking Fund Account for the retirement of Term Bonds on each Sinking Fund redemption date. Deposits into the Sinking Fund Subaccount shall be made at least 10 Business Days prior to October 1 in amounts to equal the redemption price of the principal specified for mandatory redemption on the next succeeding October 1. The moneys and investments in the Bond and Interest Sinking Fund Account will be irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for that purpose only.

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the College as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement.

In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall forthwith restore the deficiency, provided that if such funds are withdrawn in order to make any rebate payment required to be made by the Authority under the Loan Agreement, the Authority shall restore such deficiency or shall reimburse the College for amounts so withdrawn. Investments in the Reserve Account which are eligible investments under the Arbitrage Regulations for such valuation method shall be valued at par or (if purchased at a premium or discount) at amortized cost, and other investments in the Reserve Account shall be valued at market value. Investments in the Reserve Account shall be valued annually, within 30 days after the close of the Fiscal Year, provided that the valuation of investments with respect to the Reserve Account shall be adjusted whenever there is a withdrawal from or addition to the Reserve Account or any investment held in the Reserve Account is bought or sold or matures. If upon any valuation date, the amount on deposit in the Reserve Account (exclusive of earned or accrued interest on moneys or investments therein) is more than the amount of the Reserve Requirement, or more than the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations, the Trustee shall forthwith transfer the excess to the Bond and Interest Sinking Fund Account. If at the end of any Fiscal Year the amount on deposit in the Reserve Account is less than the amount of the Reserve Requirement, then (unless the deficiency is equal to or less than the excess of the amount of the Reserve Requirement over the amount allowed for a reasonably required reserve fund under the Arbitrage Regulations) such deficiency shall be restored to an amount equal to the amount of the Reserve Requirement within not less than 30 days.

Interest and income in the Reserve Account shall be transferred first, to the Bond and Interest Sinking Fund Account to the extent the amount on deposit in the Bond and Interest Sinking Fund Account is less than the amount permitted for a bona fide debt service fund under the Arbitrage Regulations, and second, to the Redemption Account any excess interest and income, and when the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund Account or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College or the Authority shall have failed to pay or provide for the payment thereof under the Loan Agreement.

Redemption Account

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

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures certain Bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution. In connection with the Bonds, the Authority will not require that the 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.**

Authorized Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Reserve Account, the Costs of Issuance Fund or the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments and state housing finance agencies, rated at least A; revenue bond obligations of states and local governments rated at least AA or Aa; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, state and local governments or in repurchase agreements or reverse repurchase agreements collateralized by the foregoing obligations; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation or collateralized by certain government obligations; certain guaranteed investment contracts issued by a bank or insurance company rated at least A; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.04 of the Indenture sets forth further restrictions as to type and maturity of investments.

THE AUTHORITY

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $250 million. The Authority has had 60 issues (including refunded and retired issues) totaling $225,925,000 of which $147,551,929 (excluding the Bonds) is outstanding as of May 2, 1991. The Authority has one series of bonds authorized in the amount of $3,400,000, but unissued. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

FINANCIAL ADVISOR

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

UNDERWRITING

The Bonds are being purchased by Norwest Investment Services, Inc. (the "Underwriter"). The Underwriter has agreed to purchase the Bonds at a purchase price of $2,893,950. The initial public offering prices set forth on the cover page may be changed by the Underwriter and the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the offering prices set forth on the cover page.

RATING

As noted on the cover page hereof, Standard & Poor's Corporation has given the Bonds a rating of BBB-. The rating reflects only the view of such rating agency. There is no assurance that such rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION

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

Certain legal matters will be passed upon for the College by Streater Murphy Gernander & Forsythe, P.A., 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 non-hospital bonds" (generally defined as bonds for other than acute care, in-patient hospital facilities) that is allocated to the College or any 501(c)(3) organization under common management or control with the 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, (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) a requirement that at least 95% of the proceeds of the Bonds be used for purposes of the College constituting the basis for its being an organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and that not more than 5% of the proceeds of the Bonds be used in (or provide a facility to be used in) an unrelated trade or business of the College or the trade or business of any nonexempt person. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the 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 non-hospital bonds (including the Bonds) are outstanding allocable to the 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 optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the date of taxability until the respective dates on which the principal of the Bonds is paid. (See "THE LOAN AGREEMENT- Determination of Taxability" in Appendix IV). A determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

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

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

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

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

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

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

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

Legislation recently introduced into the U.S. House of Representatives would, if passed by Congress in its current form, disallow a portion of the otherwise allowable itemized deductions for individuals who itemize deductions and who receive or accrue tax-exempt interest in a given year. The amount of the itemized deductions disallowed would be a percentage equal to the ratio of the taxpayer's tax-exempt interest to his or her adjusted gross income plus tax-exempt interest. This provision would apply to taxable years beginning after the date the provision becomes law.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

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 may 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
Michael J. Dooley, Chair	Vice President, Group Insurance Marketing, The Prudential Insurance Company, Chicago, Illinois
Sister Mary Irenaeus Chekouras, R.S.M., Ph.D., Vice Chair	Former President, Saint Xavier College, Chicago, Illinois
Brother Damian Steger, F.S.C., Secretary	President, Saint Marys Press, Winona, Minnesota
Anthony J. Adducci, KGCHS, KM	President, Technology Enterprises, Scottsdale, Arizona
Ellen R. Benjamin, Ph.D.	Senior Consultant, Hay Management Consultants, Minneapolis, Minnesota
Brother Michael Collins, F.S.C.	President, De La Salle High School, Minneapolis, Minnesota
Lyle D. Delwiche	Senior Vice President, Tennant Company, Minneapolis, Minnesota

Brother Louis DeThomasis, F.S.C., Ph.D	President, Saint Marys College, Winona, Minnesota
Michael J. Dolan	Partner, Peat Marwick Main & Co., Minneapolis, Minnesota
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.	Director of Finance, Sisters of the Presentation, Dubuque, Iowa
Lawrence J. Hayes, J.D.	Maun & Simon, Saint Paul, Minnesota
Suzanne Jelense, M.D.	Winona Clinic, Ltd., Winona, Minnesota
Brother Michael Jordan, F.S.C.	Santi House, St. Louis, Missouri
Ervin F. Kamm, Jr.	President, Norstan, Inc., Maple Grove, Minnesota
Stefannie Valencia-Kierlin	Executive Artistic Director, Preparatory School for the Performing Arts, Winona, Minnesota
Brother Michael McKenery, F.S.C.	Provincial, Christian Brothers Center, Narragansett, Rhode Island
Thomas Meagher	Chairman, Continental Air Transport Co., Inc., Chicago, Illinois
Paul J. Meyer, J.D.	Meyer, Hendricks, Victor, Osborn & Maledon, Phoenix, Arizona
Brother Anthony Pisano, F.S.C., Ph.D.	Saint Mary's College of California, Moraga, California
Salvatore Polizzotto	Partner, Gonser Gerber Tinker Stuhr, Naperville, Illinois
Donald K. Ross	Development/Public Relations Consultant, Naperville, Illinois
Joseph J. Ross	Chairman, President & CEO, Federal Signal Corporation, Oak Brook, Illinois
Daniel M. Rukavina	President, Electronic-Mechanical Design Associates, Winona, Minnesota
Loras H. Sieve	Director of Operations & Planning, Big "G" Division, General Mills, Inc., Minneapolis, Minnesota
Oscar H. Straub	President, Motor Carrier Insurors, Inc., St. Louis, Missouri

Brother J. Stephen Sullivan, F.S.C., S.T.D.	Director, Development Programs, LaSalle Provincialate Development Office, Lincroft, New Jersey
Brother Thomas Sullivan, F.S.C., Ph.D.	Associate Provincial, Saint Paul and Minneapolis District, Saint Paul, Minnesota
David R. Thies	Partner, Thies and Talle Enterprises, Inc., Edina, Minnesota
Most Rev. John G. Vlazny, D.D.	Bishop of Winona, Winona, Minnesota
Brother J. Francis Walsh, F.S.C., Ph.D.	University of San Diego, San Diego, California
Most Reverend Loras J. Watters, D.D., Ph.D. (Emeritus)	Apostolic Administrator, Diocesan Pastoral Center, Winona, Minnesota

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. He completed post doctorate studies as a Bush Fellow in 1986 at the Institute for Educational Management, Harvard University.

Brother DeThomasis joined the Christian Brothers in 1968 after a 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 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 Martin de Porres School for Exceptional Children, Queens, New York (Chairman); St. John's Military College High School in Washington, D.C.; Saint Mary's College of California; and the Association of Catholic Colleges and Universities of the United States. In 1990 he was appointed by the Governor of Minnesota as a member of the Minnesota Super-Speed Train Commission.

Brother DeThomasis has written several books and monographs: <u>The Finance of Education</u>, <u>Investing With Options</u>, <u>Social Justice - A Christian Pragmatic Response in Today's World</u>, and <u>My Father's Business: Creating a New Future for the People of God</u>. His articles have been published in journals including Fund Raising Management, Momentum, and Private School Quarterly, among others.

Campus

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

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	$ 7,947,101
Heffron Hall	1921	94	2,095,000
Adducci Science Center	1956		2,710,000
Fitzgerald Library	1961		1,691,000
St. Thomas More Chapel	1958		856,000
College Center	1969		3,912,000
Fieldhouse	1965		3,014,000
Heating Plant	1921		653,000
Cotter Hall	1870	15	486,000
Aquinas Hall	1953	52	563,000
St. Edward Hall	1957	114	998,000
LaSalle Hall	1957	45	958,000
Benilde Hall	1960	118	1,059,000
Skemp Hall	1921; 1965	105	1,775,000
Griffin Hall	1912	24	1,079,000
St. Joseph Hall	1898; 1950, 1954	81	3,582,000
St. Yon Hall	1962	95	2,406,000
Ek Family Student Village	1971; 1985	139	907,000
Village II	1972	106	591,000
Watters Hall and Garage	1960	54	1,116,000
Miscellaneous Structures	Various		572,000
Theater/Recital Hall	1987		4,561,200
Ice Arena	1986; 1991		821,000
Gilmore Creek Hall	1989	60	1,100,000
Stonehedge	1988		220,000
Total			$45,672,301

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 Vice President of Admissions evaluates an applicant's ability to do successful work at the 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

The College offers the following Bachelor of Arts degrees: 24 majors from 12 departments in the School of Humanities and Sciences; eight majors from three departments in the School of Business, Computer Science and Media Communications; ten majors from three departments in the School of Performing and Fine Arts and two majors and four licensures in the Division of Education.

The Graduate Center offers courses leading to the following degrees: Master of Science in Telecommunications, Master of Science in Nurse Anesthesia, Master of Science in Nurse Anesthesia for Certified Registered Nurse Anesthetists (CRNAs), Master of Arts in Pastoral Ministries, Master of Arts in Philanthropy Development, Masters of Arts in Development Disabilities, Master of Arts in Counseling and Psychological Services, Master of Arts in Human and Health Services Administration, Master of Arts in Education, Master of Arts in Educational Administration, Master of Arts in Management.

Graduation Requirements

Undergraduate degree candidates must fulfill all of the following requirements, among others: (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 major 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) earn at least 60 credits in academic residence at the College; and (vii) demonstrate minimum writing and math competency.

Graduate Center

Since 1984, the graduate programs have been headquartered in the St. Marys College Graduate Center at 2510 Park Avenue in Minneapolis, Minnesota. This modern facility is centrally located in the Twin Cities metropolitan area. St. Marys College Rochester Center was established in 1985 through a cooperative arrangement with the Rochester Methodist Hospital, which is now part of the Mayo Medical Center. Graduate programs are also offered at the main campus in Winona. All three graduate program locations are electronically connected through a direct-line computer and telecommunications system. Approximately 150 faculty members teach on an adjunct basis in the graduate programs. Nearly one-third are employed in private business and industry while the remaining two-thirds are from the public sector. Fifth percent of the faculty hold academic rank with other academic institutions and 60 percent of the faculty are published in their fields.

Library

The Fitzgerald Library of the College has approximately 136,000 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 Winona State University by presenting the St. Marys College identification card. In 1987, Fitzgerald Library inaugurated a computerized on-line catalog system.

Student Body

The fall term undergraduate enrollment at the College for the 1990/91 academic year was 1,291. Master's Degree program enrollment was 1,063 for 1990/91. The student body is drawn from varied social, economic, cultural, racial and religious backgrounds. As of the fall of 1990, approximately 64% of the students were Minnesota residents.

Actual and Projected Full-time Undergraduate Enrollment, 1986 through 1995

(Fall) Year	Freshmen	Sophomores	Juniors	Seniors	Special	Total
Actual:						
1986	370	304	269	230	11	1,184
1987	372	318	261	228	8	1,187
1988	451	338	262	209	30	1,290*
1989	361	398	273	236	46	1,314*
1990	361	356	311	225	61	1,314*
Projected:						
1991	385	336	309	279	10	1,319
1992	390	358	294	272	10	1,324
1993	390	362	311	260	10	1,333
1994	390	362	316	277	10	1,355
1995	395	362	315	275	10	1,357

* *Includes DeLaSalles Institute and Post-Secondary Enrollment Options Students.*

Master's Degree Program Enrollment

Fall Year	FTE Enrollment
Actual:	
1986	260.5
1987	314.1
1988	334.2
1989	405.3
1990	476.0
Projected:	
1991	523.0
1992	576.0
1993	633.5
1994	697.0
1995	766.6

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

	1986	1987	1988	1989	1990
Applied	798	872	1,057	844	806
Accepted	706	801	925	756	729
Percent Accepted	88.5%	91.9%	87.5%	89.6%	90.4%
Enrolled	319	321	410	308	319
Percent Enrolled To Accepted	45.2%	40.1%	44.3%	40.7%	39.6%

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 1986/87 through 1990/91.

	1986/87	1987/88	1988/89	1989/90	1990/91
Tuition*	$6,200	$6,660	$7,000	$ 7,940	$ 8,600
Room:					
Residence Halls	1,350	1,450	1,500	1,500	1,600
Villages	1,600	1,700	1,750	1,750	1,658
Board	1,150	1,200	1,250	1,300	1,400
Fees	50	50	65	65	85
Total for Students in Residence Halls	$8,750	$9,300	$9,815	$10,805	$11,685

* *For incoming freshman; returning students may be charged less.*

Certain other fees may be charged depending on the course of study.

1990-91 Undergraduate Rate Comparison of Minnesota Private Colleges (Ranked by Comprehensive Fee)

	Tuition & Fees	Room & Board	Comprehensive Fee
Carleton College	$15,160	$3,090	$18,250
Macalester College	12,471	3,714	16,185
Hamline University	10,828	3,808	14,636
St. Olaf College	11,200	3,100	14,300
Gustavus Adolphus College	11,000	2,750	13,750
College of St. Benedict - 1st & 2nd Year	9,520	3,920	13,440
3rd Year	8,985	3,920	12,905
4th Year	8,405	3,920	12,325
University of St. Thomas - 1st & 2nd Year	9,785	3,386	13,171
University of St. Thomas - 3rd & 4th Year	9,209	3,386	12,595
Minneapolis College of Art and Design	9,620	3,391	13,011
St. John's University - 1st & 2nd Year	9,510	3,500	13,010
3rd Year	8,975	3,500	12,475
4th Year	8,395	3,500	11,895
Augsburg College	9,484	3,498	12,982
College of St. Catherine	9,464	3,436	12,900
Bethel College	9,250	3,380	12,630
College of St. Scholastica	9,192	3,018	12,210
St. Marys College - 1st Year	**8,600**	**3,000**	**11,600**
2nd Year	**8,300**	**3,000**	**11,300**
3rd & 4th Year	**7,800**	**3,000**	**10,800**
Concordia College - Moorhead	8,125	2,525	10,650
Concordia College - St. Paul	7,800	2,850	10,650

Source: Minnesota Private College Council.

Faculty and Staff

The full-time undergraduate teaching faculty-student ratio for 1990/91 is 14.5 to 1. Seventeen percent of the faculty are members of a religious community. 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 79 full-time and 46 part-time undergraduate faculty. Total employment is approximately 325. The total payroll for fiscal year 1990/91 is approximately $7,150,000, including contributed services, net of expenses.

Salaries of Full-Time Instructional Faculty

Academic Rank	Number of Faculty	Average Salary*
Professor	30	$43,600
Associate Professor	25	35,100
Assistant Professor	19	26,100

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

Of the full-time faculty, 50 hold Ph. D's or terminal degrees in their fields and 24 hold Master's 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, 1990, the value of the "Contributed Services" of the Christian Brothers was $79,951 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, and group hospitalization program as a fringe benefit.

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 $210,907 and $170,798 for the 1989/90 and 1988/89 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 72% 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
	1986/87	1987/88	1988/89	1989/90	1990/91
St. Marys College	$1,352,805	$1,476,992	$1,550,339	$1,747,547	$1,722,150
Federal Government*	1,043,244	1,109,178	1,236,924	1,230,633	1,174,100
State of Minnesota	648,436	702,486	586,471	752,722	755,000
Other	32,913	36,669	53,535	47,575	48,000
Total	$3,077,398	$3,325,325	$3,427,269	$3,778,477	$3,699,250
Number of FTE Students Aided	844	828	904	909	897

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

Capital Campaign

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.

On October 5, 1990 the College completed the Context and Vision capital campaign securing $12.5 million in commitments. As of April 30, 1991, 75% of this has been redeemed leaving pledges totaling approximately $3.1 million.

Endowment Funds

Following is a five-year history of the ending fund balances of the College's Endowment Funds.

Years Ended May 31	Endowment Funds	Quasi-Endowment Funds
1990	$2,902,752	$3,147,650
1989	2,520,054	2,924,573
1988	1,727,600	2,172,733
1987	1,528,486	2,343,738
1986	3,872,224*	N/A

* *Quasi-Endowment Fund balance not shown separately.*

Gifts and Grants

Gifts and grants revenues received from federal, State and private sources for the past five years have been:

Year Ended May 31	Current Unrestricted Fund	Current Restricted Fund	Endowment Funds	Loan Funds	Plant Funds
1990	$762,950	$3,566,248	$ 284,725	$3,106	$ 71,230
1989	822,456	2,305,250	940,339	6,131	87,608
1988	600,008	2,614,663	310,793	2,675	139,420
1987	604,280	2,097,746	280,763	2,652	29,500
1986	602,511	1,901,755	1,203,956	6,121	--

Financial Statements

The College's fiscal year ends May 31 of each year. Financial records are maintained on the fund accounting system and financial statements have been prepared on the accrual basis of accounting except that depreciation is not recognized under generally accepted accounting principles applicable to nonprofit institutions of higher education. Appendix V sets forth the financial statements of the College for the years ended May 31, 1990 and 1989, audited by Bansley and Kiener, Certified Public Accountants, Chicago, Illinois. Bansley and Kiener has consented to the use of their audit in the preparation of this Official Statement and expresses no opinion on its contents.

Summaries of Current Funds Revenues, Expenditures and Transfers

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 from the College's audited financial statements and for the Fiscal Year 1990-91. These tables should be read in conjunction with the financial statements found in Appendix V.

ST MARY'S COLLEGE

SUMMARY OF UNRESTRICTED CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE YEARS ENDING MAY 31

	1986	1987	1988	1989	1990
REVENUES:					
Educational and general:					
Student tuition and fees	$7,483,321	$8,564,910	$9,224,745	$11,239,214	$12,282,053
Gifts and private grants	602,511	604,280	600,008	822,456	762,950
Sponsored research/programs	936	-	-	-	-
Endowment income applied	-	-	-	-	-
Other sources	322,367	317,954	467,254	501,585	470,647
Total educational and general	8,409,135	9,487,144	10,292,007	12,563,255	13,515,650
Auxiliary enterprises	2,587,878	2,704,249	3,278,260	3,888,102	4,037,698
Total Revenues	10,997,013	12,191,393	13,570,267	16,451,357	17,553,348
EXPENDITURES					
Educational and general	8,610,278	9,736,328	10,827,244	11,858,049	12,634,379
Auxiliary enterprises	2,063,636	2,215,225	2,451,039	3,014,896	3,125,065
Total Expenditures	10,673,914	11,951,553	13,278,283	14,872,945	15,759,444
Net Unrestricted Current Fund increase before transfers	323,099	239,840	291,984	1,578,412	1,793,904
TRANSFERS AMONG FUNDS ADDITIONS (DEDUCTIONS):					
Mandatory:					
Principal and interest	(170,423)	(115,278)	(325,146)	(339,114)	(383,552)
Loan fund matching grant	(66)	-	-	-	-
Non-mandatory:					
Renewal and replacement	-	-	(208,000)	(100,000)	(350,000)
Plant additions	-	(90,000)	-	(768,000)	(700,000)
Unrestricted gifts allocated	-	-	-	(237,071)	(165,200)
Approp. for theatre construction	(120,000)	-	-	-	-
Approp. for unrestricted funds	-	-	(77,219)	-	-
Reimbursement for plant additions	-	-	330,575	179,132	-
Unexpended plant fund	-	-	(6,584)	-	-
Loan fund matching grant	-	-	-	(1,928)	-
Total Transfers	(290,489)	(205,278)	(286,374)	(1,266,981)	(1,598,752)
Net Increase for the Year	32,610	34,562	5,610	311,431	195,152
Beginning Fund Balance	60,314	92,924	95,163	100,773	412,204
Prior period adjustment		(32,323)			
Ending Fund Balance	$92,924	$95,163	$100,773	$412,204	$607,356

Source: St. Mary's College annual financial statements.

SAINT MARY'S COLLEGE
SUMMARY OF CURRENT FUND REVENUES AND EXPENDITURES
1990 AUDITED, 1991 BUDGETED, YEAR TO DATE, AND
PROJECTED END OF YEAR

	1990 AUDITED	1991 BUDGET	1991 ACTUAL AS OF 4/30/91	1991 PROJECTED 5/31/91
REVENUES				
EDUCATIONAL AND GENERAL				
Student tuition and fees	$12,282,053	$12,060,091	$13,244,341	$13,244,341
Government grants	$1,629,654	$1,549,100	$1,599,359	$1,649,359
Gifts and private grants	$810,525	$700,080	$505,966	$700,080
Sponsored research/program	$1,588,691	$0	$1,800,000	$2,000,000
Endowment income applied	$318,537	$462,500	$0	$320,000
Other sources	$470,647	$415,880	$430,847	$470,847
Total educational and gen	$17,100,107	$15,187,651	$17,580,513	$18,384,627
AUXILIARY ENTERPRISES				
Food service	$1,476,191	$1,550,260	$1,530,606	$1,547,000
Housing	$1,823,307	$1,816,060	$1,811,945	$1,831,945
Bookstore	$822,778	$660,000	$898,666	$938,000
Telecommunications	$299,721	$265,000	$308,875	$325,000
Total auxiliary enter.	$4,421,997	$4,291,320	$4,550,092	$4,641,945
TOTAL REVENUES	$21,522,104	$19,478,971	$22,130,605	$23,026,572
EXPENDITURES AND TRANSFERS				
EDUCATIONAL AND GENERAL				
Instructional	$5,313,253	$5,142,112	$5,603,663	$6,150,000
Research	$87,893	$0	$90,256	$91,000
Public service	$521,745	$22,615	$442,539	$565,000
Academic support	$1,595,027	$1,931,177	$1,928,597	$1,960,000
Student services	$2,245,283	$2,282,043	$2,111,570	$2,200,000
Institutional support	$1,820,212	$1,916,386	$1,780,360	$1,910,000
Operation and maintenance of physical plant	$1,674,456	$1,420,000	$1,904,697	$1,944,000
Scholarships and grants	$2,862,506	$2,790,500	$2,933,659	$2,973,659
Total educational and general expense	$16,120,375	$15,504,833	$16,795,341	$17,793,659
Mandatory transfers for - Principal and interest	$383,552	$380,000	$380,000	$380,000
Non-mandatory transfers -				
Unrestricted gifts	$165,200			$250,000
Plant additions	$700,000			$450,000
Renewal and replacement	$350,000			$300,000
Total educational and general expense	$17,719,127	$15,884,833	$17,175,341	$19,173,659
AUXILIARY ENTERPRISES				
Food service	$919,431	$932,000	$775,134	$910,000
Housing	$1,316,378	$1,300,735	$1,289,064	$1,340,000
Bookstore	$719,971	$599,348	$793,853	$820,000
Telecommunications	$267,746	$256,250	$200,313	$235,000
Total auxiliary enterprise expenditure	$3,223,526	$3,088,333	$3,058,364	$3,305,000
Mandatory transfers for - Principal and interest	$384,299	$460,000	$404,222	$460,000
Total auxiliary enterprise expenditure	$3,607,825	$3,548,333	$3,462,586	$3,765,000
TOTAL EXPENDITURES AND TRANSFERS	$21,326,952	$19,433,166	$20,637,927	$22,938,659
OTHER ADDITIONS				
Excess of rest. receipts over transfers to revenue	$300,328			
NET INCREASE IN FUND BALANCE	$495,480	$45,805	$1,492,678	$87,913

Long-Term Debt of the College as of May 31, 1991

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. $156,428 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; $270,000 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; $855,000 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. $27,592 is outstanding.

5. $48,000 mortgage incurred in 1982; due in equal monthly installments to 2006 at a variable rate of interest. The debt is secured by a mortgage on a residence. $41,000 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. $487,792 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; $115,798 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 Theater building; and securities having a market value of $1,500,000. This debt is being refunded by the Bonds.

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. $420,000 is outstanding.

10. $2,500,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Two-M, dated May 1, 1987; interest ranges from 7.00% to 8.375%; final maturity due May 1, 2017; $2,500,000 is outstanding. The bonds are secured by the College's full faith and credit, a lien on tuition and fees of $300,000 annually; a mortgage on Hoffman Science Hall and an ice arena; and a debt service reserve of $245,000

11. The Bonds

    Total long-term debt as of May 31, 1991, adjusted to include the Bonds, but exclude the Series Two-H Bond is $7,823,610.

ANNUAL DEBT SERVICE BY FISCAL YEAR AND COVERAGE STATEMENT

FISCAL YEAR ENDING	EXISTING LONG TERM DEBT SERVICE(1)*	- THE THREE-F BONDS (2) - PRINCIPAL	PRINCIPAL & INTEREST	TOTAL LONG TERM DEBT SERVICE	COVERAGE (3) (times)
31-May-91	$577,887			$577,887	3.77
31-May-92	582,493		$177,806	760,299	2.86
31-May-93	461,364	$40,000	252,318	713,681	3.05
31-May-94	460,634	45,000	255,030	715,664	3.04
31-May-95	499,594	50,000	257,355	756,949	2.88
31-May-96	500,434	55,000	259,268	759,701	2.87
31-May-97	500,594	55,000	255,913	756,506	2.88
31-May-98	516,206	60,000	257,288	773,493	2.82
31-May-99	411,011	65,000	258,223	669,233	3.25
31-May-2000	416,871	70,000	258,715	675,586	3.22
31-May-2001	411,571	70,000	253,938	665,508	3.27
31-May-2002	416,871	75,000	253,898	670,768	3.25
31-May-2003	294,716	80,000	253,433	548,148	3.97
31-May-2004	294,386	85,000	252,575	546,961	3.98
31-May-2005	293,646	95,000	256,138	549,783	3.96
31-May-2006	297,496	100,000	254,118	551,613	3.95
31-May-2007	270,526	110,000	256,530	527,056	4.13
31-May-2008	260,800	115,000	253,374	514,174	4.24
31-May-2009	257,600	125,000	254,643	512,242	4.25
31-May-2010	258,990	135,000	255,153	514,142	4.24
31-May-2011	259,560	145,000	254,860	514,420	4.23
31-May-2012	259,310	155,000	253,760	513,070	4.25
31-May-2013	258,240	165,000	251,734	509,974	4.27
31-May-2014	256,096	180,000	253,581	509,677	4.27
31-May-2015	248,115	190,000	249,475	497,590	4.38
31-May-2016	244,715	205,000	249,416	494,130	4.41
31-May-2017	495,477	480,000	498,300	993,777	2.19
TOTALS	$10,005,198	$2,950,000	$6,786,837	$16,792,035	

(1) Through Fiscal Year 2017; some debt service payments extend through Fiscal Year 2020; Excludes MHEFA Bond Series Two-H refunded by the Series Three-F Bonds.

(2) Debt service for the Series Three-F Bonds based on actual rates on the Bonds.

(3) Coverage is based on the amount available for debt service (Unrestricted Current Fund) from audited financial report of the College for the fiscal year ended May 31, 1990.

Unrestricted Current Fund ("UCF") Educational & General Revenues:		$13,515,650 *
UCF and Restricted Current Fund ("RCF") Auxiliary Enterprise Revenues:		4,421,997 **
Subtotal:		$17,937,647
Less Expenditures and Mandatory Transfers		
Educational and General Expenditures (UCF):	$12,634,379	
Auxiliary Enterprise Expenditures (UCF):	3,125,065	
E&G Mandatory Transfers (UCF):	383,552	
Auxiliary Enterprises Mandatory Transfers (UCF & RCF):	384,299 **	
Subtotal:		16,527,295
Excess of Revenues Over Expenditures and Mandatory Transfers:		1,410,352
Add: Mandatory Transfers for Debt Service:		767,851 *
Amount Available for Debt Service:		$2,178,203

*MHEFA's Series Two-M Bonds have a first lien on $300,000 of tuition and fee revenue of the College. For this computation that amount has not been excluded from either total debt service or available revenue.

**Includes $384,299 Auxiliary Enterprise Revenue and Mandatory Transfers for debt service included in Restricted Current Fund in fiscal year 1989-90 audited financial report of the College.

PROPOSED FORM OF LEGAL OPINION

FAEGRE & BENSON
2200 NORWEST CENTER
90 SOUTH SEVENTH STREET
MINNEAPOLIS, MINNESOTA 55402-3901
612/336-3000
FACSIMILE 336-3026

$2,950,000
Minnesota Higher Education Facilities Authority
Mortgage Revenue Bonds, Series Three-F
(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 Three-F (St. Marys College), in the aggregate principal amount of $2,950,000 (the "Bonds"), dated June 1, 1991, in the denomination of $5,000 each and integral multiples thereof, maturing on October 1 in the years and amounts and bearing interest at the basic rates per annum as follows:

Year	Amount	Basic Interest Rate	Year	Amount	Basic Interest Rate
1992	$ 40,000	5.250%	2003	$ 85,000	7.100%
1993	45,000	5.500%	2004	95,000	7.200%
1994	50,000	5.750%	2005	100,000	7.200%
1995	55,000	6.000%	2006	110,000	7.250%
1996	55,000	6.200%	2007	115,000	7.250%
1997	60,000	6.400%	2008	125,000	7.300%
1998	65,000	6.600%	2009	135,000	7.300%
1999	70,000	6.750%	2010	145,000	7.400%
2000	70,000	6.900%	2011	155,000	7.400%
2001	75,000	7.000%	2016	1,220,000	7.625%
2002	80,000	7.100%			

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds and the Indenture. The Bonds due in the year 2016 shall be redeemed through operation of the mandatory Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account provided for in the Indenture, as defined below. Interest on the Bonds is payable on each April 1 and October 1, commencing October 1, 1991. In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the principal corporate trust office of Norwest Bank Minnesota, National

Association, in 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 nonprofit corporation and institution of higher education located in the City of Winona, Minnesota (the "College"), in order to refund the Authority's Variable Rate Demand Revenue Bonds (St. Marys College), Series Two-H, dated October 2, 1984, originally issued to finance a project consisting of the acquisition, construction and equipping of a theatre and recital hall facility on the campus of the College in the City of Winona, Minnesota, together with all necessary furnishings and site improvements therefor (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College, the Trust Indenture (the "Indenture") between the Authority and the Trustee, and the Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage") from the College to the Authority and assigned by the Authority to the Trustee, all dated as of June 1, 1991, the opinion of Streater, Murphy, Gernander & Forsythe, P.A. as counsel to the College, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of Streater, Murphy, Gernander & Forsythe, P.A., as to the Loan Agreement and the Mortgage having been duly authorized and executed and being binding upon the College and as to the corporate organization, tax-exempt status, good standing and powers of the College.

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, the Indenture and the assignment of the Mortgage to secure the Bonds.

2. The Loan Agreement, the Indenture, the Mortgage and the assignment of the Mortgage 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, scheduled to be made in amounts and at times sufficient (if timely paid in full) to pay the principal of and interest on the Bonds when due, by the pledge of the funds and investments held by the Trustee under the Indenture and by the mortgage lien on the Project facilities and a security interest in the revenues and income arising therefrom provided by the Mortgage.

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

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

Dated at Minneapolis, Minnesota, June ___, 1991.

DEFINITIONS OF CERTAIN TERMS

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

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

Authority: The Minnesota Higher Education Facilities Authority, its successors and assigns.

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

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

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

Board-Controlled: When used with reference to unrestricted funds, means funds which may be transferred to the Unrestricted Current Fund by action of the Board of Trustees and used for the general purposes of the College.

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

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

Bonds: $2,950,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series Three-F (St. Marys College) and any Additional Bonds then outstanding.

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

Bond Resolution: The Series Resolution of the Authority to be adopted on June 26, 1991, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: (a) The period from the Bond Closing to the close of business on April 1, 1992 and (b) each succeeding 12-month period ending at the close of business on April 1 of each year in which the outstanding Series Three-F Bonds, if paid at their stated maturity dates, shall be outstanding.

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

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

Costs of Issuance Fund: The account established under the Indenture for the deposit of certain Bond proceeds to be used for the payment of certain costs of issuance of the Bonds.

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

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

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

Event of Default: An Event of Default described in the Indenture or Loan Agreement and summarized in Appendix IV - SUMMARY OF DOCUMENTS under the headings "The Indenture - Events of Default" and "The Loan Agreement - Events of Default."

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

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

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

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

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

Indenture: The Trust Indenture between the Authority and Norwest Bank Minnesota, National Association, Minneapolis, Minnesota, as Trustee, dated as of June 1, 1991, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

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

Issue: The Bonds.

Loan Agreement: The Loan Agreement between the Authority and the College dated as of June 1, 1991, as amended or supplemented from time to time.

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

Maximum Annual Debt Service: The largest total amount of principal of and interest on Funded Debt payable by the College in any future Fiscal Year during which Bonds will (if paid at their stated maturity dates or redeemed in accordance with a mandatory sinking fund schedule) be outstanding, and as further defined in Section 6.13 of the Loan Agreement.

Mortgage: The Combination Mortgage, Security Agreement and Fixture Financing Statement, dated as of June 1, 1991 from the College to the Authority, and assigned by the Authority to the Trustee, as amended or supplemented from time to time.

Mortgaged Property: The theatre and recital hall and site thereof, and any additional buildings, structures, or improvements hereafter constructed or placed upon such site, as the same may at any time exist.

Net Income Available for Debt Service: The excess of Unrestricted Current Fund revenues over Unrestricted Current Fund expenditures but excluding depreciation, amortization and interest from Unrestricted Current Fund expenditures, plus income from investments of Accounts held by the Trustee under the Indenture, all as determined by generally accepted accounting principles.

Net Proceeds: When used with respect to proceeds of insurance or a condemnation award, moneys received or receivable by the College as owner 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 College, (iv) the Mortgage, and (v) those additional encumbrances set forth in Exhibit B to the Mortgage.

Project: The acquisition, constructing and equipping of a theater and recital hall facility for the College on its campus in the City of Winona, Minnesota together with all necessary furnishings and site improvements therefor, financed with the proceeds of the Series Two-H Bonds.

Project Building: The theater/recital hall facility acquired, improved, furnished and equipped as part of the Project.

Project Facilities: The Project Site and the Project Building.

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

Redemption Account: The Redemption Account created under the Indenture for deposit of any moneys received which are not otherwise committed. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the required balance in the Reserve Account, and (iii) to redeem or prepay outstanding Bonds to the extent permitted or required by the Loan Agreement. 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 or the Authority fails to provide for payment of any rebate.

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

Reserve Account: The Reserve Account established under the Indenture, into which at Bond Closing will be placed Bond proceeds in the amount of the Reserve Requirement ($295,000.) Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient thereof and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

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

Series Two-H Bond Account: The Bond and Interest Sinking Fund Account created under the Series Two-H Indenture.

Series Two-H Bonds: The Minnesota Higher Education Facilities Authority Variable Rate Demand Revenue Bonds, Series Two-H (St. Marys College) dated October 2, 1984 in the original principal amount of $2,825,000.

Series Two-H Redemption Account: The Redemption Account created under the Series Two-H Indenture.

Series Two-H Trustee: Norwest Bank Minneapolis, National Association, now known as Norwest Bank Minnesota, National Association, or any successor Trustee under the Series Two-H Indenture.

Sinking Fund Subaccount: The Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account created under the Indenture into which the Authority shall deposit certain moneys for mandatory redemption prior to maturity of Bonds as specified in the Indenture.

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

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

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

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Loan and Redemption of Series Two-H Bonds

In order to provide funds to lend to the College for the redemption of the outstanding Series Two-H Bonds, the Authority will deposit with the Trustee all of the net proceeds of the Series Three-F Bonds and the Trustee shall deposit said proceeds (other than accrued interest, rounding amounts and amounts used to pay certain reserve and issuance costs of the Series Three-F Bonds) with the Series Two-H Trustee, for deposit in the Series Two-H Redemption Account, to be used, together with amounts on deposit in the Series Two-H Bond Account and available general funds of the College, if necessary, for the redemption of the outstanding Series Two-H Bonds by the College on or before July 1, 1991 in accordance with the provisions of the Indenture. The College agrees that it will provide, from available general funds, any such additional amounts necessary to redeem the outstanding Series Two-H Bonds as set forth above, and to pay any costs of issuance of the Bonds which are not payable from proceeds of the Bonds.

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) At least 10 business days prior to each April 1 and October 1, commencing October 1, 1991, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Series Three-F Bonds on such interest payment date, and at least 10 business days prior to each October 1, commencing on October 1, 1992, a sum equal to the amount payable as principal on the Series Three-F Bonds on such principal payment date, provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

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

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

(d) into the Reserve Account 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 and Section 5.05 of the Indenture (relating to arbitrage rebate); and

(f) At least 10 business days prior to each October 1, commencing October 1, 2012, into the Sinking Fund Subaccount of the Bond and Interest Sinking Fund Account, the amount, if any, as shall be necessary and sufficient to redeem on the next succeeding October 1, at par plus accrued interest, the amount of the Series Three-F Bonds specified in the Indenture.

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, rebate of certain excess investment earnings to the United States, 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. The College agrees not to permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

The 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 excludable from gross income for purposes of 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, such lease, sublease or use agreement shall not be inconsistent with the Loan Agreement, the Indenture, the Mortgage, or the Act, and the College shall remain fully obligated under the Loan Agreement and the Mortgage as if such lease, sublease or use agreement had not been made.

Title to Property and Liens

Except for Permitted Encumbrances, the College will not permit any liens to be established or 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, license fees and governmental charges of any kind that may at any time be lawfully assessed or levied against, or with respect to the operations of the College, or the Project Facilities or any improvements, equipment or related property installed or bought by the College therein or thereon, or the Bonds, the Loan Agreement, the Mortgage, the Indenture, or the interest of the Authority, the Trustee, or the Bondholders therein.

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

Insurance

The College is required to maintain, or cause to be maintained, insurance as follows:

(a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than the lesser of (i) the full insurable replacement value of the Project Buildings or (ii) the principal amount of the outstanding Bonds or (if greater) 80% of the full insurable replacement value of the Project Buildings, with a deductible amount of up to $50,000.

(b) Comprehensive general public liability insurance against liability for personal injury in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $5,000,000, with a deductible amount of not more than $50,000 per occurrence, and against liability for property damage in the minimum amount for each occurrence of $100,000.

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

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

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

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds, as more fully provided in the Loan Agreement. The Bonds may be redeemed in whole, at the College's option, if the Project Facilities are damaged or destroyed to such extent that they cannot be reasonably restored within six months or the College is prevented from carrying on its normal use and operation for six months or the cost of restoration would exceed by more than $100,000 the Net Proceeds of the insurance.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to the Project Building and site thereof shall be taken in any proceeding involving the exercise of the right of eminent domain, the College shall either redeem the Bonds in whole or rebuild or restore such facilities, 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 and the use thereof, including that caused by any negligence of the Authority or anyone acting in its behalf, provided that the indemnity shall be effective only to the extent of any loss that may be sustained by the Authority in excess of the net proceeds received by the Authority from any insurance carried with respect to the loss sustained.

The 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.

College 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 maintain the Institution as an 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: (a) if the surviving, resulting or transferee institution, 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 the Mortgage, and 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 (b) 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.

$150,000,000 Limitation on Outstanding Nonhospital Bonds

The College has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt nonhospital bonds issued on behalf of or for the benefit of the College and all organizations under common management or control with the College (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000.

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.

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.

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bond is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the bonds, the Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, in integral multiples of $5,000, as a whole on the next practicable date and any date thereafter and in part on the next interest payment date for which proper notice of redemption may be given and any interest payment date thereafter and the redemption price in either event shall be equal to par plus accrued interest.

Financial Covenants

The College covenants and agrees, so long as the Bonds shall remain outstanding, to comply with the financial covenants described under the heading "Summary of Security for the Bonds" in this Official Statement. In addition, the Loan Agreement includes provisions governing the calculation of Maximum Annual Debt Service covering, among other things, variable rate indebtedness, guarantees, balloon indebtedness, put indebtedness, refunded debt, subordinated debt, and capital appreciation bonds and notes.

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 and to comply with the applicable rebate requirements under Section 148 of the Code and regulations thereunder; and to observe all applicable State laws and regulations, including those of the Authority and the Minnesota Higher Education Coordinating Board, subject to the right of contest. The College agrees to indemnify the Authority from losses arising from certain representations made by the College regarding the absence of hazardous waste on the Project Facilities.

The Authority further agrees to comply with the applicable rebate requirements imposed under Section 148 of the Internal Revenue Code with respect (but only with respect) to amounts paid by the College to the Authority as the Authority's annual fee under the Loan Agreement.

Events of Default

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

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

(b) If the College shall fail to comply with the provisions of Section 6.09(f) of the Loan Agreement (relating to arbitrage calculation and rebate requirements); or

(c) If the 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(a) (relating to the ratio of Unrestricted Current Fund revenues to Unrestricted Current Fund expenditures) or Section 6.13(b) (relating to the minimum required amount of Unrestricted Endowment Funds) shall not become an Event of Default unless the College fails to restore the deficiency thereunder within a period of 180 days, from the close of the Fiscal Year in which such deficiency has occurred; or

(d) If the College shall fail to maintain the balance in the Reserve Account in the amount of the Reserve Requirement, provided failure to comply with such requirement shall not become an Event of Default unless the College fails to restore such deficiency within a period of thirty (30) days after written notice specifying such deficiency and requesting that it be remedied is given to the College by the Authority or the Trustee; or

(e) 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

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

(g) If the College 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 College; or

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

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

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

Remedies on Default

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

(a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due 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.

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

Any amounts collected by the Trustee pursuant to the actions set forth above shall be applied first to advances and expenses, and then to payment of interest, principal and premium, if any, on the Bonds as provided in Section 7.04 of the Indenture, and any excess to the College.

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 Accounts covenanted to be paid and maintained under the Indenture, (ii) moneys and investments in the Costs of Issuance Fund not paid out for costs of issuance of the Series Three-F Bonds, 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.

Accounts

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

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, breach of contract, breach of fiduciary duty, willful misconduct, or willful default of the Trustee).

Additional Bonds

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

The issuance of Additional Bonds requires, among other things, evidence satisfactory to the Authority of the College's ability to meet debt service on the Additional Bonds and comply with certain financial covenants set forth in the Loan Agreement. Furthermore, to the extent required by the Authority, the College shall make additional deposits to the Reserve Fund, grant additional collateral to be held by the Trustee under the Mortgage and Indenture and execute supplements to the Loan Agreement, the Indenture and Mortgage. Additional Bonds may not be issued unless in the opinion of bond counsel the interest on the outstanding Bonds remains excludable from gross income of the holders for federal income tax purposes.

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

(c) If the Authority shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, or in any supplemental indenture on the part of the Authority to be performed, and such default shall have continued for a period of sixty days after written notice, specifying such default and requiring the same to be remedied, shall have been given to the Authority and to the College giving the College the privilege of curing such default in the name of the Authority, if permitted by law) by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the Holders of not less than a majority in principal amount of the Bonds then outstanding; or

(d) If any "event of default" on the part of the College, as that term is defined in the Loan Agreement or the Mortgage, shall occur and be continuing.

Remedies

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

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

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

Concerning the Trustee

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

Concerning the Bondholders

No Bondholder shall have any right to institute any proceeding in equity or at law for the enforcement of the Indenture or for any remedy under the Loan Agreement or the 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 action, suit or proceeding in its own name; nor unless also they shall have offered to the Trustee indemnity as provided in the Indenture; and no one or more Bondholders shall have the right to affect, disturb, or prejudice the lien of the Indenture by his or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity shall be instituted and maintained in the manner therein provided and for the equal benefit of the Holders of all Bonds outstanding.

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

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

Defeasance

If the Authority and the College shall:

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

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

(c) deliver to the Trustee (1) proof that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived, or that arrangements have been made insuring that such notice will be given or waived, or (2) a written instrument executed by the Institution for the Authority under its official seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Authority, or (3) file with the Trustee a waiver of such notice of redemption signed by the Holders of all such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or

(d) surrender to the Trustee for cancellation all Bonds for which payment is not so provided,

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 all the Trust Estate shall revert to the Authority and the College as their interests appear, and the entire estate, right, title and interest of the Trustee, and of registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent (and, in the case of defeasance under paragraph (b) above, as to effect on tax exempt status), and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Authority or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds), which shall then be held thereunder.

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

Supplemental Indentures

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

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

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

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

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

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

(f) to modify the Indenture as authorized by the Bondholders pursuant to Section 11.04 of the Indenture.

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

Amendments to the Loan Agreement and the Mortgage

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

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

Registration

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

THE MORTGAGE

At or prior to the closing, the College will execute and deliver to the Authority, and the Authority will assign to the Trustee, a Combination Mortgage, Security Agreement and Fixture Financing Statement (the "Mortgage"), to be dated as of June 1, 1991, 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 Authority a first mortgage lien on its right, title and interest in and to the land described in Exhibit A to the Mortgage (the "Mortgaged Land"), and any buildings now standing or hereafter constructed or placed upon the Mortgaged Land, including the land and theater/recital hall constituting the Project Facilities (collectively, the "Mortgaged Property"). The Authority is also granted a security interest in all of the general intangibles, rents, issues, condemnation awards, insurance proceeds and similar revenues and income (the "Revenues and Income") arising from the ownership of the Mortgaged Property.

Events of Default

The following are Events of Default under the Mortgage:

(a) If an event of default (as defined therein) under the Loan Agreement has occurred and is continuing; or

(b) If an event of default (as defined therein) under the Indenture has occurred and is continuing; or

(c) If the College violates or fails to perform any covenant under the Mortgage for a reason other than force majeure (as defined in the Loan Agreement) for a period of thirty days after written notice from the Authority or the Trustee specifying the default and requesting that it be remedied or for such further period of time as the Trustee shall permit; or

(d) If any representation of the College in the Mortgage is incorrect in any material respect.

ST. MARYS COLLEGE

FINANCIAL REPORT
May 31, 1990

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of St. Mary's College as of May 31, 1990 and 1989, and the related statements of changes in fund balances and current funds revenues, expenditures and other changes for the year ended May 31, 1990. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits. We previously audited and reported upon the statement of current funds revenues, expenditures and other changes for the year ended May 31, 1989, totals of which are included for comparative purposes only.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Mary's College at May 31, 1990 and 1989 and the changes in fund balances and the current funds revenues, expenditures and other changes for the year ended May 31, 1990 in conformity with generally accepted accounting principles.

Bansley and Kiener
Certified Public Accountants

July 20, 1990

ST. MARY'S COLLEGE

BALANCE SHEETS

MAY 31, 1990 AND 1989

ASSETS	Current Year	Prior Year
CURRENT FUNDS		
Cash, including interest-bearing accounts of $2,560,108 in 1990 and $1,700,394 in 1989	$ 2,600,658	$ 1,719,041
Accounts receivable, less allowance of $85,000 in 1990 and 1989	1,359,977	1,173,685
Investments, at cost (Market value $26,674 in 1990 and $6,050 in 1989)	26,674	6,050
Inventories - bookstore - at lower of cost (First-in, first-out basis) or market	93,602	65,630
Prepaid expense	45,234	97,344
Due from other funds	128,588	318,890
Total current funds	$ 4,254,733	$ 3,380,640
LOAN FUNDS		
Cash, interest-bearing account	$ 55,477	$ 221,862
Loans to students, less allowance for uncollectible loans of $200,000 in 1990 and 1989	2,664,296	2,421,248
Total loan funds	$ 2,719,773	$ 2,643,110
ENDOWMENT FUNDS		
Cash, interest-bearing accounts	$ 2,189,639	$ 2,757,164
Marketable securities (At market)	3,233,680	2,951,163
Due from other funds	-	1,940
Due from Plant Fund (Note 3)	627,083	-
Total endowment funds	$ 6,050,402	$ 5,710,267
PLANT FUNDS		
Unexpended		
Cash and temporary investments held by Trustees	$ 93,557	$ 82,148
Due from other funds	609,961	425,336
Total unexpended	703,518	507,484
Renewals and replacements		
Cash and temporary investments	153,588	120,545
Cash and temporary investments held by Trustees	20,000	20,000
Due from other funds	350,000	100,000
Total renewals and replacements	523,588	240,545
Retirement of indebtedness		
Cash and temporary investments held by Trustees	655,388	682,512
Total retirement of indebtedness	655,388	682,512
Investment in plant (Note 1)		
Land and improvements	515,928	493,007
Buildings	19,447,647	17,947,008
Equipment	6,505,836	6,059,570
Construction in process (Note 7)	90,039	343,115
Total investment in plant	26,559,450	24,842,700
Total plant funds	$28,441,944	$26,273,241
AGENCY FUNDS		
Due from other funds	$ 33,550	$ 28,746
ANNUITY FUNDS		
Due from other funds	$ 24,366	$ 27,422
Total annuity funds	$ 24,366	$ 27,422

LIABILITIES AND FUND BALANCES	Current Year	Prior Year
CURRENT FUNDS		
Accounts payable	$ 286,708	$ 587,106
Student deposits and deferred revenue	1,129,257	862,755
Deferred restricted revenue	-	73,250
Accrued expenses	633,564	664,840
Due to other funds	1,017,877	500,842
Fund balances		
Unrestricted:		
Undesignated	117,680	103,619
Designated	489,676	308,585
Restricted	579,971	279,643
Total current funds	$ 4,254,733	$ 3,380,640
LOAN FUNDS		
Due to other funds	$ 101,728	$ 55,190
Fund balances		
U.S. Government	2,303,779	2,285,028
College - restricted	314,266	302,892
Total fund balances	2,618,045	2,587,920
Total loan funds	$ 2,719,773	$ 2,643,110
ENDOWMENT FUNDS		
Due to other funds	$ -	$ 265,640
Fund balances		
Endowment	2,902,752	2,520,054
Quasi-endowment - unrestricted	3,147,650	2,924,573
Total fund balances	6,050,402	5,444,627
Total endowment funds	$ 6,050,402	$ 5,710,267
PLANT FUNDS		
Unexpended		
Fund balance	$ 703,518	$ 507,484
Total unexpended	703,518	507,484
Renewals and replacements		
Fund balance	523,588	240,545
Total renewals and replacements	523,588	240,545
Retirement of indebtedness		
Due to other funds	-	78,000
Fund balance	655,388	604,512
Total retirement of indebtedness	655,388	682,512
Investment in plant		
Due to other funds	26,860	2,662
Due to Quasi-Endowment Fund (Note 3)	627,083	-
Notes and bonds payable (Note 2)	7,872,337	8,130,976
Net investment in plant	18,033,170	16,709,062
Total investment in plant	26,559,450	24,842,700
Total plant funds	$28,441,944	$26,273,241
AGENCY FUNDS		
Deposits held in custody for others	$ 33,550	$ 28,746
ANNUITY FUNDS		
Annuities payable	$ 5,163	$ 8,219
Fund balance	19,203	19,203
Total annuity funds	$ 24,366	$ 27,422

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

ST. MARY'S COLLEGE

STATEMENT OF CHANGES IN FUND BALANCES
YEAR ENDED MAY 31, 1990

	Current Fund					Plant Funds				
	Unrestricted									
	Undesignated	Designated	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	$12,793,222	$557,228	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Auxiliary enterprises revenues	4,037,698	-	384,299	-	-	-	-	-	-	-
Gifts and bequests - unrestricted	165,200	-	-	-	-	-	-	-	-	-
Gifts and bequests - restricted	-	-	47,575	-	284,725	71,230	-	-	-	-
Grants and contracts - restricted	-	-	3,518,673	3,106	-	-	-	-	-	-
Investment income - restricted	-	-	-	5,830	516,583	4,390	12,650	58,399	-	-
Interest on loans receivable	-	-	-	54,216	-	-	-	-	-	-
Expended for plant facilities (charged to current funds expenditures $462,966)	-	-	-	-	-	-	-	-	1,692,552	-
Retirement of indebtedness	-	-	-	-	-	-	-	-	228,639	-
Proceeds of loan from Quasi-Endowment Fund	-	-	-	-	-	650,000	-	-	-	-
Endowment funds appropriated for scholarships	-	-	318,537	-	-	-	-	-	-	-
U.S. Government advances	-	-	-	7,537	-	-	-	-	-	-
Total revenues and other additions	16,996,120	557,228	4,269,084	70,689	801,308	725,620	12,650	58,399	1,921,191	-
EXPENDITURES AND OTHER DEDUCTIONS										
Educational and general expenditures	12,078,242	556,137	3,485,996	-	-	-	-	-	-	-
Auxiliary enterprises expenditures	3,125,065	-	98,461	-	-	-	-	-	-	-
Loan cancellations and write-offs	-	-	-	7,447	-	-	-	-	-	-
Administrative and collection costs	-	-	-	33,117	-	-	-	-	-	-
Program campaign costs	-	-	-	-	42,196	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	-	-	-	228,639	-	-
Quasi-Endowment Fund loan	-	-	-	-	-	-	-	-	650,000	-
Interest on indebtedness	-	-	-	-	-	-	-	573,425	-	-
Appropriations for scholarships	-	-	-	-	318,537	-	-	-	-	-
Expended for plant facilities	-	-	-	-	-	1,229,586	-	-	-	-
Total expenditures and other deductions	15,203,307	556,137	3,584,457	40,564	360,733	1,229,586	-	802,064	650,000	-
TRANSFERS AMONG FUND ADDITIONS (DEDUCTIONS)										
Mandatory:										
Principal and interest	(383,552)	-	(384,299)	-	-	-	-	714,934	52,917	-
Non-mandatory:										
Allocation of funds	(180,000)	180,000	-	-	-	-	-	-	-	-
Renewal and replacement	(350,000)	-	-	-	-	-	350,000	-	-	-
Plant additions	(700,000)	-	-	-	-	700,000	-	-	-	-
Plant renewals and replacements	-	-	-	-	-	-	(79,607)	79,607	-	-
Unrestricted gifts allocated	(165,200)	-	-	-	165,200	-	-	-	-	-
Total transfers	(1,778,752)	180,000	(384,299)	-	165,200	700,000	270,393	794,541	52,917	-
Net increase for the year	14,061	181,091	300,328	30,125	605,775	196,034	283,043	50,876	1,324,108	-
FUND BALANCES - beginning of year	103,619	308,585	279,643	2,587,920	5,444,627	507,484	240,545	604,512	16,709,062	19,203
FUND BALANCES - end of year	$ 117,680	$489,676	$ 579,971	$2,618,045	$6,050,402	$ 703,518	$523,588	$655,388	$18,033,170	$19,203

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

ST. MARY'S COLLEGE

STATEMENT OF CURRENT FUNDS REVENUES, EXPENDITURES AND OTHER CHANGES
YEAR ENDED MAY 31, 1990
WITH COMPARATIVE FIGURES FOR 1989

	Current Year			Prior Year
	Unrestricted	Restricted	Total	Total
REVENUES				
Educational and general:				
Student tuition and fees	$12,282,053	$ -	$12,282,053	$11,239,214
Government grants and contracts	-	1,629,654	1,629,654	1,436,605
Gifts and private grants	762,950	47,575	810,525	875,991
Sponsored research/programs	-	1,588,691	1,588,691	681,267
Endowment income applied	-	318,537	318,537	96,128
Other sources	470,647	-	470,647	501,585
Total educational and general	13,515,650	3,584,457	17,100,107	14,830,790
Auxiliary enterprises:				
Food service	1,377,967	98,224	1,476,191	1,394,392
Housing	1,537,232	286,075	1,823,307	1,834,328
Bookstore	822,778	-	822,778	738,690
Telecommunications	299,721	-	299,721	265,479
Total auxiliary enterprises	4,037,698	384,299	4,421,997	4,232,889
Total revenues	17,553,348	3,968,756	21,522,104	19,063,679
EXPENDITURES AND TRANSFERS				
Educational and general:				
Instructional	4,531,426	781,827	5,313,253	4,411,546
Research	-	87,893	87,893	93,589
Public service	17,070	504,675	521,745	424,139
Academic support	1,546,059	48,968	1,595,027	1,361,321
Student services	2,150,066	95,217	2,245,283	2,020,757
Institutional support	1,752,784	67,428	1,820,212	1,699,771
Operation and maintenance of the physical plant	1,462,658	211,798	1,674,456	1,548,031
Scholarships and grants	1,174,316	1,688,190	2,862,506	2,522,845
Educational and general expenditures	12,634,379	3,485,996	16,120,375	14,081,999
Mandatory transfers for -				
Principal and interest	383,552	-	383,552	339,114
Non-mandatory transfers for -				
Reimbursement for plant renewal and replacements	-	-	-	(188,409)
Unrestricted gifts allocated	165,200	-	165,200	237,071
Plant additions	700,000	-	700,000	768,000
Renewal and replacement	350,000	-	350,000	100,000
Loan fund matching grant	-	-	-	1,928
Total educational and general	14,233,131	3,485,996	17,719,127	15,339,703
Auxiliary enterprises:				
Expenditures:				
Food service	907,123	12,308	919,431	851,586
Housing	1,230,225	86,153	1,316,378	1,341,624
Bookstore	719,971	-	719,971	629,580
Telecommunications	267,746	-	267,746	244,968
Auxiliary enterprises expenditures	3,125,065	98,461	3,223,526	3,067,758
Mandatory transfers for -				
Principal and interest	-	384,299	384,299	344,787
Total auxiliary enterprises	3,125,065	482,760	3,607,825	3,412,545
Total expenditures and transfers	17,358,196	3,968,756	21,326,952	18,752,248
OTHER ADDITIONS				
Excess of restricted receipts over transfers to revenue	-	300,328	300,328	133,843
Net increase in fund balances	$ 195,152	$ 300,328	$ 495,480	$ 445,274

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

ST. MARY'S COLLEGE

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
MAY 31, 1990

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.

Endowment funds of the College are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Quasi-endowment funds have been established by the governing board for the same purposes as endowment funds; any portion of quasi-endowment funds may be expended.

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 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.

Note 1 - Physical Plant and Equipment

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 - Notes and Bonds Payable

The notes and bonds payable are summarized as follows:

Description	Interest Rate	Amount Due May 31, 1990 (Note A) Within One Year	After One Year	Total	Total Amount Due May 31, 1989	Original Debt Amount	Collateral
Due to Norwest National Bank of Winona: 1st mortgage (Village I), dated June, 1972, due in equal monthly installments of $2,819 (including principal and interest) to 1997 (Note B).	8.5%	$ 19,617	$ 156,428	$ 176,045	$ 194,067	$ 350,000	Village I (student apartments)
Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series C (1973), due in remaining annual payments ranging from $30,000 to $45,000 to 1998 (Note B). (Established Debt Service Reserve deposited with Trustee - $36,000.)	4.2% - 5.6%	30,000	270,000	300,000	330,000	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 for the sum of $500.00 at the time the bonds are redeemed in full.							
Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series 1976-2, due in remaining annual payments ranging from $50,000 to $110,000 to 2002 starting April 1, 1979. (Established Debt Service Reserve deposited with Trustee - $91,200.)	5% - 6%	50,000	855,000	905,000	950,000	1,300,000	Christian Brothers College Center
1st Mortgage payable to Winona National and Savings Bank, due in monthly payments of $335 (including principal and interest) to 2001.	8.75%	1,542	27,592	29,134	30,522	40,073	Residence at 488 Kerry Court
1st Mortgage payable to Twin City Federal Savings and Loan due in monthly payments of $578 (including principal and interest).	Variable	1,300	41,000	42,300	43,454	48,000	Residence at 556 Kerry Drive
U.S. Department of Education First Mortgage, due in semiannual payments of $12,023 (including principal and interest) to 2020.	3%	9,204	487,792	496,996	505,931	543,000	Heffron Hall (student dormitory)
Minnesota Higher Education Facilities Authority Pooled Revenue Bonds, Series 1983-A, due in remaining annual principal payments ranging from $107,064 to $115,798 to September 1, 1991 starting September 1, 1986. Interest payments due monthly.	6.75% - 8.5%	107,064	115,798	222,862	322,002	580,172	Insured by American Municipal Bond Assurance Corporation

Note 2 - Notes and Bonds Payable (Continued)

Description	Interest Rate	Amount Due May 31, 1990 (Note A) Within One Year	After One Year	Total	Total Amount Due May 31, 1989	Original Debt Amount	Collateral
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	25,000	2,725,000	2,750,000	2,775,000	2,825,000	Letter of credit in the amount of $2,800,000, 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.
Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds. Series Two-M, due in annual principal payments ranging from $40,000 to $1,065,000 to May 1, 2017, starting May 1, 1995. Interest payments are due quarterly.	8.12% - 8.38%	-	2,500,000	2,500,000	2,500,000	2,500,000	Hoffman Science Hall and Ice Arena. The College has also assigned a first lien on tuition and fees in the amount of $300,000 annually.
Christian Brothers contract for deed, due in semiannual installments of $15,000 to February 1, 2006.	None	30,000	420,000	450,000	480,000	600,000	St. Yon Hall (student dormitory)
		$273,727	$7,598,610	$7,872,337	$8,130,976		

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 - Inter-Fund Loan

During January, 1989 the Board of Directors authorized a $650,000 loan from the Quasi-Endowment Fund to the Plant Fund. These funds, which were received during the current fiscal year, were used in the construction of the Gilmore Creek residence hall. This loan will be repaid to the Quasi-Endowment Fund in semi-annual installments of $50,000 including interest, at 10%, starting May 31, 1990. The balance of this loan at May 31, 1990 is $627,083.

Note 4 - Scholarships and Grants

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 5 - Retirement Benefits

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 $210,907 and $170,798 for the current and prior year, cover the annual normal costs which are for future service benefits. There is no liability for unfunded past service costs since the Trustee of the plan has considered such costs as fully funded.

Note 6 - Capital Campaign and Pledges

In 1986, the College's Board of Trustees formally approved a five year capital campaign with the initial intention of raising $10,000,000 for endowed faculty support, annual operation support, scholarships and other projects of the College. Having reached its initial goal during May, 1989, the College recently extended the Capital Campaign with the intention of raising an additional $2,500,000 prior to the original December, 1990 program conclusion date.

At May 31, 1990, pledges to the Capital Campaign total approximately $2,200,000. It is not practical to estimate the net realizable value of such pledges.

Note 7 - Construction in Process

During the current year, the College expended $90,039 on various remodeling projects. The total estimated cost of these projects, when complete, will approximate $1,002,500 and is expected to be financed through internal sources.

Note 8 - Commitment and Contingency

At May 31, 1990, the College has guaranteed indebtedness of the Christian Brothers of Minnesota in the aggregate amount of approximately $250,000.

Note 9 - Income Taxes

The College is exempt from taxation under the provisions of Internal Revenue Service Code, Section 501(c)(3).

Note 10 - Enrollment

Average semester full-time equivalent enrollment was 1,794 in 1990 and 1,717 in 1989.