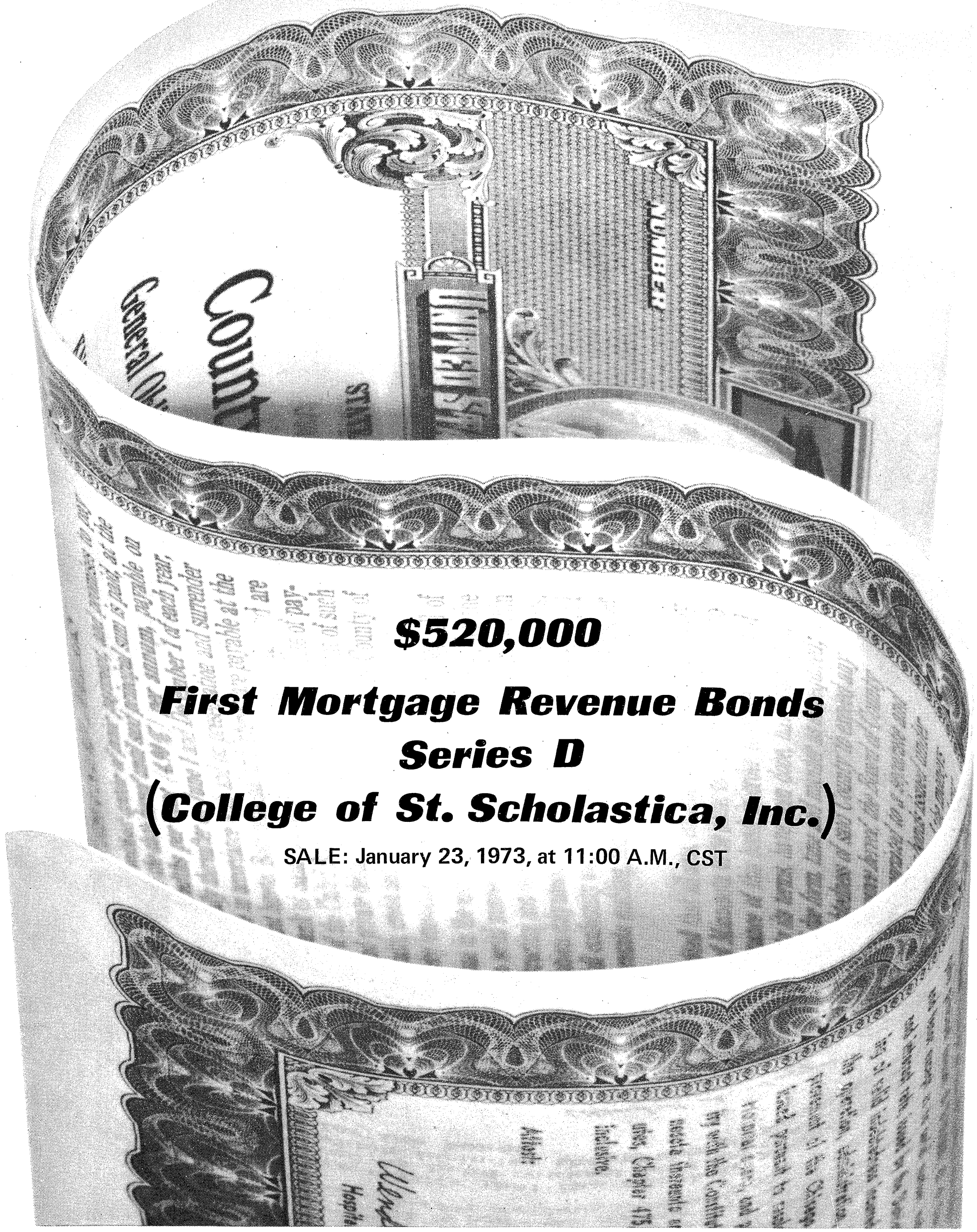


$520,000

First Mortgage Revenue Bonds
Series D
(College of St. Scholastica, Inc.)

SALE: January 23, 1973, at 11:00 A.M., CST

SPRINGSTED INCORPORATED MUNICIPAL CONSULTANTS

SUITE 813 OSBORN BUILDING · SAINT PAUL, MINNESOTA 55102 · (612) 227-8318

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Gerald A. Rauenhorst, Chairman
President, Rauenhorst Corporation, Minneapolis

Bernard P. Friel, Vice President
Member, Briggs & Morgan, Lawyers, St. Paul

Richard C. Hawk, Secretary
Executive Director, Minnesota Higher Education Coordinating Commission

Robert W. Freson
City Administrator, St. Cloud

Earl R. Herring
Vice President for Administrative Affairs, Moorhead State College

Norman Perl
Member, Deparcq, Anderson, Perl & Hunegs, Lawyers, Minneapolis

Michael Sieben
Lawyer, McMenomy, Hertogs and Gluegel, Lawyers, Hastings
(Will resign prior to January 1, 1973 to take seat in Minnesota Legislature.)

Dr. Joseph E. LaBelle – Executive Director

Faegre & Benson, Minneapolis – Counsel

No dealer, broker, salesman or other person has been authorized by the Minnesota Higher Education Facilities Authority, or the Instituion, to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Certain information contained herein has been obtained from the Institution and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Minnesota Higher Education Facilities Authority. The 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 parties referred to above since the date hereof.

For additional information or assistance in bidding please contact Springsted Incorporated
Suite 813, Osborn Building, St. Paul, Minnesota 55102 – 612/227-8318

CONTENTS

OFFICIAL NOTICE OF BOND SALE

$520,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
FIRST MORTGAGE REVENUE BONDS SERIES D (COLLEGE OF ST. SCHOLASTICA, INC.)

Bids will be received Tuesday, January 23, 1973, 11:00 A.M., CST, at the Authority's Offices, Metro Square Building, St. Paul, Minnesota, for award at 3:00 P.M. of the same day, on the following terms:

DATE AND INTEREST

The Bonds will be dated March 1, 1973. Interest will be payable September 1, 1973, and each March 1, and September 1, thereafter.

TYPE AND PURPOSE

The Bonds will be negotiable coupon, special obligations of the Authority, payable solely, and only, out of Project revenues and other income, charges and moneys to be produced and received, including rentals under the Lease between the Authority and the College, relative to the ownership and operation of the Project for which the proceeds of this issue will be used, and the Reserve Accounts established thereto. The Bonds will be issued in denominations of $5,000 each and may be registrable as to principal, or principal and interest, according to the terms of the Mortgage Trust Indenture relative to the issue. The Bonds are being issued for the construction and furnishing of six four-plex apartment buildings to house a total of 96 students and for the establishment of certain reserves relative to the issue.

MATURITIES AND REDEMPTION

March 1, in the years and amounts as follows:

$10,000	1974-76	$25,000	1988-91
$15,000	1977-83	$30,000	1992-93
$20,000	1984-87	$35,000	1994-96

$40,000 1997

All dates are inclusive.

At the option of the Issuer all Bonds maturing on or after March 1, 1988, shall be subject to prior payment in inverse order of serial numbers on March 1, 1987, and any interest payment date thereafter, at a price of par and accrued interest, except that all Bonds are subject to redemption at par and accrued interest on any interest payment date, as a whole, but not in part, in case of damage, destruction or taking of the Project to the extent provided in Section 6.15 of the Mortgage Trust Indenture and in case of the Institution's exercise of its option of purchase pursuant to Section 10.02 of the Lease

GRANT AGREEMENT

A Grant Agreement will be entered into with the United States of America, Department of Housing and Urban Development, pursuant to which the Government will provide an annual interest subsidy to support and to be pledged to debt service payments on the Bonds, as is more fully described in the Official Statement.

PAYING AGENT AND TRUSTEE

The paying agent may be named by the Successful Bidder, subject to the Authority's approval, which may be assumed unless the Bidder is notified to the contrary within 48 hours after the Authority has received notice of the Bidder's selection. The College will pay the charges of the paying agent customarily made by it to similar users of its services. An alternate paying agent may be named subject to the consent of the Authority and provided that there shall be no additional expense to the Authority or the College by reason thereof.

Prior to the receipt of bids the College, with the consent of the Authority, will name a Trustee with whom the Authority will enter into a Mortgage Trust Indenture relative to this issue. Upon request to the office of the Authority's Executive Director, the name of the Trustee will be available on or before January 18, 1973.

DELIVERY

Within 40 days after award, subject to the unqualified approving legal opinion of Messrs. Faegre and Benson of Minneapolis, Minnesota, and customary closing papers, including a statement of non-litigation. Bond printing and legal opinion will be paid for by the Issuer. Delivery will be at a place of the Purchaser's choice. Payment must be made in Federal Funds, or equivalent immediately available funds, on day of delivery. Legal opinion will be printed on the Bonds.

TYPE OF BID

Sealed bids for not less than $509,800 and accrued interest on the principal sum of $520,000 from the date of the Bonds to date of delivery must be filed with the undersigned prior to time of sale, together with a certified or cashier's check in the amount of $10,400, payable to the order of the Minnesota Higher Education Facilities Authority, to be forfeited as damages but without limitation of the rights of the Issuer to additional damages if the bidder fails to comply with the accepted bid.

RATES

All rates must be in integral multiples of 5/100th or 1/8th of 1%. All Bonds of the same maturity must bear a single rate from date of issue to maturity. The interest rate for any maturity shall be not less than that of any prior maturity and no interest rate shall exceed any other interest rate by more than 2% per annum. Additional coupons may not be used.

AWARD

Award will be made on the basis of lowest dollar interest cost; determined by the addition of any discount to, and the deduction of any premium from, the total interest on all Bonds from their date to their stated maturity. The Issuer reserves the right to reject any and all bids, to waive informalities and to adjourn the sale.

Dated December 12, 1972

BY ORDER OF THE MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
/s/ Richard C. Hawk
Secretary

$520,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
FIRST MORTGAGE REVENUE BONDS SERIES D (COLLEGE OF ST. SCHOLASTICA, INC.)

SALE: January 23, 1973 (Tues.), at 11:00 A.M., CST

Bids delivered to Springsted Incorporated by 10:00 A.M., CST, the day of the sale, will be carried to the sale.

YEAR	PRINCIPAL	BOND YEARS	CUMULATIVE BOND YEARS	
1974	$10,000	10	10	________
1975	10,000	20	30	________
1976	10,000	30	60	________
1977	15,000	60	120	________
1978	15,000	75	195	________
1979	15,000	90	285	________
1980	15,000	105	390	________
1981	15,000	120	510	________
1982	15,000	135	645	________
1983	15,000	150	795	________
1984	20,000	220	1015	________
1985	20,000	240	1255	________
1986	20,000	260	1515	________
1987	20,000	280	1795	________
1988	25,000 C	375	2170	________
1989	25,000 C	400	2570	________
1990	25,000 C	425	2995	________
1991	25,000 C	450	3445	________
1992	30,000 C	570	4015	________
1993	30,000 C	600	4615	________
1994	35,000 C	735	5350	________
1995	35,000 C	770	6120	________
1996	35,000 C	805	6925	________
1997	40,000 C	960	7885	________

AVERAGE MATURITY:	15.16 Years
DATED:	March 1, 1973
INTEREST:	September 1, 1973, and each March 1, and September 1, thereafter.
MATURE:	March 1, 1974-97, inclusive.
REDEMPTION (C):	Bonds maturing March 1, 1988-97, inclusive, are callable commencing March 1, 1987, at par; except if called pursuant to Section 6.15 of the Mortgage Trust Indenture or Section 10.02 of the Lease.

OFFICIAL STATEMENT

RELATING TO

$520,000
FIRST MORTGAGE REVENUE BONDS SERIES D
(COLLEGE OF ST. SCHOLASTICA, INC.)

NOTE: As a part of this Official Statement is the Common Official Statement relating to these Bonds and also to the:

$1,030,000 First Mortgage Revenue Bonds Series E
(Gustavus Adolphus College)

$1,610,000 First Mortgage Revenue Bonds Series F
(College of Saint Benedict)

The Common Official Statement contains information relating to each of the three offerings and was mailed in the same envelope as this Official Statement.

> If there is sufficient interest expressed, an informational meeting will be held at the offices of the Authority, Suite 278 Metro Square Building at a date and time to be determined. Persons wishing to attend such a meeting are requested to please advise either the Executive Director, Dr. Joseph E. LaBelle, 612/296-4690 or Springsted Incorporated, 612/227-8318, prior to Saturday, January 13, 1973. The details of the meeting, if one is to be held, will be given those making such a request on Monday, January 15, 1973.
>
> A Standard & Poor rating will be requested for these Bonds. Those wishing to know the rating assigned are requested to call either the Executive Director or Springsted Incorporated. Two of the previous issues of the Authority, Augsburg and St. Marys Colleges, were rated "BBB" by Standard & Poor. The third, Bethel, was not rated because of its early stage of development.

NOTE: Northern City National Bank, Duluth, Minnesota has been named Trustee for the Bonds.

THE PROJECT

The Bonds will finance the construction of six four-plex, prefabricated, frame, apartment buildings to house four students per apartment for a total of 96.

Each apartment will have two bedrooms, a living room, kitchen and bath. Furnishings will include carpeting, stove, refrigerator, kitchen table, love seat, coffee table, draperies, eight chairs and bedroom furniture of two beds, a chest, desk and built-in shelving.

The apartments were constructed by Amendola Construction Company and United General Constructors of Duluth, Minnesota who purchased the units from World Wide Homes. The units are now completed, furnished and occupied.

The complex will occupy approximately four acres of the campus which is within one-half mile of the University of Minnesota, Duluth.

Rental will initially be $60 per month. It is expected there will be 100% occupancy for the Winter Quarter of 1973. In addition to the nine month regular term of the College there are summer workshops and conferences totaling about six weeks during which the apartments will be rented.

The direct Project costs were approximately:*

Construction	$327,848
Site Development	56,304
Land	9,469
Architect and Engineering Fees	13,500
Legal Fees	1,000
Furnishings	24,000
Interim Financing	13,356
Miscellaneous	496
Total	$445,973

*Costs have not been fully finalized.

SECURITY

Full faith and credit of the College (See discussion, post, page 7, under "Cash Flow" [Note: following par. 6]), and the guarantee of the Benedictine Sisters Benevolent Association for the prompt payment of the Base Rent, which is pledged to the payment of the Bonds, when due from the College to the Authority.

Gross revenues of the Project, estimated to be $52,248.

First lien mortgage on the Project.

Assignment of an Interest Subsidy Grant from the United States, Department of Housing and Urban Development, expected to be in the approximate amount of $11,752. (See discussion of "Interest Subsidy Grant", post, page 5.)

Series Debt Reserve Account in the sum of $34,573.60 funded at closing from Bond proceeds.

Repair and Replacement Reserve Account of $30,000 to be created by annual deposits of $10,000 commencing March 1, 1974.

$124,081 estimated to be in the General Bond Reserve Account (See discussion, post under "Bond Proceeds Budget" [footnote 4].)

BOND PROCEEDS BUDGET

Construction		$445,973
Fees of Authority, Legal and Fiscal		9,610
Discount Allowance		10,200
Capitalized Interest		11,000[1]
Debt Service Reserves:		
Series Debt Reserve Account	$34,573.60[2]	
General Bond Reserve Account	8,643.40[3]	43,217
Total:		$520,000

[1]This amount will be placed in the Bond and Interest Sinking Fund Account at closing. The sum is not precise as related to a period of time or interest rate.

[2]This sum will be deposited in the Series Debt Reserve Account at closing and will be available for debt service of these Bonds only.

[3]This sum will be deposited by the Authority in the General Bond Reserve Account to be available for debt service of all Bonds of the Authority for which a contribution has been made to the General Bond Reserve Account. To date the following contributions will have been made for the Bonds inidcated by the time of the award of these Bonds:

$2,200,000	First Mortgage Revenue Bonds Series A (Augsburg College)[1]	$31,743.60
$1,935,000	First Mortgage Revenue Bonds Series B (Bethel College)[2]	34,082.00
$ 595,000	First Mortgage Revenue Bonds Series C (St. Marys College)[3]	9,000.00
Total:		$74,825.60

[1]Final maturity 2012.

[2]Final maturity 1997.

[3]Final maturity 1998.

Assuming award of the following issues on January 23, 1973, the amounts shown will be added to the General Bond Reserve Account:

$ 520,000	First Mortgage Revenue Bonds Series D (College of St. Scholastica, Inc.)[1]	$ 8,643.40
$1,030,000	First Mortgage Revenue Bonds Series E (Gustavus Adolphus College)[2]	19,308.00
$1,610,000	First Mortgage Revenue Bonds Series F (College of Saint Benedict)[3]	21,304.00
	Sub-Total	$ 49,255.40
	Grand Total	$124,081.00

[1]Final maturity 1997.
[2]Final maturity 1993.
[3]Final maturity 1998.

Interest earnings from the funds in this Account will remain in it to be available for debt service, except when withdrawn for payment of debt service or returned to a participating Institution. (See discussion under "Investments" in Common Official Statement, for this issue, page 0). Assuming an annual rate of 4%, investments will yield $4,963.24 yearly on the basis of the expected current amount of this Account.

REPAIR AND REPLACEMENT RESERVE ACCOUNT

Commencing March 1, 1974 and continuing through March 1, 1976 the College will deposit $10,000 annually for a total of $30,000 to the Repair and Replacement Reserve Account. Funds in this account will be pledged to debt service if needed but extraordinary repair and replacement is a second priority.

ESTIMATED DEBT SERVICE

On the basis of a net effective interest rate of 6.00% the average annual debt service will be:

	$41,379
Less estimated HUD Interest Subsidy Grant	11,752
Net	$29,627

In addition to debt service the College will pay $10,000 annually, commencing March 1, 1974, for three years into the Repair and Replacement Reserve Account and will have an annual Authority fee of $650, payable in advance, commencing March 1, 1973, as well as Trustee and Paying Agent fees.

ESTIMATED REVENUES

96 students, \$60 per month, nine months, 95% occupancy		\$49,248
Summer and Special Rentals		3,000*
Total		\$52,248
Expenditures:		
Utilities	\$8,640	
Maintenance	3,000	
Ground Maintenance	3,000	
Insurance	1,600	16,240
Net:		\$36,008**

*Estimated by College Treasurer.

**Gross Revenues are pledged for debt service. Net operating profit estimates are shown for information only.

INTEREST SUBSIDY GRANT

The United States of America, Department of Housing and Urban Development has approved an interest subsidy grant for the Project and the Bonds. Prior to delivery of the Bonds, a Grant Agreement will be entered into by which the Government will guarantee payment of the Grant for as long as the Bonds are outstanding, or 40 years, whichever is the lesser period, in an amount estimated to be \$11,752 annually regardless of actual debt service requirements for a specific year. The actual amount of the Grant payment will be the difference between the average annual debt service costs of \$452,000 of the Bonds, (the amount of the Project cost approved by the Government) and the average annual debt service of a like number of Bonds sold at par at an annual interest rate of 3%. The Grant payments will be made to the Trustee semi-annually on or before debt service due dates. They will be used only for debt service on the Bonds. The Government has the right to reduce the amount of the Grant if the Approved Project Cost upon completion of the Project is determined by the Government to be less than the estimated cost upon which the stipulated amount of the Grant was based.

If the difference between the average annual debt service based on the actual net interest cost on the Bonds and that based on a rate of 3% is less than \$11,752, the annual Grant will be less by an appropriate amount. The Government has in fact made a fund reservation of \$16,272 for these Bonds which is based on an assumption of taxable Bonds. Because the Bonds will be tax-exempt a different formula will apply which will produce the estimated lower figure of \$11,752. Assurances have been received that if the rate on the Bonds is greater than the assumed market rate in the Government's formula the Government will give serious consideration to a request by the College and Authority, which they intend to make, for an increase accordingly.

CASH FLOW

Deposits of pledged revenues will be made in the following order of priority:

1. Bond and Interest Sinking Fund Account

   Each year, during the period March 1 — August 25, the College will make monthly deposits of gross receipts of the Project until the sum in this Account is equal to the interest due on September 1, plus one-half of the principal due the next March 1; during the period September 1 — February 23, the College will make monthly deposits of gross receipts of the Project until the sum in this Account is equal to the interest due the next March 1, plus the full amount of the principal also due the next March 1.

2. Operation and Maintenance Account

   This Account will be operational only if the Trustee or Authority takes possession of the Project, after first being used to fulfill the requirements of the Bond and Interest Sinking Fund Account, will be used for payment of current expenses of the Project.

3. General Bond Reserve Account

   This Account will be funded from Bond proceeds at closing; payments to it of gross revenues of the Project will be only in the event of withdrawals for debt service.

4. Series Debt Reserve Account

   This Account, too, will be funded from Bond proceeds at closing, and payments to it of gross revenues of the Project will be only in the event of withdrawals for debt service.

5. Repair and Replacement Reserve Account

   Commencing March 1, 1974, the College will make three annual deposits of $10,000 each from gross revenues of the Project until a total of $30,000 is in the Account. Deposits of additional amounts from gross revenues of the Project will be made only to replace withdrawals for debt service or extraordinary repairs or maintenance.

6. Redemption Account

   There are no required payments of gross revenues of the Project into this Account.

NOTE: In addition to the pledge of gross revenues of the Project, the College will pledge to make payments from its general funds or any other moneys legally available to it. It will further covenant and agree to charge tuition fees, rentals and charges which, together with other funds, shall provide moneys sufficient at all times: (i) to pay such rentals and payments required by the Lease, and (ii) to pay all other obligations of the College as they shall become due.

COVERAGE

Assuming a net average annual net debt service of $29,627 after deduction of the estimated Interest Subsidy Grant of $11,752, coverages will be:

Gross Revenues ($52,248 estimated)		1.76 times[1]
Debt Service Reserves:		
Series Debt Reserve Account	($34,573.60)	1.16 times[2]
General Bond Reserve Account	($ 8,643.40)*	.29 times[2]
Repair and Replacement Reserve	($30,000.00)	1.01 times[2]
Total Reserves:	($73,217.00)	2.47 times[2]
General Bond Reserve Account	($124,081 anticipated[3])	4.18 times[2]

[1]Times estimated average annual net debt service annually.

[2]Times one year's estimated average annual net debt service.

[3]Times one year's estimated average annual net debt service. This will be pledged ratably with all other participating Authority Bonds issued or to be issued. It is expected these outstanding Bonds of the Authority will total $7,890,000 at the closing for the Bonds.

*Contributed by these Bonds.

PARITY WITH EXISTING DEBT

The Bonds will be on a parity with any other pledge of the College's full faith and credit. They will be subject to:

1. A first lien mortgage on, and all rentals, charges, gross profit on sales and other income and revenue arising from the operation or ownership of, Somers Hall, a dormitory and connecting commons building for housing approximately 300 students and with dining facilities for 420. These revenues are pledged to the payment of the 3½%, $2,000,000 College of St. Scholastica Dormitory and Dining Hall Bonds of 1962 purchased by the United States, Department of Housing and Urban Development. The full faith and credit of the College is also pledged for payment of the Bonds.

2. A first lien mortgage on the Science Building for which the 3%, $1,084,000 College of St. Scholastica Science Building Bonds of 1968 were issued. In addition to the full faith and credit of the College pledged for these Bonds, the Benedictine Sisters Benevolent Association has guaranteed the Bonds.

3. Restricted funds.

In addition to the foregoing first lien mortgages, the College's full faith and credit is pledged to the payment of a 5% demand note of $325,551.80 to the Benedictine Sisters Benevolent Association. It is also pledged for a $64,500 mortgage note on property which it sold in August of this year to the Minnesota Montessori Foundation which has assumed the obligation due to the Diocese of Duluth in full, November 12, 1976. The note bears no interest to its due date, thereafter, if unpaid the note will bear interest at the rate of 7%.

ADDITIONAL PARITY BONDS

The Authority may issue additional parity Bonds to provide funds to complete the Project and, with the consent of the holders of at least 65% of the outstanding Bonds, issue additional parity Bonds for improvements, alterations, repairs or replacement of the Project.

THE COLLEGE

The College of St. Scholastica, Inc. was founded in 1912 by the Benedictine Sisters Benevolent Association. It was incorporated as a separate entity in 1962. Formerly an all girl school, it became co-educational five years ago. Of its present total enrollment of 912 full-time students, over 200 are men.

St. Scholastica is accredited by the North Central Association of Colleges and Universities. The College offers the Bachelor of Arts Degree. It is now being reviewed for the granting of Masters Degrees. Its four divisions are Behavioral Arts and Sciences, Health Science, Natural Science, and Humanities, which offer 26 majors and 20 minors.

Father F. X. Shea, formerly Executive Vice President of Boston College, a Jesuit College of 10,000 students, became President in July, 1971.

Enrollments have been, are and are projected to be, as follows:

1967	509
1968	487
1969	569
1970	640
1971	730
1972	912
1973*	1,071
1974*	1,214
1975*	1,357
1976*	1,500

*Projected. The College reports it now has 105 applications for next year's Freshman Class versus 88 the same time a year ago.

Tuition is currently $1,400 but is expected to rise to $1,800. Enrolled students will be guaranteed this rate for two years. It is the intention of the College to then increase the tuition to $2,000. The guarantee will not necessarily apply to new students in 1974.

The College owns or has the use of these facilities:

Building	Constructed	Original Cost
Chapel and Library*	1938	$ 785,000
Tower Hall*		
Classrooms,		
Offices,		
Administration,		
Residence for Nuns	1910/1926	$1,842,866
Science Building	1969	$2,882,300
Gymnasium*	1925	$ 47,000
Home Management House*	1950	$ 7,000
Somers Hall		
Dormitory,		
Food Service,		
300 Beds	1964	$2,197,158

*Owned by the Benedictine Sisters Benevolent Association and used by the College which shares the annual maintenance costs of approximately $300,000 of the Chapel and Library, and Tower Hall on the basis of about 2/3 by the College. The lease payments are negotiated each year.

Approximately 25% of the College's classrooms are in Tower Hall.

Of the 160 acre campus, the Benedictine Sisters Benevolent Association owns all but 34 acres and their members constitute about 40% of the teaching staff. Currently the College pays maintenance costs of $105 per month for each of the Sisters on its staff. For bookkeeping purposes it charges the services of the teaching Sisters to the respective Departments at rates comparable to ordinary salaries for comparable positions and then posts the total of these charges as "Contributed Services" to Current Revenue. For the last fiscal year, this item was $481,803. It is the goal of the College to actually pay full salaries of the Sisters to the Benedictine Sisters Benevolent Association when enrollment and the annual tuition are brought up to the desired goals. One of the basic reasons for increasing the tuition $400 over the present $1,400 is to help accomplish this goal.

The College has a goal of 1,600 students for which it now has satisfactory facilities, with those owned by the Benedictine Sisters Benevolent Association, except for additional library space in the next five to ten years and student housing. It is expected that 100 beds will need to be added next year.

HOUSING NEEDS

Presently the College has housing, including this Project, for only 396 of its 890 full-time students. Off-campus housing rents from $35 to $65 per month but very few accommodations are available. Those are competed for by both students of the College and the nearby University of Minnesota, Duluth, which has an enrollment of 5,500. Freshman women students are required to live either in their own homes or in college operated residence halls.

Following are excerpts taken from the "College of St. Scholastica, Duluth, Minnesota Financial Statement, June 30, 1972" prepared by Robert G. Engelhart Co., Certified Public Accountants, Burnsville, Minnesota. The excerpts have been reproduced as they appear in the Statement without change except that page numbers have been supplied to correlate with other pages of the Official Statement:

ROBERT G. ENGELHART & CO.
Certified Public Accountants
MINNEAPOLIS—ST. PAUL, MINNESOTA

GENERAL OFFICE:
151 W. BURNSVILLE CROSSTOWN
BURNSVILLE, MINNESOTA 55378

(612) 890-4400

MAILING ADDRESS:
P. O. BOX 20-453
MINNEAPOLIS, MINNESOTA 55420

September 22, 1972

College of St. Scholastica
Duluth
Minnesota

We have examined the balance sheet of The College of St. Scholastica as of June 30, 1972, and the related statements of current revenues and expenditures, fund balances and changes in financial position of the current fund and the 1962 revenue fund for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet and statements of current revenues and expenditures, fund balances and changes in financial position of the current fund and the 1962 revenue fund present fairly the financial position of The College of St. Scholastica at June 30, 1972, and the results of its operations for the year then ended, in conformity with generally accepted accounting principles for educational institutions applied on a basis consistent with that of the preceding year.

Robert G Engelhart & Co.

College of St. Scholastica
Duluth, Minnesota
Balance Sheet
June 30, 1972

ASSETS

Current Fund		
General:		
Cash	$ 33,671.34	
Notes Receivable	6,255.98	
Accounts Receivable - Students (Less Allowances for Doubtful Accounts of $1,000.00)	31,820.01	
Due from Federal Government Programs	50,362.98	
Miscellaneous Receivables	3,827.59	
Inventories - at Cost	22,386.34	
Prepaid Expenses	3,850.00	
Due from Plant Fund	341,814.80	
Total Current Fund		$493,989.04
College Scholarship Fund		
Savings and Savings Certificates	$ 32,867.99	
Marketable Securities - at Cost (Market Value $154,048)	148,328.37	
Due from Current Fund	4,340.63	
Total College Scholarship Fund		$185,536.99
Endowment Fund		
Savings and Savings Certificates	$326,833.92	
United States Treasury Bills and Bonds - at Cost	116,576.36	
Marketable Securities - at Cost (Approximates Market)	177,348.57	
Insurance Annuity	1,010.98	
Due from Current Fund	4,827.67	
Total Endowment Fund		$626,597.50

The accompanying notes are an integral part of these financial statements.

LIABILITIES

Current Fund		
General:		
Accounts Payable	$576,344.97	
Payroll Taxes Payable	5,450.81	
Interest Payable (Notes 1,2, and 3)	94,590.86	
Other Liabilities	5,460.16	
Deferred Income - Room Reservations	48,372.13	
Student Activity Fund	29.03	
Due to College Scholarship Fund	4,340.63	
Due to Endowment Fund	4,827.67	
Due to 1962 Revenue Fund	73,332.09	
Unexpended Grants	3,522.60	
Unappropriated Surplus (Deficit)	(322,281.91)	
Total Current Fund		$493,989.04
College Scholarship Fund		
Reby Fueling Scholarship	$ 900.00	
Kellogg Loan Fund	3,440.63	
Marie N. Kribs Scholarship Fund	10,000.00	
Sister Loretta Scholarship	4,111.78	
Charles and Ellora Allyss Scholarship Fund	19,392.93	
Carkner Scholarship Fund	147,691.65	
Total College Scholarship Fund		$185,536.99
Endowment Fund		
Endowment Fund Capital	$626,597.50	
Total Endowment Fund		$626,597.50

The accompanying notes are an integral part of these financial statements.

College of St. Scholastica
Duluth, Minnesota
Balance Sheet
June 30, 1972

ASSETS

Plant Fund				
Invested in Plant at Cost:				
Land and Land Improvements			$ 99,755.24	
Building			2,038,137.54	
Science Building			2,724,081.41	
Dormitory and Dining Hall			2,195,795.24	
Garage Building			7,783.48	
Buildings and Grounds - Carmel Heights			65,000.00	
Furniture and Equipment			717,438.11	
Library			38,586.71	
Automobiles - Less Accumulated Depreciation....(Note 4)			17,469.30	
Total Plant Fund				$7,904,047.03
1962 - Revenue Fund - Somers Hall				
Cash - Bond and Interest Sinking Fund Account			$ 214,013.58	
Cash - Equipment Reserve Account			5,082.16	
Cash - Repair Reserve Account			10,843.69	
Due from Current Fund			73,332.09	
Total 1962 Revenue Fund				$ 303,271.52
Loan Funds				
National Defense Student Loan Fund:				
Cash			$ 43,574.71	
Loan Funds Advanced to Students		$966,795.24		
Less:				
Loan Principal:				
Collected	$284,941.45			
Cancelled - Employment	105,707.52			
Cancelled - Death	1,476.84			
Cancelled - Bankruptcy	1,960.00	394,085.81	572,709.43	
Total National Defense Student Loan Fund				$ 616,284.14
Nursing Student Scholarship and Loan Fund:				
Cash			$ 33,296.43	
Loan Funds Advanced to Students		$232,375.00		
Less:				
Loan Principal Collected	$ 26,523.16			
Cancelled - Employment, Death and Disability	18,577.50	45,100.66	187,274.34	
Total Nursing Student Scholarship and Loan Fund				$ 220,570.77

The accompanying notes are an integral part of these financial statements.

LIABILITIES

Plant Fund

1962 Dormitory and Dining Hall Bonds.............(Note 1)			$1,800,000.00	
Science Building Bonds of 1968..................(Note 2)			1,059,000.00	
Notes Payable - B.S.B.A. ....(Note 3)			325,551.80	
Notes Payable - Diocese of Duluth...............(Note 5)			64,500.00	
Due to Current Fund..................................			341,814.80	
Plant Fund Balance.....................................			4,313,180.43	
Total Plant Fund..				$7,904,047.03

1962 - Revenue Fund - Somers Hall

Cash Overdraft - 1962 Revenue Fund Operating Account.....			$ 1,546.06	
Accounts Payable....................................			224,227.24	
Accrued Payroll......................................			1,688.26	
Deposits..			5.50	
Revenue Fund Balance................................			75,804.46	
Total 1962 Revenue Fund..............................				$ 303,271.52

Loan Funds

National Defense Student Loan Fund:				
Undistributed Income				
Interest Income on Loans............................			$ 43,599.70	
Less: Cost of Loan Principal and Interest Cancelled:				
Employment..........	$121,189.58			
Death...............	1,491.61			
Bankruptcy..........	2,077.60	$124,758.79		
Other Collection Costs..........		18,239.00	142,997.79	
Loan Fund Balance......................			($ 99,398.09)	
College Portion.................		$ 71,568.23		
Government Portion...............		644,114.00	715,682.23	
Total National Defense Student Loan Fund..........................				$ 616,284.14
Nursing Student Scholarship and Loan Fund:				
Interest Income on Loans..................			$ 8,588.49	
Less: Cost of Loan Principal and Interest Cancelled..............		$ 22,795.39		
Nursing Scholarships............		69,375.00	92,170.39	
Loan Fund Balance....................................			($ 83,581.90)	
College Portion........................		$ 23,409.67		
Government Portion.....................		280,743.00	304,152.67	
Total Nursing Student Scholarship and Loan Fund..................				$ 220,570.77

The accompanying notes are an integral part of these financial statements.

College of St. Scholastica
Duluth, Minnesota
Statement of Fund Balances
Year Ended June 30, 1972

	Current Fund	College Scholarship Fund	Endowment Fund
Fund Balances (Deficit), July 1, 1971......	($ 116,146.77)	$ 184,946.79	$ 566,332.85
Excess of Current Revenues (Expenditures) Over Current Expenditures (Revenues)...	(101,017.28)	-	-
Net Cash Transferred....................	(40,438.07)	(4,000.00)	36,992.00
Building and Equipment Additions.........	(45,925.14)	-	-
Depreciation Charged.....................	3,576.66	-	-
Interest Income on Reserve Funds.........	-	-	-
Transfer Helene Fuld Foundation Donations to Endowment Fund.....................	(4,827.67)	-	4,827.67
College Contribution to Loan Funds.......	(11,488.22)	-	-
Other Prior Year Adjustments.............	(6,015.42)	-	(209.48)
Stock Dividends and Capital Gains Received	-	3,622.36	4,091.96
Interest Added..........................	-	967.84	14,562.50
Payment of 1962 Revenue Fund Bonds.......	-	-	-
Reduction of Repairs and Equipment Reserve Funds.........................	-	-	-
Increase in Long-Term Liabilities........	-	-	-
Fund Balances (Deficit), June 30, 1972.....	($ 322,281.91)	$ 185,536.99	$ 626,597.50

The accompanying notes are an integral part of these financial statements.

College of St. Scholastica
Duluth, Minnesota
Statement of Fund Balances
Year Ended June 30, 1972

Plant Fund	1962 Revenue Fund	
$4,185,659.62	$ 63,865.29	Fund Balances (Deficit), July, 1971
-	56,121.31	Excess of Current Revenues (Expenditures) Over Current Expenditures (Revenues)
7,446.07	-	Net Cash Transferred
158,151.40	-	Building and Equipment Additions
(3,576.66)	-	Depreciation Charged
-	146.00	Interest Income on Reserve Funds
-	-	Transfer Helene Fuld Foundation Donations to Endowment Fund
-	-	College Contribution to Loan Funds
-	-	Other Prior Year Adjustments
-	-	Stock Dividends and Capital Gains Received
-	-	Interest Added
30,000.00	(30,000.00)	Payment of 1962 Revenue Fund Bonds
-	(14,328.14)	Reduction of Repairs and Equipment Reserve Funds
(64,500.00)	-	Increase in Long-Term Liabilities
$4,313,180.43	$ 75,804.46	Fund Balances (Deficit), June 30, 1972

The accompanying notes are an integral part of these financial statements.

College of St. Scholastica
Duluth, Minnesota
Statement of Changes in Financial Position
of the Current Fund and the 1962 Revenue Fund
Year Ended June 30, 1972

Funds Were Provided By

Excess of Current Revenue Over Current Expenditures - 1962 Revenue Fund (Somers Hall)	$ 56,121.31	
Add Depreciation Not Requiring a Cash Outlay	3,576.66	
Total Working Capital Provided From Operation of Somers Hall		$ 59,697.97
Interest Income on Investments		146.00
Total Funds Provided		$ 59,843.97

Funds Were Applied To

Excess of Current Expenditures Over Current Revenues - Current Fund	$101,017.28	
1962 Dormitory and Dining Hall Bond Payments	30,000.00	
College Contributions to Loan Funds	11,488.22	
Use of Reserve Funds For Maintenance Expenditures	14,328.14	
Transfer to Other Funds	91,190.88	
Prior Year Adjustments	6,015.42	
Total Funds Applied		254,039.94
(Decrease) in Working Capital		($194,195.97)

The accompanying notes are an integral part of these financial statements.

College of St. Scholastica
Duluth, Minnesota
Statement of Changes in Components of Working Capital
of the Current Fund and the 1962 Revenue Fund
Year Ended June 30, 1972

	1972	1971	Increase (Decrease)
Current Assets			
General Fund			
Cash	$ 33,671.34	$ 64,905.86	($ 31,234.52)
Notes Receivable	6,255.98	6,266.34	(10.36)
Accounts Receivable - Net	31,820.01	45,409.13	(13,589.12)
Due from Federal Government Programs	50,362.98	71,439.81	(21,076.83)
Miscellaneous Receivables	3,827.59	393.52	3,434.07
Inventories	22,386.34	19,952.55	2,433.79
Prepaid Expense	3,850.00	3,775.00	75.00
Due from Plant Fund	341,814.80	341,814.80	-
1962 Revenue Fund			
Cash - Operating Account	-	13,325.51	(13,325.51)
Cash - Bond and Interest Sinking Fund Account	214,013.58	213,267.57	746.01
Cash - Equipment Reserve Account	5,082.16	5,036.00	46.16
Cash - Repair Reserve Account	10,843.69	10,072.00	771.69
Total Current Assets	$723,928.47	$795,658.09	($ 71,729.62)
Current Liabilities			
General Fund			
Accounts Payable	$576,344.97	$531,645.22	$ 44,699.75
Accrued Payroll	-	27,665.47	(27,665.47)
Interest Payable	94,590.86	78,763.27	15,827.59
Deferred Income	48,372.13	23,374.55	24,997.58
Student Activities Fund	29.03	267.55	(238.52)
Payroll Taxes Payable	5,450.81	705.00	4,745.81
Other Liabilities	5,460.16	2,902.40	2,557.76
Due to College Scholarship Fund	4,340.63	4,340.63	-
Due to Endowment Fund	4,827.67	-	4,827.67
Unexpended Grants	3,522.60	-	3,522.60
1962 Revenue Fund			
Cash Overdraft - Operating Account	1,546.06	-	1,546.06
Accounts Payable	224,227.24	175,235.72	48,991.52
Accrued Payroll	1,688.26	2,997.76	(1,309.50)
Deposits	5.50	42.00	(36.50)
Total Current Liabilities	$970,405.92	$847,939.57	$122,466.35
Working Capital (Deficit)	($246,477.45)	($ 52,281.48)	
(Decrease) in Working Capital			($194,195.97)

The accompanying notes are an integral part of these financial statements.

College of St. Scholastica
Duluth, Minnesota
Notes to Financial Statements
June 30, 1972

Note 1 - The 1962 Dormitory and Dining Hall Bonds of $1,800,000.00 are payable in annual installments on October 1st in the years and amounts detailed below. Interest is payable semiannually on April 1st and October 1st of each year until maturity at a rate of 3.50% per year. Interest of $15,750.00 has been accrued in these financial statements.

Maturity Date	Maturity Amount	Total
1972, 1973, 1974, 1975	$35,000.00	$ 140,000.00
1976, 1977, 1978, 1979	40,000.00	160,000.00
1980, 1981, 1982	45,000.00	135,000.00
1983, 1984, 1985	50,000.00	150,000.00
1986, 1987, 1988	55,000.00	165,000.00
1989, 1990	60,000.00	120,000.00
1991, 1992	65,000.00	130,000.00
1993, 1994	70,000.00	140,000.00
1995, 1996	75,000.00	150,000.00
1997, 1998	80,000.00	160,000.00
1999, 2000	85,000.00	170,000.00
2001, 2002	90,000.00	180,000.00
		$1,800,000.00

Note 2 - The College of St. Scholastica Science Building Bonds of 1968 totaling $1,059,000.00 are payable in annual installments on October 1st in the years and amounts detailed on the following page. Interest is payable semiannually on April 1st and October 1st of each year until maturity at a rate of 3.00% per year. Interest of $7,942.50 has been accrued in these financial statements.

Note 2 - (continued)

Maturity Date	Amount	Maturity Date	Amount
1972	$26,000.00	1986	$ 39,000.00
1973	27,000.00	1987	41,000.00
1974	28,000.00	1988	42,000.00
1975	28,000.00	1989	43,000.00
1976	29,000.00	1990	44,000.00
1977	30,000.00	1991	46,000.00
1978	31,000.00	1992	47,000.00
1979	32,000.00	1993	48,000.00
1980	33,000.00	1994	50,000.00
1981	34,000.00	1995	52,000.00
1982	35,000.00	1996	53,000.00
1983	36,000.00	1997	54,000.00
1984	37,000.00	1998	56,000.00
1985	38,000.00		
Total			$1,059,000.00

Note 3 - Notes Payable - B.S.B.A. of $325,551.80 are payable on demand at an interest rate of 5%. The accrued interest on these notes at June 30, 1972 is $70,898.36.

Note 4 - Provision for depreciation has not been made in these financial statements except for automobiles in the amount of $3,576.66. Depreciation on the automobiles is provided using the straight line method at rates based upon the estimated useful lives of the automobiles. Accumulated depreciation - automobiles at June 30, 1972 is $11,144.72.

Note 5 - The $64,500.00 mortgage note on Carmel Heights is payable in full on November 12, 1976. There is no interest on the note until November 12, 1976 at which time the rate will be 7.00% per year.

College of St. Scholastica
Duluth, Minnesota
Statement of Current Revenues and Expenditures
Year Ended June 30, 1972

Current Revenue				
Educational and General				
Student Fees	(page P)	$ 998,976.89		
Gifts and Grants	(page P)	510,081.95		
Other Sources	(page P)	571,934.13		
Total Educational and General			$2,080,992.97	
Auxiliary Enterprises	(page P)		96,395.59	
Other Revenue	(page P)		12,411.59	
Total Current Revenue				$2,189,800.15
Current Expenditures				
Educational and General				
General Administrative	(page Q)	$ 637,856.62		
Instruction and Research	(page S)	989,745.88		
Library	(page S)	65,774.74		
Operation and Maintenance of Plant	(page T)	201,701.91		
Cost of Maintaining Students and Sisters	(page T)	53,167.83		
Total Educational and General			$1,948,246.98	
Auxiliary Enterprises	(page T)		58,934.42	
Student Aid	(page T)		232,150.17	
Other	(page T)		51,485.86	
Total Current Expenditures				2,290,817.43
Excess of Current Expenditures Over Current Revenues				($ 101,017.28)
Excess of Somers Hall Revenue Over Expenditures	(page V)			$ 56,121.31

The accompanying notes are an integral part of these financial statements.

College of St. Scholastica
Duluth, Minnesota
Detail of Current Revenue
Year Ended June 30, 1972

Current Revenue		
Educational and General		
Student Fees:		
Tuition	$929,547.80	
Activity Fee	25,421.60	
Other - (Page U)	44,007.49	
Total Student Fees		$998,976.89
Gifts and Grants:		
Unrestricted		$ 2,442.00
Restricted		
Scholarships	$ 68,390.00	
Science Building Fund	5,437.50	
Federal Program Grants	201,128.54	
Minnesota Private College Fund	59,908.27	
State of Minnesota Contract Program	54,000.00	
Other Restricted Gifts	118,775.64	507,639.95
Total Gifts and Grants		$510,081.95
Other Sources:		
Interest Income - Unrestricted	$ 14,745.79	
Interest Income and Dividends	5,556.26	
Interest Income - B.S.B.A. Notes and Bonds	15,987.83	
Interest Income - Carkner Scholarship	3,142.79	
Interest Income - Allyss Scholarship Fund	1,157.24	
Interest Income - Sister Loretta Scholarship Fund	203.77	
Contributed Services of Sisters	481,803.00	
School of Nursing - St. Mary's Hospital	29,535.44	
Administrative Overhead Reimbursement	16,554.83	
Music Student Prep Fund	1,242.18	
Advanced Standing Testing Program	2,005.00	
Total Other Sources		$571,934.13
Auxiliary Enterprises		
Residence Halls Income	$ 9,868.50	
Dining Halls Income	17,453.00	
Book Store Income	69,074.09	
Total Auxiliary Enterprises		$ 96,395.59
Other Revenue		
Purchase Discounts	$ 26.00	
Cash Over	4.23	
Sisters Working at Other Entities	1,000.00	
Miscellaneous Income	6,809.16	
Library Income	1,786.17	
Vending Machine Income	2,786.03	
Total Other Revenue		$ 12,411.59

College of St. Scholastica
Duluth, Minnesota
Somers Hall
Statement of Current Revenues and Expenditures
Year Ended June 30, 1972

Revenue		
Room Income	$104,395.96	
Board Income	172,479.51	
Cafeteria Income	65.25	
Linen Service and Utility Fees	7,585.85	
Contributed Services	23,556.00	
Special Institutes and Workshops	35,835.37	
Other Income	1,264.33	
Interest Earned on Sinking Fund Investment	13,500.00	
Income from Reserve Fund	14,328.14	
Total Revenue		$373,010.41
Expenditures		
Interest	$ 63,262.50	
Administrative and General	15,166.68	
Dining Hall - Salaries	57,459.86	
Dining Hall - Food	50,206.25	
Dining Hall - Supplies and Expense	2,707.25	
Dining Hall Equipment Replacement	1,760.67	
Dormitory Supplies	561.15	
Housekeeping - Salaries	16,983.14	
Housekeeping - Supplies	3,302.27	
Laundry	1,972.46	
Maintenance of Grounds and Building	18,274.42	
Heat	23,463.00	
Power and Light	7,210.00	
Water, Gas, Sewage	716.14	
Office - Salaries	3,353.06	
Office - Supplies	43.46	
Insurance	706.00	
Group Insurance	66.00	
Telephone	12,180.45	
Payroll Taxes	5,346.14	
Retirement Expense	1,178.18	
ARA Salaries	845.64	
ARA - Other Expense	2,849.39	
Building Repairs	22,994.22	
Equipment Repairs	815.77	
Sisters Room and Board - Priory Sisters	3,465.00	
Total Expenditures		316,889.10
Excess of Current Revenue Over Current Expenditures..(to page 0)		$ 56,121.31

The accompanying notes are an integral part of these financial statements.

——————————— End of Audit Reports ———————————

Following are some explanatory notes of items in the foregoing Audit Report which were prepared by Mr. Harold D. Hultberg, Vice-President, Finance of the College:

"The Audit Report of June 30, 1972, The College of St. Scholastica contains a number of items which should be further clarified. The first item that needs clarification is in the Current Fund Asset account. We have an account called the 'Due From Plant' fund which has a figure of $341,814 in it. The offsetting entry to this, of course, is shown in the Liability section of the Plant Fund on page 15 of the Audit Report, whereas due to current fund. What this really represents is an offset to a capital account. The new thinking in hospital and college accounting is towards the combining of the current fund and plant fund. The plant fund is not a revenue producing account. Its income is derived from income generated through the current fund or through capital fund drives. If we were to eliminate this 'Due to' and 'Due from' between the current and the plant funds it would mean reducing the plant fund balance (which is the equity capital account) by the amount of $341,814. During the 1972-73 fiscal year, these two funds may very well be combined and this figure would be shown as the offset against this capital account.

The unappropriated surplus or deficit shown in the liability section of the current fund, likewise could be written off against the equity in plant fund balance.

One other method that the 'Due to', 'Due from' as well as the unappropriated surplus amounts could be cleared up is that during 1973-74 The College of St. Scholastica plans to embark on a major capital fund drive. Such a capital fund drive could be partially utilized to correct the amount due from the Plant Fund to the Current Fund.

The Current Fund carries an account called 'Accounts Payable' in the amount of $576,344. Of this amount, $549,935 is due to the Benedictine Sisters Benevolent Association. The remaining $26,409 represents purchases during the month of June, 1972 payable in July of 1972. The 1972 revenue fund on page 15 shows accounts payable of $224,227. From this account $221,751 is due to the Benedictine Sisters Benevolent Association. The remaining $2,476 represents purchased during the month of June, 1972 payable in July, 1972."

GUARANTEE OF BENEDICTINE SISTERS BENEVOLENT ASSOCIATION

The Benedictine Sisters Benevolent Association has guaranteed the full payment of the Base Rent, which is pledged to the payment of the Bonds, when due from the College to the Authority. Following is the "Benedictine Sisters Benevolent Association, Duluth, Minnesota, Consolidated Financial Statements, June 30, 1972" prepared by Robert G. Engelhart & Company, Certified Public Accountants, Burnsville, Minnesota. Page numbers have been added to correspond with this Official Statement.

ROBERT G. ENGELHART & CO.

Certified Public Accountants

MINNEAPOLIS – ST. PAUL, MINNESOTA

GENERAL OFFICE:
151 W. BURNSVILLE CROSSTOWN
BURNSVILLE, MINNESOTA 55378

(612) 890-4400

MAILING ADDRESS:
P. O. BOX 20-453
MINNEAPOLIS, MINNESOTA 55420

October 24, 1972

Benedictine Sisters Benevolent Association
Duluth
Minnesota

We have examined the consolidated balance sheet of the Benedictine Sisters Benevolent Association as of June 30, 1972, and the related consolidated statement of income and capital for the year then ended. Our examination was made primarily for management purposes and included an analysis of balance sheet accounts, tests of income, expense, cash receipts and cash disbursements. We also reviewed statistics and internal control. Inventory and accounts receivable were reviewed by us but were not independently verified for all units to the extent that we can render an opinion as to the financial statements taken as a whole.

Robert G. Engelhart & Co.

Benedictine Sisters Benevolent Association
Duluth, Minnesota
Consolidated Balance Sheet
June 30, 1972

ASSETS

Current Assets

Cash	$ 533,436.22	
Cash - Restricted	427,108.35	
Cash - Bond and Interest Sinking Fund	214,013.58	
Investments	3,364,793.86	
Accounts and Notes Receivable - Net	3,508,761.17	
Student Loans Receivable	759,983.77	
Miscellaneous Receivables	172,526.26	
Inventories	381,173.53	
Prepaid Expense	88,280.18	
Total Current Assets		$ 9,450,076.92

Plant, Property and Equipment

Land and Land Improvements (after depreciation)	$ 1,307,262.78	
Buildings (after depreciation)	24,450,539.34	
Equipment (after depreciation)	2,898,504.13	
Net Value - Plant, Property and Equipment		28,656,306.25

Other Assets

Unamortized Bond Discount		171,867.61
Total Assets		$38,278,250.78

Note: Depreciation is provided only on hospital plant, property and equipment.

LIABILITIES AND CAPITAL

Current Liabilities

Notes Payable - Banks	$ 199,000.00	
Current Portion of Long-Term Debt Due Within One Year	206,000.00	
Accounts Payable - Operating	588,158.41	
Accounts Payable - Construction	459,514.11	
Salaries and Wages Payable	353,873.49	
Payroll Taxes Payable	108,975.69	
Interest Payable	144,272.84	
Other Liabilities	146,956.43	
Total Current Liabilities		$ 2,206,750.97

Long-Term Debt

1962 Dormitory and Dining Hall Bonds Payable	$ 2,798,000.00	
Direct Obligation Serial Notes Payable	6,697,000.00	
Mortgage Payable - Carmel Heights	64,500.00	
Total Long-Term Debt		9,559,500.00

Other Liabilities

Deferred Income - Room Rent		48,372.13

Capital

Unrestricted Capital (page C)	$23,060,585.63	
Restricted Capital (page C)	3,403,042.05	
Total Capital		26,463,627.68
Total Liabilities and Capital		$38,278,250.78

Benedictine Sisters Benevolent Association
Duluth, Minnesota
Consolidated Statement of Capital
Year Ended June 30, 1972

	Unrestricted Capital	Restricted Capital	Total Capital
Balance July 1, 1971	$22,121,952.52	$ 2,478,726.41	$24,600,678.93
Additions:			
Net Income - Year Ended June 30, 1972	456,836.60	56,121.31	512,957.91
Payment of 1962 Revenue Fund Bonds	30,000.00	(30,000.00)	-
Transfer to Restricted Fund	(14,409.49)	14,409.49	-
Cash Transfers (Net)	47,984.81	37,819.67	85,804.48
Investment Income	7,417.21	37,974.68	45,391.89
Prior Year Blue Cross Settlements	25,600.23	-	25,600.23
Prior Year Medicaid Settlements	22,039.98	-	22,039.98
Building and Equipment Additions	112,226.26	-	112,226.26
To Record Disbursements from Special Restricted Motherhouse Fund	255.91	-	255.91
Recovery on Crosby Hospital Receivables	158.53	-	158.53
To Adjust Allowance for Doubtful Accounts	327,961.98	-	327,961.98
Donations	32,690.54	-	32,690.54
Write Off 1971 Blood Bank Liability	8,190.00	-	8,190.00
Net Income - Restricted Fund	-	58,772.49	58,772.49
Federal Contributions to College Restricted Funds	-	255,743.93	255,743.93
Hill-Burton Grant	-	322,225.00	322,225.00
Expansion Funds Received	-	432,500.00	432,500.00
Net Increase - Education Fund	-	5,968.42	5,968.42
Deductions:			
College Contributions to Loan Funds	(11,488.22)	20,739.33	9,251.11
Prior Year Adjustments	(6,015.42)	(209.48)	(6,224.90)
Prior Year Medicare Settlements	(24,754.91)	-	(24,754.91)
Write Off Loan	(3,000.00)	-	(3,000.00)
Increase in Long-Term Liability	(64,500.00)	-	(64,500.00)
Appraisal Adjustment	(8,560.90)	-	(8,560.90)
Reduction of Equipment Repair Reserve Fund	-	(14,328.14)	(14,328.14)
Deobligations - College	-	(6,880.95)	(6,880.95)
Interest Cancelled - College Restricted Funds	-	(5,284.29)	(5,284.29)
Loan Principal Cancelled - College Restricted Funds	-	(29,069.15)	(29,069.15)
Nursing Scholarships Granted	-	(26,450.00)	(26,450.00)
Net Expenditures - College Restricted Funds	-	(187,393.01)	(187,393.01)
Net Decrease - Retirement Fund	-	(9,156.50)	(9,156.50)
Net Decrease - Student Activity Fund	-	(238.52)	(238.52)
Net Decrease - Sisters Trust Fund	-	(8,948.64)	(8,948.64)
Balance June 30, 1972	$23,060,585.63	$ 3,403,042.05	$26,463,627.68

Benedictine Sisters Benevolent Association
Duluth, Minnesota
Schedule of Retricted Capital
June 30, 1972

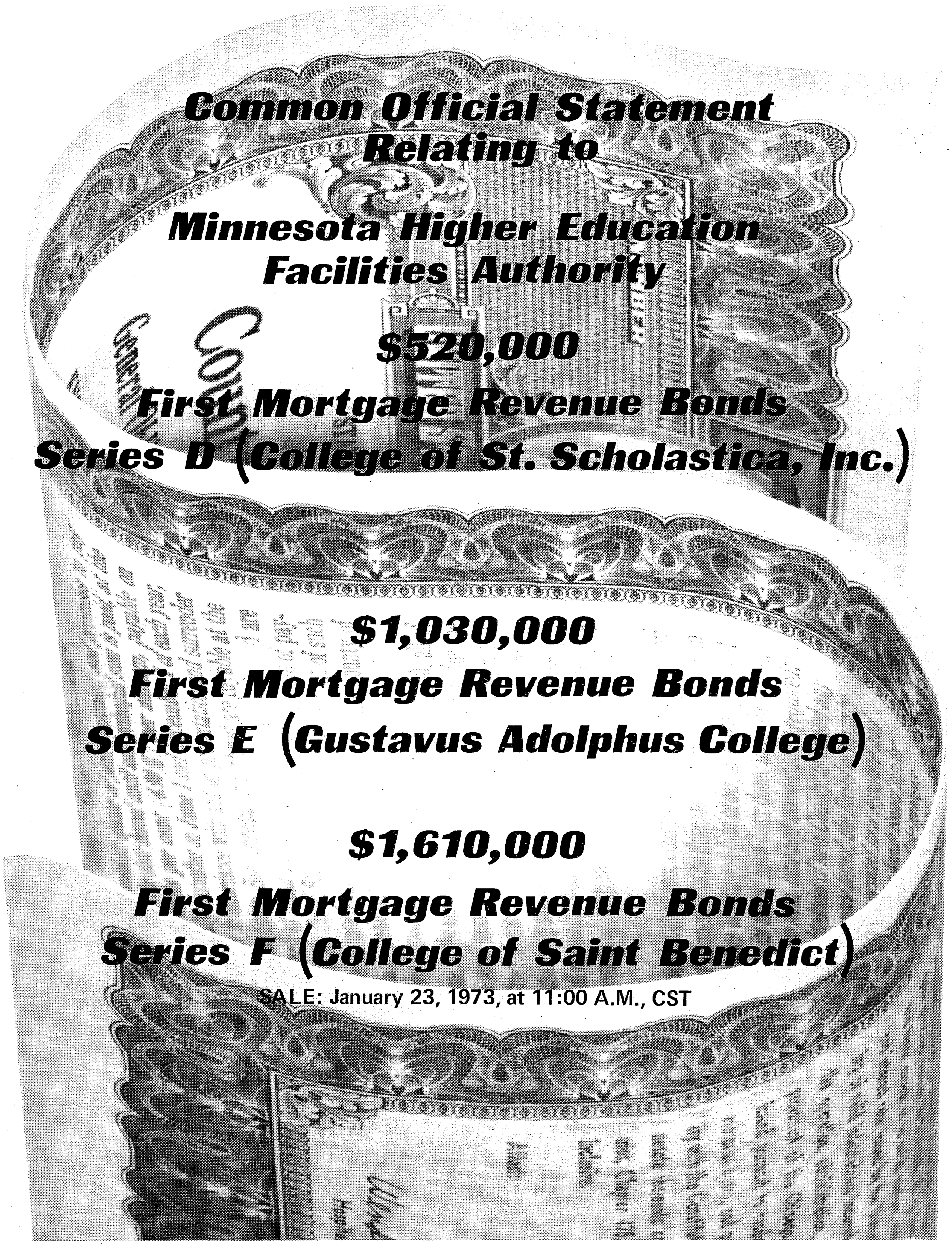
	June 30, 1972	June 30, 1971
College Endowment Fund Balance	$ 626,597.50	$ 566,332.85
National Defense Student Loan Fund Balance	616,284.14	570,112.33
College Scholarship Fund	185,536.99	184,946.79
Nursing Student Loan Funds	220,570.77	197,313.11
Student Work Study Program	17.85	(1,790.65)
Revenue Fund Balance	75,804.46	63,865.29
Economic Opportunity Grant Fund Balance	306.00	1,350.00
Nursing Curriculum Grant Fund Balance	4,469.26	27,261.88
National Institute of Mental Health	566.62	7,103.48
Allied Health Grant	13,931.63	18,806.24
Hill-Burton Grant	728,841.00	406,616.00
Expansion Fund	432,500.00	-
Sisters' Trust Fund	276,098.72	285,047.36
Restricted Fund	168,522.73	95,340.75
Student Activity Fund	29.03	267.55
Education Fund	14,834.48	8,866.06
Retirement Funds	38,130.87	47,287.37
Total	$3,403,042.05	$2,478,726.41

Benedictine Sisters Benevolent Association
Duluth, Minnesota
Consolidated Statement of Income
Year Ended June 30, 1972

	Income	Expense	Net Income (Loss) Before Interest, Bond Discount and Depreciation
St. Mary's Hospital, Duluth, Minnesota.............	$11,651,592.99	$10,211,891.24	$1,439,701.75
St. Joseph's Hospital, Brainerd, Minnesota...........	3,201,272.09	2,735,660.67	465,611.42
Hibbing General Hospital, Hibbing, Minnesota............	4,033,539.81	3,788,685.14	244,854.67
Benedictine Sisters Benevolent Association, Duluth, Minnesota...........	109,581.24	51,028.06	58,553.18
College of St. Scholastica, Duluth, Minnesota.............	2,562,810.56	2,492,632.28	70,178.28
St. Scholastica Priory, Duluth, Minnesota.............	513,144.04	514,541.11	(1,397.07)
Net Income Before Interest, Bond Discount and Depreciation.............................			$2,277,502.23
Less: Interest and Bond Discount..........		$ 747,295.98	
Depreciation on Hospital Assets......		1,017,248.34	1,764,544.32
NET INCOME...			$ 512,957.91

LITIGATION

The College reports that there is no litigation pending or threatened relating to it, which in its opinion will impair its entering into the Lease with the Authority or will affect the security of the Bonds.



Common Official Statement Relating to

Minnesota Higher Education Facilities Authority

$520,000
First Mortgage Revenue Bonds
Series D (College of St. Scholastica, Inc.)

$1,030,000
First Mortgage Revenue Bonds
Series E (Gustavus Adolphus College)

$1,610,000
First Mortgage Revenue Bonds
Series F (College of Saint Benedict)

SALE: January 23, 1973, at 11:00 A.M., CST

SPRINGSTED INCORPORATED MUNICIPAL CONSULTANTS

SUITE 813 OSBORN BUILDING · SAINT PAUL, MINNESOTA 55102 · (612) 227-8318

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Gerald A. Rauenhorst, Chairman
President, Rauenhorst Corporation, Minneapolis

Bernard P. Friel, Vice President
Member, Briggs & Morgan, Lawyers, St. Paul

Richard C. Hawk, Secretary
Executive Director, Minnesota Higher Education Coordinating Commission

Robert W. Freson
City Administrator, St. Cloud

Earl R. Herring
Vice President for Administrative Affairs, Moorhead State College

Norman Perl
Member, Deparcq, Anderson, Perl & Hunegs, Lawyers, Minneapolis

Michael Sieben
Lawyer, McMenomy, Hertogs and Gluegel, Lawyers, Hastings
(Will resign prior to January 1, 1973 to take seat in Minnesota Legislature.)

Dr. Joseph E. LaBelle — Executive Director

Faegre & Benson, Minneapolis — Counsel

No dealer, broker, salesman or other person has been authorized by the Minnesota Higher Education Facilities Authority, or the Instituion, to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. Certain information contained herein has been obtained from the Institution and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Minnesota Higher Education Facilities Authority. The 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 parties referred to above since the date hereof.

For additional information or assistance in bidding please contact Springsted Incorporated
Suite 813, Osborn Building, St. Paul, Minnesota 55102 — 612/227-8318

CONTENTS

OFFICIAL STATEMENT

The information contained in this Official Statement is applicable to each of the following offerings by the Minnesota Higher Education Facilities Authority:

$520,000	First Mortgage Revenue Bonds Series D (College of St. Scholastica, Inc.)
$1,030,000	First Mortgage Revenue Bonds Series E (Gustavus Adolphus College)
$1,610,000	First Mortgage Revenue Bonds Series F (College of Saint Benedict)

This Statement constitutes a part of each of the individual Official Statements for these offerings which were included in the envelope in which this Statement was mailed.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971, for the purpose of assisting institutions of higher education of the State in the construction and financing of projects. The Authority consists of six members appointed by the Governor with the advice and consent of the Senate and a seventh member who is the Executive Director of the Minnesota Higher Education Coordinating Commission and is the Secretary of the Authority.

The Authority was given power to issue bonds in an amount not to exceed a total of $45 million. However, it is expected that the 1973 Session of the Legislature will be asked to increase this amount. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. They do not in any manner represent or constitute a debt or pledge of the faith and credit of the State of Minnesota.

In the opinion of Bond Counsel the interest paid by the Authority to bond holders is exempt from Federal and Minnesota State income taxes (other than Minnesota corporate franchise taxes measured by income) under present laws and rulings.

By the provisions of Chapter 868 ". . . neither the authority nor its agent shall be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by the authority or its agent under the provisions of this act or upon the income therefrom . . ."

Educational institutions of the State eligible for assistance by the Authority are non-profit educational institutions authorized to provide a program of education beyond the high school level. Sectarian institutions are not eligible for assistance, however, the fact that an institution is sponsored by a religious denomination does not of itself make the institution sectarian. Application to the Authority is voluntary.

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

A Project for which bonds are issued by the Authority becomes the property of the Authority — as long as bonds of the Authority issued for the Project remain outstanding and thereafter subject to repurchase options. The Project is then leased by the Authority to the Institution for operation. The revenues which are the primary security for the Bonds are provided according to the terms of the Lease between the Authority and the Institution. Prior to delivery of an issue the Authority enters into a Mortgage Trust Indenture with a Trustee who administers the funds which are the security for the payment of the Bonds, except the funds of the General Bond Reserve Account which are under the supervision of the Authority.

While the Authority retains broad powers to oversee planning and construction, it is current policy to permit the Institution broad flexibility with respect to these matters.

The Authority, at the request of the Institution, may make direct application for an interest subsidy grant pursuant to the College Housing Loan Program administered by the United States Department of Housing and Urban Development or under Title III of the Higher Education Facilities Act administered by the United States Office of Education. The Authority may also be assigned the Institution's rights under an application made by the Institution.

The Authority is financed solely from fees paid by the Institutions for whom Bonds are issued. At the time of issuance and from Bond proceeds the Authority is paid one-third of one percent of the principal amount of the Issue. Thereafter, commencing as of the date of issue and payable in advance, but not from Bond proceeds or Funds of the issue, the Authority receives an annual fee of one-eighth of one percent of the original principal amount of the Bonds for their life.

The staff of the Authority currently consists of its Executive Director, Dr. Joseph E. LaBelle and a secretary.

Bond issuance costs, including fees of Bond Counsel, the Fiscal Consultant and Trustee are paid by the Institution. The fees of Bond Counsel and the Fiscal Consultant come from Bond proceeds.

As a general policy the Authority requires that the proceeds of the Bonds include a sum not less than one year's debt service, after deduction of any interest subsidy grants, for the creation of debt service reserves. Of this sum 80% is deposited with the Trustee in a Series Reserve Account; the remaining 20% is deposited by the Authority in a General Bond Reserve Account pledged to the payment of all Bonds issued by the Authority for which such a deposit has been made.

The Authority has sold the following bonds:

AUTHORITY DEBT

$2,200,000 First Mortgage Revenue Bonds Series A (Augsburg College) 1975-2012

4.00% 1975-76	4.75% 1982	5.25% 1988
4.10% 1977	4.90% 1983	5.30% 1989-90
4.25% 1978	5.00% 1984	5.40% 1991-95
4.40% 1979	5.10% 1985	5.50% 1996-2000
4.50% 1980	5.20% 1986-87	5.60% 2001-12
4.60% 1981		

Net Effective Rate: 5.59%

$1,935,000	First Mortgage Revenue Bonds Series B (Bethel College)	1974-1997
4.00% 1974	4.60% 1980	5.20% 1986-87
4.10% 1975	4.70% 1981	5.25% 1988-89
4.20% 1976	4.80% 1982	5.30% 1990-91
4.30% 1977	4.90% 1983	5.40% 1992-93
4.40% 1978	5.00% 1984	5.50% 1994-95
4.50% 1979	5.10% 1985	5.60% 1996-97

Net Effective Rate: 5.46%

$595,000	First Mortgage Revenue Bonds Series C (St. Marys College)	1976-1998
4.20% 1976	4.80% 1982	5.25% 1988-89
4.30% 1977	4.90% 1983	5.30% 1990-91
4.40% 1978	5.00% 1984	5.40% 1992-93
4.50% 1979	5.10% 1985	5.50% 1994-95
4.60% 1980	5.20% 1986-87	5.60% 1996-98
4.70% 1981		

Net Effective Rate: 5.48%

INVESTMENTS

By the provisions of Section 5.07 of the Mortgage Trust Indenture the Trustee shall, upon request by the Authorized Institution Representative or the Authority, invest moneys on deposit in the:

- Bond and Interest Sinking Fund Account
- Debt Service Reserve Account
- Repair and Replacement Reserve Account
- Redemption Account

Investments for these Accounts may be in any of these:

- Direct obligations of, or obligations fully guaranteed by, the United States of America
- Certificates of Deposit insured by or secured by obligations of the United States
- Securities issued by the following agencies of the United States:
  - Federal Home Loan Banks
  - Federal Intermediate Credit Banks
  - Federal Land Banks
  - Banks for Cooperatives
  - Federal National Mortgage Association

In those situations where there is an Interest Subsidy Grant, Section 4.04 of the Indenture limits investment of funds in the Construction Account to:

- Direct Obligations of the United States of America, or
- Certificates of Deposit or Time Deposits secured by direct obligations of the United States of America

If an Interest Subsidy Grant is not involved then Construction Account moneys may be invested in the same manner as the funds of the other Accounts. Paragraph 2c of the General Bond Resolution permits the Authority to invest moneys in the General Bond Reserve Account in:

- Direct Obligations of the United States of America
- Certificates of Deposit or Time Deposits secured by direct obligations of the United States of America
- Such other securities as are eligible for investment of public funds of the State of Minnesota or of municipalities of the State.

All investments are limited by arbitrage provisions of the Internal Revenue Code and regulations thereunder.

Yields from funds invested by the Trustee may be used for abatement of Base Rent payments, but those from investment of the General Bond Reserve Account cannot. They will remain in the General Bond Reserve Account, except that at such time as the Bonds for an Institution have been fully retired and all amounts required to be paid by the Institution have been paid the Authority will rebate to the Institution its proportionate share of both its original contribution, less a proportionate charge for unrecovered advances, and earnings of the General Bond Reserve Account in proportion to its contribution. In the event that the amount in the Reserve at any time exceeds the total sum of all debt service, for which the funds of the Account are pledged, in each subsequent year such excess may also be rebated proportionately.

CASH FLOW

As Required:

First: To the Bond and Interest Sinking Fund Account

Second: To the General Bond Reserve Account

Third: To the Series Debt Reserve Account

Fourth: To the Repair and Replacement Reserve Account

Fifth: To the Redemption Account

Except, that in the event the Authority or Trustee takes possession of the Project by reason of the Institution's default the second priority will be to an Operation and Maintenance Account for payment of current expenses of the Project. In this event the priority of each of the other Accounts except that of the Bond and Interest Sinking Fund Account will be one step lower than stated above.

FUNDS AND ACCOUNTS

1. Construction Account — The Trustee will pay costs of the Project from it.

2. Revenue Fund Account — All pledged revenues will be deposited in this account.

   a. Bond and Interest Sinking Fund Account — If there is Capitalized Interest in the Bond Proceeds Budget the full budgeted amount, without regard to actual interest costs, will be placed in this Account from Bond proceeds at closing. Thereafter, pledged revenues will be deposited monthly in the Account until

	there is a sufficient sum for payment of the interest next due, plus: during the 6-month period immediately following the last previous principal payment a sum equal to one half of the principal next due, and during the 6-month period immediately preceding the next principal due date, the balance needed for payment of the principal next due.
b. Debt Service Reserve Account	For payment of principal and interest the full amount stated in the Bond Proceeds Budget will be placed in this Account from Bond proceeds at closing.
c. Repair and Replacement Reserve	This Account will be for debt service and extraordinary repair. It will be created over a period of time from revenues other than Bond Proceeds.
d. Operation and Maintenance Account	No payments will be made to this Account so long as the College shall pay the Base Rent. But, in the event the Authority or Trustee assumes operation of the Project, revenues remaining after debt service will be paid into it to meet operational costs.
e. Redemption Account	Any revenues received which are not otherwise committed will be paid into this Account. Funds in it will be available to maintain required balances in other Accounts and to redeem Bonds. No specific amounts are required.
3. General Bond Reserve Account —	This Account will be maintained by the Authority for debt service, if needed, for any Bonds of the Authority for which a deposit has been made in the Account. The amount stated in the Bond Proceeds Budget will be placed in this Account at closing from Bond proceeds. No Institution is responsible to replenish this Account except for withdrawals on its account.

Following is a summary of certain provisions of the Agreement, Deed, Lease, Mortgage Trust Indenture and the General and Series Bond Resolutions, which provisions are not referred to elsewhere in either this Official Statement or the separate Official Statements for the respective Bonds of which this Statement is a part. Reference is made to the specific Sections of the respective documents. Copies of the full text of these documents will be furnished upon request.

AGREEMENTS AND SECURITY

Agreement

The Authority and the College have entered into an Agreement dated November 28, 1972 (the "Agreement"). Attached to the Agreement as exhibits are the forms, subject to completion, of the Deed, the Lease, the Indenture, the General Bond Resolution and the Series Resolution described below, as well as the Official Statement, a Financing Statement for filing under the Uniform Commercial Code and a Schedule of Closing Documents. By the Agreement, the College represents among other things that the Application previously filed by the College and approved by the Authority is true and complete in all respects. In the Application materials and in the Lease, the College represents, and the Authority has found, that the College is a non-profit institution of higher education eligible for financial assistance under Chapter 868, Minnesota Laws of 1971, that the Project is eligible for financing under the Act, and that the College is nonsectarian and does not discriminate in its admission policies or programs on account of religion, race, color, creed or national origin.

The Agreement provides for the award of sale of the Project Bonds by the Authority, in its discretion, provided the College concurs or does not object before the award is made; the execution of the closing documents; the issuance and sale of additional parity lien bonds, in the discretion of the Authority, if necessary to pay additional Project costs; for the completion of Project construction pursuant to construction contracts previously made by the College as agent of the Authority, with approved changes, and for operation of the Project by the College under the Lease and as agent of the Authority pursuant to the Act. Under the Agreement, the College agrees to register or qualify the Bonds under the securities act of any state other than Minnesota, or to cooperate in the registration or qualification, at the request and expense of the underwriters. By the Agreement, the College assigns to the Authority its interest in the Project construction contracts and, as applicable to the specific Series, the gross revenues of the Project, the Leased Equipment, a percentage of tuition fees and interest subsidy payments from the United States under the Grant Agreement, or any combination of these.

Deed

At or prior to closing, the College will execute, deliver and record a warranty deed conveying the Project and site thereof, and appurtenant easements, to the Authority. At closing, the final opinion of counsel for the College, will state among other things that title to the Project and site thereof is vested in the Authority, subject only to the Lease and the Indenture and Permitted Encumbrances (as that term is defined in the Lease and Indenture).

Lease

At or prior to closing, the Authority as lessor and the College as lessee will execute and deliver a Lease for a lease term expiring at the last Bond maturity date. The Lease is intended to be a net lease of the Project, including the Project building, site, and Leased Equipment, under which the College will pay as Base Rent (Section 4.01) at the office of the Trustee a sum equal to principal and interest on the Bonds plus amounts required to restore the Debt Service Reserve and to create and maintain the Repair and Replacement Reserve and such amounts, if any, as may be required to pay Bond principal or interest in certain cases of damage, destruction, condemnation and other contingencies. In order to assure that such payments of Base Rent will be paid when due, the College has agreed to deposit the gross revenues and/or pledged tuition fees of the Project with the Trustee each month until the required amounts shall be on deposit. The College has also agreed to pay, as Additional Rent (Section 4.03) the annual fee of the Authority, fees and expenses of the Trustee and paying agent, and any taxes, special assessments or other governmental charges against the Project.

At the conclusion of the Lease Term (Section 10.03), the College has the option to repurchase the Project for a consideration provided that full payment of the Bonds or provision for payment has been made as well as Additional Rent. During the Lease Term, the College has the option to purchase unimproved parts of the Leased Premises at the per acre value determined by an independent appraiser and upon the further conditions provided by the Lease (Section 10.04), to remove or make substitutions for Leased Equipment (Section 5.07), and to make Building improvements upon certain conditions (Section 5.04). In the event of damage or destruction to the Building by fire, or other casualty, the College has agreed to rebuild or repair the Building unless it exercises its option not to repair or rebuild (if more than six months is required to complete the restoration and return the Project to normal use or if cost of restoration exceeds by more than $100,000 the Net Proceeds of insurance) and to retire all the Bonds (Sections 6.01, 10.02) and similarly to replace or restore the Building in cases of partial condemnation by eminent domain or to retire all the Bonds if all or substantially all the Project (as that term is defined) or temporary use for more than six months is taken in the Proceeding (Sections 6.02, 10.02), or if it cannot rebuild or repair. If as a result of change of law or certain legal actions, the Lease becomes void or unenforceable or impossible of performance, or if unreasonable burdens or excessive liabilities (including new taxes) are imposed, the College is given the right to repurchase the Project by retiring all the Bonds (Section 10.02). In such cases where the College has the right to retire the Bonds during the Lease Term, and repurchases the Project, it must also pay all unpaid Additional Rent plus the specified option price (Section 10.02). Upon repurchase, the conveyance to the College will reserve a covenant and condition that the College shall not use the property for sectarian purposes or discriminate on account of race or religion in the use of the property (Section 10.05). If the Net Proceeds of insurance or condemnation exceed $100,000, the Net Proceeds must be deposited with the Trustee to be used for restoration or to retire the Bonds, as appropriate (Sections 6.01, 6.02).

In the Lease, the College makes further covenants and agreements as indicated by the following Section headings:

(Article III Construction of the Project; Issuance of the Bonds)

3.01 Agreement to Construct the Building on the Leased Premises

3.03 Disbursements from the Construction Account

3.06 Institution Required to Pay Construction and Equipment Costs in Event Construction Account Insufficient

3.08 Remedies to be Pursued Against Contractors and Subcontractors and Their Sureties

(Article IV Rent, Prepayment)

4.05 Rent a General Obligation; Security Therefor

(Article V Use, Maintenance, Charges and Insurance)

5.01 Use of Leased Premises

5.03 Maintenance of Project by Institution

5.05 Liens

5.09 Fire and Extended Coverage Insurance

5.10 Boiler Insurance

5.13 Public Liability Insurance (5.12 – Series E)

5.14 Workmen's Compensation Coverage (5.13 – Series E)

5.15 Performance Payment Bonds (5.14 – Series E)

(Article VII Special Covenants)

7.02 Institution to Maintain its Existence and Accreditation, Conditions Under Which Exceptions Permitted

7.05 Annual Statement

7.08 Federal Income Tax Status

7.09 Institution to Maintain Furnishings and Movable Equipment

7.11 Against Discrimination

7.12 Institution to be Nonsectarian

7.13 Observe Regulations of the Authority and the State

7.15 Maintain List of Bondholders

7.16 Observance of Indenture Covenants and Terms

7.17 Observe Grant Agreement (in those situations only in which there is an Interest Subsidy Grant) and Federal Regulations

In the event of default by the College, the Authority and Trustee may accelerate the due date of all installments of Base Rent, may repossess the Project, may terminate the Lease and operate and relet, holding the College liable for any deficiency, or pursue any other legal remedies available (Sections 9.01, 9.02). The security interest in Leased Equipment is subject to foreclosure under applicable provisions of the Uniform Commercial Code (Section 9.07). In event of default, among other things, the College agrees to pay attorney's fees and expenses (Section 9.04), to waive appraisement and similar rights (Section 9.06), and to continue furnishing heat and utilities not otherwise available (Section 9.09).

A short form of Lease will be executed and recorded in the real estate records of the county where the Project is located, describing the property, length of term and the College's purchase options, incorporating by reference other provisions of the Lease (Section 11.09). The full Lease will be kept on file at the offices of the Authority and Trustee, available for inspection.

Indenture

At or prior to closing, the Authority will execute, deliver and record a Mortgage Trust Indenture to the Trustee to secure the Bonds. By the Granting Clauses, the Authority will mortgage, pledge and assign to the Trustee a first lien on the Project land and buildings, Leased Equipment, Grant Agreement (if applicable), the Lease (except for the Authority's rights to Additional Rent), Project net revenues, Accounts, funds and investments. Under the Indenture and corresponding provisions of the Lease, except for capitalized interest and debt service reserves, all Bond proceeds are to be deposited in the Construction Account (Section 4.01), to be disbursed by the Trustee for Project cost payments or reimbursements (Section 4.02), pursuant to certification of the Authorized Authority Representative, Authorized Institution Representative, and/or Project Supervisor, as specified (Section 4.03).

All revenues and income of the Project realized by the Authority must be deposited in the Revenue Fund Account (Section 5.01) and applied in order to the Bond and Interest Sinking Fund Account for Bond principal and interest (Section 5.02), to the Operation and Maintenance Account to pay operating expenses if the College is in default under the Lease (Section 5.03), to the Debt Service Reserve Account if necessary to restore the Debt Service Reserve (Section 5.04), to the Repair and Replacement Reserve Account to create and restore the Repair and Replacement Reserve (Section 5.05) and to the Redemption Account to redeem or purchase outstanding Bonds if all other Account balances are in the required amounts (Section 5.06). Funds in the Debt Service Reserve Account, Repair and Replacement Reserve Account and Redemption Account are required to be used, if necessary, to pay Bond principal and interest when due. Funds in those Accounts and the Bond and Interest Sinking Fund Account may be invested (Section 5.07). All investments will be limited as necessary as to amount or yield under the arbitrage provisions of Section 103(d) (1) of the Internal Revenue Code of 1954 and regulations thereunder.

In the Indenture, the Authority covenants to pay the Bonds from Project Revenues and Income (Section 6.01), to pay lawful charges imposed on the Project (Section 6.05), to complete and operate and maintain the Project (Sections 6.06, 6.07), not to sell or encumber the Project (Section 6.09), to establish rental rates and regulations for Project operations (Section 6.11), to maintain insurance (Sections 6.12 to 6.14), to repair and reconstruct in event of damage or condemnation (Section 6.15), to maintain proper books and records and submit an annual report to the Trustee (Section 6.17), and to observe those and all other covenants and terms set forth in the Indenture and Bonds (Section 6.19). Under the Act, however, and in the Indenture it is agreed that, the Authority has no obligation to make any advance or payment or incur any expense or liability from its general funds in performing any of the conditions, covenants or requirements of the Indenture, from any funds other than Revenues and Income of the Project or Bond proceeds or (to the extent provided in the General Bond Resolution) from the General Bond Reserve Account, and the Authority shall incur no liability for failure to perform any such conditions, covenants and requirements for lack of funds provided the Authority shall have furnished the Trustee a Certificate and an Opinion of Counsel (Section 6.19).

In event of default, as defined (Section 7.01), the Trustee is authorized to accelerate the maturity of the Bonds (Section 7.02), sue to enforce the Indenture's covenants in its discretion or at direction of holders of 25% of the outstanding Bonds (Section 7.03), enter and operate the Project (Sections 7.04, 7.05), obtain appointment of a receiver (Section 7.06) and apply for a court order to hold a mortgage foreclosure sale (Section 7.07). Holders of a majority in amount of outstanding Bonds have the right to direct the proceedings by the Trustee, in accordance with law and the Indenture (Section 7.18) upon indemnifying the Trustee (Sections 7.02, 7.19, 8.06), suits by Bondholders being limited unless the Trustee has been requested and has failed to act (Section 7.19). Defaults (except payment of Bond principal) may be waived, if all interest in arrears has been paid, upon approval of holders of 51% of outstanding Bonds (Section 7.20).

The Trustee has no responsibility to use its own funds under the Indenture (Sections 8.01, 8.04) but it and the Authority may make advances, at 8% (Section 8.12, Lease Section 9.05), which are given priority of payment. The responsibilities of the Trustee prior to a known 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 (Sections 8.01, 8.07). 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 (Section 8.15). Provision is made for succession or replacement of the Trustee by another corporate Trustee with a place of business in Minnesota and minimum capital and surplus of $1,000,000 (Section 8.16), in event of merger (Section 8.17), resignation or removal by holders of a majority of outstanding Bonds (Section 8.18) or, in event of disability, by the Authority or a court (Section 8.19).

Provisions are made for technical amendments of the Lease and the Indenture with the consent of the Trustee (Sections 6.08, 11.01) and in other cases with the consent of the holders of 65% of outstanding Bonds (Section 6.08, 11.04), provided that the maturity dates, rates of interest, lien priority and equality cannot be changed without the consent of all Bondholders. Additional Bonds can be issued, on a parity with the Bonds, if necessary to complete the Project or, with the consent of the holders of 65% of outstanding Bonds, to provide for Project improvements, alterations, repair or replacement (Section 2.10). Bondholder approval or action may be given in writing (Section 9.01) or at a meeting (Section 9.04).

General Bond Resolution; Series Resolution

At its meeting held October 31, 1972, the Authority adopted a General Bond Resolution establishing a General Bond Reserve Account in a qualified bank or banks (par. 2a) to provide additional security for the Authority's bonds to be issued, from time to time, including the Bonds (par. 1). Under the General Bond Resolution there must be deposited into the General Bond Reserve Account 20% of the probable net average annual debt service requirements of each issue of bonds to be secured by the General Bond Reserve Account (after deducting amounts of annual debt service to be paid by the Government under the Grant Agreement, if any), together with the moneys received by the Authority as consideration for the exercise of lease options, as other net proceeds of sale of Project facilities, or as excess net revenues of Project operations and certain other funds except to the extent such moneys and funds are pledged to the Trustee under a particular indenture or are otherwise restricted (par. 2b). Such moneys may be invested in authorized securities, but limited as to amount and yield of investment so that none of the outstanding bonds of the Authority shall be deemed "arbitrage bonds" under the Internal Revenue Code (par. 2c). When an Institution has provided for the payment of its Bonds, it is entitled to a rebate of its contributions to the General Bond Reserve Account from Bond proceeds, together with its share of investment earnings, less a proportionate charge for unrecovered advances made to pay principal or interest on any bonds secured by the General Bond Reserve Account (par. 2e). In the event the funds and investments in the General Bond Reserve Account exceed the amount of principal and interest secured by the Account to come due in any year, the excess may be withdrawn and rebated to the Authority and the Institutions (par. 2f).

Whenever the principal of or interest on any bonds secured by the General Bond Reserve Account (including the Bonds) shall become due, the Authority pledges to the several trustees for the bondholders (including the Trustee) that it will advance from the General Bond Reserve Account amounts sufficient to pay such principal and interest (par. 2d). For such purpose, principal becomes due only at its stated maturity date, whether or not accelerated by call for redemption or event of default, unless the Authority determines, in its discretion, to make the advance prior to the scheduled maturity date. All advances bear interest and are given priority of payment (par. 2d, Indenture Section 5.08, Lease Section 4.01). Neither the Trustee nor the Bondholders have any right to possession or to direct investment or to foreclose any security interest in the General Bond Reserve Account, but only to require advances and observance of the covenants of the General Bond Resolution (par. 2d). Accounting and other determinations by the Authority are binding on the Institution, Trustee and each Bondholder unless made unreasonably or in bad faith or as a result of mistake of fact or mathematical error (par. 2g), including determinations made in a Series Resolution as to the meeting of conditions precedent for the ratable pledge of the General Bond Reserve Account to a series of Authority Bonds (par. 3).

The General Bond Resolution may be amended to cure ambiguities or formal defects or with the consent of the holders of 65% in amount of each series of Authority bonds outstanding and secured by the Account (par. 4). Special series Bonds may be issued by the Authority, in its discretion, not secured or governed by the provisions of the General Bond Resolution (par. 5).

The Series Resolution, to be adopted when the sale of the Bonds is awarded, will provide for the award, the execution and delivery of the Bonds and closing documents, for the amount of Bond proceeds to be deposited with the Authority in the General Bond Reserve Account (20% of the probable net average annual debt service requirement) and with the Trustee in the Bond and Interest Sinking Fund Account for capitalized interest and the Debt Service Reserve Account (80% of the probable net average annual debt service requirement). It specifically pledges the General Bond Reserve Account to the Bonds ratably with other bonds issued or which may be issued and makes the findings required by the General Bond Resolution.

NOTE: References to the "Grant Agreement" in this Statement apply only to the $520,000 First Mortgage Revenue Bonds Series D (College of St. Scholastica, Inc.) and the $1,610,000 First Mortgage Revenue Bonds Series E (College of Saint Benedict). There is no Interest Subsidy Grant involved in the $1,030,000 First Mortgage Revenue Bonds Series F (Gustavus Adolphus College).

PARITY BONDS

The Authority may issue additional Bonds to provide funds to complete the Project which will be on a parity with this issue. In the event of such issuance additional Base Rentals and related provisions will be required. Additional parity Bonds may also be issued to provide for improvement, alteration, repair or replacement of the Project with the consent of the holders of 65% of outstanding Bonds.

REGISTRATION OF BONDS

Bonds may be registered as to principal only, or as to both principal and interest. If a Bond is registered as to both principal and interest it may be reconverted into a Coupon Bond at the request and expense of the registered owner.

LEGAL OPINION

The issuance and sale of the Bonds shall be subject to the delivery of the approving legal opinion of Messrs. Faegre & Benson as Bond Counsel to the Authority, the Institution, the Trustee and the purchaser of the Bonds to the effects that (i) the Authority has authority under the Act to issue the Bonds, to acquire and lease the Project to the Institution and to execute and deliver the Indenture to secure the Bonds, (ii) the Bonds, the Deed, the Lease and the Indenture have been duly authorized by all necessary proceedings and duly executed and delivered, (iii) the Bonds, the Lease and the Indenture are valid and binding instruments in accordance with their terms, (iv) the Indenture provides a valid and direct first mortgage lien on the Project subject only to the Lease and encumbrances permitted by the Indenture, (v) the Grant Agreement, if any, is the valid and binding obligation of the United States of America to provide interest subsidy on the Bonds, (vi) the Bonds are further secured by the General Bond Reserve Account established by the Authority by its General Bond Resolution dated October 31, 1972 in a parity with bonds of other series as provided in the General Bond Resolution and (vii) the interest on the Bonds is exempt from federal and Minnesota state income taxes (other than Minnesota corporate franchise taxes measured by income) under present laws and rulings.