ADDENDUM DATED FEBRUARY 22, 1993

TO OFFICIAL STATEMENT DATED FEBRUARY 3, 1993

NEW ISSUE **Moody's Rating: Baa**

$3,695,000

Minnesota Higher Education Facilities Authority

Revenue Bonds, Series Three-N
(College of St. Scholastica, Inc.)
(Book Entry Only)

Schedule of Maturity Dates, Principal Amounts and Interest Rates

Maturity (December 1)	Amount	Interest Rate	Maturity (December 1)	Amount	Interest Rate
1994	$180,000	3.25%	2004	$135,000	5.70%
1995	$190,000	3.75%	2005	$145,000	5.80%
1996	$195,000	4.00%	2006	$150,000	5.90%
1997	$205,000	4.25%	2007	$160,000	6.00%
1998	$220,000	4.50%	2008	$175,000	6.05%
1999	$230,000	4.75%	2009	$185,000	6.10%
2000	$240,000	5.00%	2010	$195,000	6.15%
2001	$260,000	5.20%	2011	$210,000	6.20%
2002	$270,000	5.40%	2012	$225,000	6.20%
2003	$125,000	5.60%			

These Bonds are being reoffered at par.

An underwriting syndicate managed by FBS Investment Services, Inc. with Dain Bosworth Incorporated and Norwest Investment Services, Inc. as joint managers and Cronin & Company, Incorporated and American National Bank Saint Paul as members has agreed to purchase the Bonds from the Authority for an aggregate price of $3,639,944.50, plus accrued interest to the date of delivery.

THIS ADDENDUM IS INCORPORATED BY REFERENCE AS OF THE DATE HEREOF INTO THE OFFICIAL STATEMENT OF THE AUTHORITY DATED FEBRUARY 3, 1993, WITH RESPECT TO THE BONDS. TAKEN IN CONJUNCTION WITH SAID OFFICIAL STATEMENT, THIS ADDENDUM SHALL CONSTITUTE A "FINAL OFFICIAL STATEMENT" OF THE AUTHORITY WITH RESPECT TO THE BONDS AS THAT TERM IS DEFINED IN RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.

OFFICIAL STATEMENT DATED FEBRUARY 3, 1993

NEW ISSUE

Rating: Requested from Moody's Investors Service

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

$3,695,000

Minnesota Higher Education Facilities Authority

Revenue Bonds, Series Three-N
(College of St. Scholastica, Inc.)
(Book Entry Only)

Dated Date: March 1, 1993

Interest Due: June 1 and December 1, commencing December 1, 1993

The Bonds will mature annually on December 1 as follows:

1994 $180,000	1999 $230,000	2004 $135,000	2009 $185,000
1995 $190,000	2000 $240,000	2005 $145,000	2010 $195,000
1996 $195,000	2001 $260,000	2006 $150,000	2011 $210,000
1997 $205,000	2002 $270,000	2007 $160,000	2012 $225,000
1998 $220,000	2003 $125,000	2008 $175,000	

At the option of the Minnesota Higher Education Facilities Authority (the "Authority"), all Bonds maturing on or after December 1, 2003 may be redeemed prior to maturity commencing December 1, 2002, and in whole on any date thereafter or in part on any interest payment date thereafter. The Bonds will also be subject to optional redemption in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described in the Loan Agreement and Indenture and in whole or in part in the event of a Determination of Taxability, as described herein.

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

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

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than 102% with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the initial Purchaser of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than 102% until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale.

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

The Bonds are offered when, as and if issued by the Authority subject to the approval of legality by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon by Hanft, Fride, O'Brien, Harries, Swelbar & Burns, P.A., Duluth, Minnesota, counsel to the College. Bonds are expected to be available for delivery on or about March 4, 1993.

This cover page contains certain information for quick reference only. It is not a summary of this Issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

BID OPENING: February 17, 1993 (Wednesday) at 11:00 A.M., Central Time
AWARD: February 17, 1993 (Wednesday) at 2:00 P.M., Central Time

SPRINGSTED

PUBLIC FINANCE ADVISORS

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

This Official Statement constitutes a "near-final" Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission and, when supplemented by an addendum prepared by the Authority or Springsted Incorporated as its Financial Advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds together with certain additional information as more fully provided in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the initial Purchaser (the "Purchaser") in connection with the sale of the Bonds, shall constitute a "Final Official Statement" of the Authority as that term is defined in Rule 15c2-12. Any such addendum shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference.

No dealer, broker, sales representative or other person has been authorized by the Authority or the College to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by either the Authority or the College. The information contained herein, except as it relates to the Authority, has been obtained from the College and is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Authority. THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT AND THE FINAL OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT OR THE FINAL OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE AUTHORITY OR THE COLLEGE SINCE THE DATE THEREOF.

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

Reference is made to the Official Terms of Offering set forth in this Official Statement and the Terms and Conditions for information relating to registration and reoffering the Bonds under the Minnesota Securities Act and certain obligations of the Authority and the Purchaser with respect to the preparation and delivery of the Final Official Statement.

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

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

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

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

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Carol A. Blomberg, Chair	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
Kathryn D. Jarvinen, Vice Chair	Hospital Administrator, Winona, Minnesota.
Jack Amundson, Secretary	Partner, McMahon, Hartmann, Amundson & Co., Saint Cloud, Minnesota.
Kathryn Balstad Brewer	Student, New Brighton, Minnesota.
Earl R. Herring	Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
Fred Hsiao	President, Shaw/Lundquist Associates, Saint Paul, Minnesota.
David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota.
James R. Miller	Owner and CEO, Rollin & Associates, Inc., St. Paul, Minnesota
David Powers (Ex Officio)	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.
Mollie N. Thibodeau	Fund Raising Consultant, Duluth Minnesota

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

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OFFICIAL TERMS OF OFFERING

$3,695,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES THREE-N

(College of St. Scholastica, Inc.)

(BOOK ENTRY ONLY)

Sealed bids for the Bonds will be received and will be opened by Dr. Joseph E. LaBelle, Executive Director, Minnesota Higher Education Facilities Authority (the "Authority") or his duly appointed representative on Wednesday, February 17, 1993, at 11:00 A.M., Central Time, at Suite 450, Galtier Plaza, 175 East Fifth Street, Saint Paul, Minnesota 55101, telephone (612) 296-4690. Consideration for award of the Bonds will be by the Board of the Authority at its meeting at 2:00 P.M., Central Time, of the same day.

DETAILS OF THE BONDS

The Bonds will be dated March 1, 1993, as the date of original issue, and will bear interest payable on June 1 and December 1 of each year, commencing December 1, 1993. Interest will be computed upon the basis of a 360-day year of twelve 30-day months and will be rounded pursuant to rules of the MSRB.

The Bonds will mature annually on December 1 in the amounts and years as follows:

1994	$180,000	1999	$230,000	2004	$135,000	2009	$185,000
1995	$190,000	2000	$240,000	2005	$145,000	2010	$195,000
1996	$195,000	2001	$260,000	2006	$150,000	2011	$210,000
1997	$205,000	2002	$270,000	2007	$160,000	2012	$225,000
1998	$220,000	2003	$125,000	2008	$175,000		

The Bonds will bear additional interest at a rate of 2.00% per annum in the event of a Determination of Taxability as described in the Loan Agreement and the Trust Indenture.

The Bonds will be issued by means of a book entry system with no physical distribution of Bonds made to the public. The Bonds will be issued in fully registered form and one Bond, representing the aggregate principal amount of the Bonds maturing in each year, will be registered in the name of Cede & Co. as nominee of Depository Trust Company ("DTC"), New York, New York, which will act as securities depository of the Bonds. Individual purchases of the Bonds may be made in the principal amount of $5,000 or any multiple thereof of a single maturity through book entries made on the books and records of DTC and its participants. Principal and interest are payable by the Authority to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants will be the responsibility of such participants and other nominees of beneficial owners. The successful bidder, as a condition of delivery of the Bonds, will be required to deposit the Bonds with DTC

OPTIONAL REDEMPTION

At the option of the Authority all Bonds maturing on or after December 1, 2003 may be redeemed prior to maturity commencing December 1, 2002. Redemption of the outstanding Bonds may be on any date if in whole or on any interest payment date if in part, and if in part, in any maturity or maturities as the College shall direct and by random selection within a maturity in integral multiples of $5,000.

The Bonds are also subject to redemption in whole on any date or in part on any interest payment date in certain events of damage or destruction described in a Loan Agreement between the College and the Authority and a Trust Indenture between the Authority and the Trustee, or in whole on any date or in part on any interest payment date in the event of a Determination of Taxability as defined therein. All prepayments shall be at a price of par and accrued interest.

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

SECURITY AND PURPOSE

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College pursuant to the Loan Agreement or from other amounts pledged therefor pursuant to the Trust Indenture. Pursuant to the Loan Agreement, Loan Repayments sufficient to pay principal, premium (if any) and interest on the Bonds when due are a full faith and credit obligation of the College. The Bonds are additionally secured by a debt service reserve in an amount equal to the maximum amount of principal and interest payable on the Bonds during any year, unless such amount exceeds 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale) in which case the debt service reserve will be in the amount of such lesser sum. **The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority, or the State of Minnesota, or the taxing powers of the State, are pledged.** The Authority has no taxing powers. The proceeds will be used for the acquisition, construction, furnishing and equipping of an approximately 25,000 square foot addition to and remodeling of Somers Hall, a residence hall; and improvements to the campus steam system, each including site improvements, both located on the campus of the College in Duluth, Minnesota.

TYPE OF BID

A sealed bid for not less than $3,639,600 and accrued interest on the total principal amount of the Bonds shall be filed by an eligible bidder with the undersigned on the Official Bid Form prior to the time set for the opening of bids. Bids shall be accompanied by a Good Faith Deposit ("Deposit") in the form of a certified or cashier's check or a Financial Surety Bond in the amount of $36,950, payable to the order of the Authority. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, it must be from an insurance company licensed to issue such a bond in the State of Minnesota, and preapproved by the Authority. Such bond must be submitted to Springsted Incorporated prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Obligations are awarded to a bidder using a Financial Surety Bond, then that purchaser is required to submit its Deposit to Springsted Incorporated in the form of a certified or cashier's check or wire transfer as instructed by Springsted Incorporated not later than 3:30 P.M., Central Time, on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the Authority to satisfy the Deposit requirement. The Authority will deposit the check of the purchaser, the amount of which will be deducted at settlement and no interest will accrue to the purchaser. In the event the purchaser fails to comply with the accepted bid, said amount will be retained by the Authority. No bid can be withdrawn after the time set for receiving bids unless the meeting of the Authority scheduled for award of the Obligations is adjourned, recessed, or continued to another date without award of the Obligations having been made. Rates offered by bidders shall be in integral multiples of 5/100 or 1/8 of 1%. No basic rate of interest specified for a maturity shall exceed the basic rate of interest specified for any subsequent maturity. Bonds of the same maturity shall bear a single basic rate from the date of the Bonds to the date of maturity.

AWARD

The Bonds will be awarded to the bidder offering the lowest interest rate to be determined on a true interest cost (TIC) basis. The Authority's computation of the interest rate of each bid, in accordance with customary practice, will be controlling.

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

TERMS AND CONDITIONS OF CONTRACT OF SALE

In addition to the provisions of the Official Terms of Offering, the sale of the Bonds will be subject to the Terms and Conditions of Contract of Sale set forth on the Official Bid Form. Reference is made to the Official Bid Form for a complete statement of the Terms and Conditions of Contract of Sale.

REOFFERING OF BONDS

Prior to the award of sale of the Bonds, the Bonds will have been registered for sale at a price not greater than 102% with the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes; however, the Purchaser of the Bonds shall be required to provide a schedule of reoffering prices and yields with respect to the Bonds and shall agree not to sell (but may offer) any of the Bonds to Minnesota buyers at a price greater than 102% until the Bonds have been re-registered for sale at such higher price by the Department of Commerce, as more fully provided in the Terms and Conditions of Contract of Sale set forth on the Official Bid Form to be executed by the Authority and the Purchaser in connection with the sale of the Bonds.

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Authority has requested and received a rating on the Bonds from a rating agency, the Authority will pay the fee for the requested rating. Any other rating agency fees shall be the responsibility of the Purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

TRUSTEE/REGISTRAR/PAYING AGENT

The Trustee will be Norwest Bank Minnesota, National Association, which shall also act as Registrar and Paying Agent.

CUSIP NUMBERS

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

OFFICIAL STATEMENT

The Authority has authorized the preparation of an Official Statement containing pertinent information relative to the Bonds, and said Official Statement will be distributed and designated as a "near-final" Official Statement as required by Rule 15c2-12 of the Securities and Exchange Commission. For copies of the Official Statement and the Official Bid Form or for any additional information prior to sale, any prospective Purchaser is referred to the Financial Advisor of the Authority, Springsted Incorporated, 85 East Seventh Place, Suite 100, Saint Paul, Minnesota 55101, telephone (612) 223-3000.

The Official Statement, when supplemented by an addendum prepared by the Authority or its Financial Advisor and specifying the maturity dates, principal amounts and interest rates of the Bonds, together with certain additional information as more fully described in Section 3 of the Terms and Conditions of Contract of Sale (the "Terms and Conditions") set forth on the Official Bid Form to be executed by the Authority and the Purchaser of the Bonds, shall constitute a "Final Official Statement" of the Authority, as that term is defined in Rule 15c2-12. Pursuant to the Terms and Conditions, the Authority shall agree that, no more than seven business days after the award of sale of the Bonds (unless the Purchaser fails to comply with the obligation to provide certain information as required by Section 1 of the Terms and Conditions), it shall provide without cost to the Purchaser c/o the Account Manager 175 copies of such Final Official Statement and shall designate the Account Manager as its agent for purposes of distributing copies of the Final Official Statement.

SETTLEMENT

It is expected that on or about March 4, 1993, the Bonds will be delivered without cost to the Purchaser at a place mutually satisfactory to the Authority and the Purchaser. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Faegre & Benson of Minneapolis, Minnesota, as to the validity and exemption of the Bonds from federal and State of Minnesota income tax, which opinion will be printed on the Bonds, and of customary closing papers, including a no-litigation certificate and a certificate pertaining to information in the Official Statement. Certain legal matters will be passed on for the College by its counsel, Hanft, Fride, O'Brien, Harries, Swelbar & Burns, Duluth, Minnesota. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Trustee not later than 12:00 Noon, Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms of payment.

Dated January 20, 1993

BY ORDER OF THE MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle
Executive Director

SCHEDULE OF BOND YEARS

$3,695,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REVENUE BONDS, SERIES THREE-N

Year	Principal	Bond Years	Cumulative Bond Years	
1994	$180,000	315.0000	315.0000	______
1995	$190,000	522.5000	837.5000	______
1996	$195,000	731.2500	1,568.7500	______
1997	$205,000	973.7500	2,542.5000	______
1998	$220,000	1,265.0000	3,807.5000	______
1999	$230,000	1,552.5000	5,360.0000	______
2000	$240,000	1,860.0000	7,220.0000	______
2001	$260,000	2,275.0000	9,495.0000	______
2002	$270,000	2,632.5000	12,127.5000	______
2003	$125,000 c	1,343.7500	13,471.2500	______
2004	$135,000 c	1,586.2500	15,057.5000	______
2005	$145,000 c	1,848.7500	16,906.2500	______
2006	$150,000 c	2,062.5000	18,968.7500	______
2007	$160,000 c	2,360.0000	21,328.7500	______
2008	$175,000 c	2,756.2500	24,085.0000	______
2009	$185,000 c	3,098.7500	27,183.7500	______
2010	$195,000 c	3,461.2500	30,645.0000	______
2011	$210,000 c	3,937.5000	34,582.5000	______
2012	$225,000 c	4,443.7500	39,026.2500	______

Average Maturity:	10.56 Years
Bonds Dated:	March 1, 1993
Interest Due:	December 1, 1993 and each June 1 and December 1 to maturity.
Principal Due:	December 1, 1994-2012 inclusive.
Optional Call:	Bonds maturing on or after December 1, 2003 are callable commencing December 1, 2002 and any date thereafter at par. (See Official Terms of Offering.)

c: subject to optional call

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OFFICIAL STATEMENT

$3,695,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES THREE-N
(College of St. Scholastica, Inc.)

(Book Entry Only)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the College of St. Scholastica, Inc. as owner and operator of the College of St. Scholastica (the "College"), an institution of higher education located in Duluth, Minnesota, in connection with the issuance of the Authority's $3,695,000 Revenue Bonds, Series Three-N (College of St. Scholastica, Inc.), (the "Bonds" or the "Issue").

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

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

Pursuant to a Loan Agreement between the College and the Authority, the College will covenant as a general obligation of the College to make Loan Repayments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the College by the Authority to finance (i) the acquisition, construction, furnishing and equipping of an approximately 25,000 square foot (three-story) addition to and remodeling of Somers Hall, a residence hall, and (ii) improvement to the campus steam system; all including appurtenant site improvements, as more fully described in "THE PROJECT," page 7, herein.

The Bonds are secured by a pledge of the Loan Repayments from the Authority to the Trustee, which is a general obligation of the College, and by a Reserve Account.

The Reserve Account will be funded in the amount of the lesser of the maximum annual debt service payable in any Bond Year or 10% of the proceeds (par value less original issue discount according to the reoffering scale) (the "Reserve Requirement").

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

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

RISK FACTORS

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

Risk of Insufficient Collateral

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

Adequacy of Revenues

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

Reliance on Tuition

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

Financial Aid

Approximately 74% of the College's students currently receive some Federal financial aid and 51% receive State financial aid covering tuition and fees or living expenses. No assurance can be given that Federal and State financial aid will continue to be funded at current levels. Curtailment of such aid may cause a decline in enrollment, which may in turn have an adverse effect on the College's revenues.

Damage or Destruction

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

Nature of Pro Forma Debt Service Coverage

Certain historical operating revenue for the College and computed pro forma debt service coverage is provided in APPENDIX I under the caption "Annual Debt Service by Fiscal Year and Coverage Statement." The pro forma coverage is merely a mathematical computation as reflected in the applicable table and constitutes no assurance as to the future sufficiency of College revenues to satisfy College operations and Bond debt service requirements.

Limited Obligation

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

Bankruptcy

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

Other Possible Risk Factors

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

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

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

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

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

THE BONDS

The Bonds will be dated March 1, 1993 and will mature annually each December 1, commencing December 1, 1994, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on each June 1 and December 1, commencing December 1, 1993.

Book Entry System

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book entry has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

Prior Redemption

Bonds maturing on or after December 1, 2003 are subject to optional redemption on December 1, 2002 and thereafter, in whole on any date or in part on any interest payment date thereafter, and if in part, in such order of maturity as the College shall direct and by lot within a maturity, in integral multiples of $5,000, at par plus accrued interest.

The Bonds will also be subject to optional redemption at par and accrued interest in integral multiples of $5,000, as a whole or in part, in certain cases of damage to or destruction or condemnation of the Project Facilities, and upon a Determination of Taxability as provided in the Loan Agreement (see "SUMMARY OF DOCUMENTS - The Loan Agreement"). If Bonds are redeemed in whole, they may be called on any date; if redeemed in part, redemption may be on any interest payment date.

<u>Partial Redemption</u>

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

Notice of Redemption

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

Determination of Taxability

If a Determination of Taxability is made that the interest payable on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code and regulations thereunder in effect on the date of issuance, the Bonds shall bear additional interest equal to two percent (2.00%) per annum above the basic interest rate from the date of taxability effective until the respective dates on which the principal of the Bonds is paid. See "Tax Exemption" on pages 15 through 16 and Appendix III, "DEFINITION OF CERTAIN TERMS."

The College will have the option to prepay the Loan from the first practicable date, in full or in part on any date thereafter following a Determination of Taxability at a price of par and accrued interest (including additional interest from the Date of Taxability).

Additional Bonds

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

1. The interest on the outstanding Bonds from gross income of the holders of the Bonds for purposes of federal income taxation under the Code shall not be jeopardized and the Trustee shall have been furnished an opinion from a national recognized bond counsel to such effect.

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

3. The College furnishes evidence satisfactory to the Authority of the College's ability to meet debt service on the Additional Bonds and, to the extent required by the Authority, deposits additional monies or investments in the Reserve Fund and executes supplements to the Loan Agreement and the Indenture.

ESTIMATED SOURCES AND USES OF FUNDS

Sources:	
Bond Proceeds	$3,695,000
Uses:	
Construction Costs:	
Addition to Somers Hall	$2,000,000
Somers Hall Remodeling	270,000
Steam Plant Expansion and Conversion	981,600
Debt Service Reserve	369,500
Costs of Issuance	73,900
Total	$3,695,000

In the event issuance costs including underwriter's discount exceed 2% of the proceeds of the Bonds, defined as par less original issue discount according to the reoffering scale, such excess shall be paid by the College from other than Bond proceeds.

Accrued interest received at Bond Closing will be deposited into the Bond and Interest Sinking Fund Account and applied as a credit against the amount to be deposited in the Bond and Interest Sinking Fund Account on or before the next interest payment date.

THE PROJECT

Since 1988 the College has been working on a comprehensive facilities plan to provide adequately for a student population that has grown from 1,115 in 1980 to 1,988 in the fall of 1992. At the direction of the Board of Trustees, plans include the capacity to handle a continued growth with incremental increases up to 2,400 students. Each component of the Project consists of expansions and/or improvements to existing College facilities.

Addition to and Remodeling of Somers Hall. Somers Hall is the primary residence hall of the College, housing 312 students and originally constructed in 1964. A portion of the Bond proceeds will finance an approximately 25,000 square foot addition to Somers Hall, which will consist of a three-story wing, accommodating approximately 100 students in suite-style arrangements. Construction is expected to be completed in time for the 1993 fall quarter.

The need for additional on-campus housing was made evident when, in the fall of 1992, College housing was more than fully occupied with all apartments at 100% occupancy and Somers Hall at 107% occupancy with 22 students living in overflow conditions. Off-campus housing was arranged for an additional 35 students. As of January 15, 1993, housing reservations from traditional-age new freshmen are 9.4% greater than at the same date last year.

Major remodeling of Somers Hall, primarily the replacement of windows and upgrading of bathrooms, will be done during the summers of 1993 and 1994.

Expansion and Conversion of the Campus Steam Plant. A portion of Bond proceeds will be used to convert the existing steam plant from high-pressure to low-pressure steam and to replace one boiler. The College estimates that this will result in annual operating cost savings of at least $135,000. This portion of the Project will be completed by December 1, 1993.

THE LEASE

The College currently leases Tower Hall, the principal College Building, as well as certain other facilities, pursuant to a Lease dated June 11, 1987 and amended on June 1, 1989 and on June 1, 1991 between the College and the Benedictine Sisters Benevolent Association (the "BSBA"), which Lease has a term exceeding 99 years when automatic renewals are taken into account. In connection with Bond Closing, the Lease will be amended to include additional property which constitutes a portion of the Project Site. Under the Lease, the College is obligated to pay, in addition to $1 per year base rent, its allocable share of real estate taxes and assessments, and certain maintenance and other expenses pursuant to a Maintenance Agreement executed in connection with the Lease.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds will be special obligations of the Authority payable solely from Loan Repayments made by the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture including moneys and investments in the Reserve Account. The Reserve Account will be fully funded from proceeds of the Bonds in the amount of the Reserve Requirement.

The Bonds are secured by the pledge of the College of its full faith and credit. The College will agree pursuant to the terms of the Loan Agreement and the Indenture to make payments directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds. The College agrees to make such payments out of its operating funds or any other moneys legally available, subject to a prior lien on the gross revenues of certain student residence facilities pledged to the payment of the principal of and interest on the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-T (College of St. Scholastica, Inc.) (the "Series Two-T Bonds").

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

Although not specifically pledged for payment of debt service on the Bonds, the College intends to use the additional net revenues generated after the addition of 100 beds to Somers Hall for debt service. The College estimates annual net revenues will be approximately $226,950.

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

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

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

Prior Liens

In connection with the issuance of the Series Two-T Bonds, the College assigned to the Series Two-T Trustee, pursuant to the Series Two-T Security Agreement, a lien on all cash and rights to payment, including accounts receivable and general intangibles, in respect to Available Tuition and proceeds thereof in an amount not exceeding 4% of the Tuition payable to the College in the Fiscal Year of the Institution in which the Series Two-T Trustee first exercises it rights or remedies under the Series Two-T Security Agreement upon an event of default under such Security Agreement.

Financial Covenants

Pursuant to the Loan Agreement, the College will covenant the following:

a. For at least two of the preceding three complete Fiscal Years, Unrestricted Current Fund revenues shall be not less than Unrestricted Current Fund expenditures, including mandatory transfers, according to the principles of accounting used in the preparation of the College's financial statements for the Fiscal Year ended June 30, 1992. In the event that, following any Fiscal Year, the College shall not be in compliance with this paragraph (a), the College may cure such deficiency by making a deposit to the Unrestricted Current Fund, during or within 180 days of the close of such Fiscal Year, sufficient to cure the deficiency. Such deposit may be made from the unencumbered Board-controlled Unrestricted General Endowment Funds, if such Unrestricted General Endowment Funds may legally be transferred to the Unrestricted Current Fund by action of the Board of Trustees, but not if such deposit will cause the College's unencumbered Board-controlled Unrestricted General Endowment Fund Balance to be less than $1,200,000. No such deposit may be made from any proceeds of the Bonds or other borrowed funds.

b. At June 30, 1993 and at the end of each Fiscal Year thereafter, the Board-controlled unencumbered Unrestricted General Endowment Fund Balance shall not be less than $1,200,000. Within 120 days after the end of each Fiscal Year, the College shall furnish to the Trustee a certificate of an authorized institution representative showing the unencumbered, Board-controlled Unrestricted General Endowment Fund Balance, the investments thereof, the estimated valuations of such investments, and the amount thereof (if any), which is pledged to secure obligations of the College or is otherwise encumbered, all as of the end of the Fiscal Year. If at the end of any Fiscal Year, the unencumbered, Board-controlled Unrestricted General Endowment Fund Balance does not equal or exceed $1,200,000, the College shall obtain (from gifts, removal of encumbrance or restriction, sale of tangible property or otherwise) and cause to be credited to unencumbered Unrestricted General Endowment Fund Balance additional unencumbered, Board-controlled moneys or investments at least equal to the amount of the deficiency as promptly as possible, but in any event within 180 days after the close of the Fiscal Year, and shall report the same to the Trustee, but proceeds of borrowed funds or from the sale of tangible property leased back by the College for a term of more than two years or with a repurchase option shall not be included in computation of amounts eligible to cure the deficiency.

c. For so long as the Bonds remain outstanding, the College shall incur no Funded Debt with a maturity in excess of two years (except for a refunding or refinancing of Funded Debt outstanding which does not increase the amount of the Funded Debt outstanding and further excepting indebtedness for capital projects for which the College has secured funds on hand or written and signed pledges of gifts in an amount equal to 80% of the estimated cost of such project), unless at the end of the last Fiscal Year for which audited financial statements are available the Debt Service Coverage Ratio was at least 120% of Maximum Annual Debt Service of (A) then outstanding Funded Debt and (B) Funded Debt thereafter issued or proposed to be issued; provided that if the additional Funded Debt proposed to be issued is to finance student housing, student dining, student union or other revenue producing facilities, there shall be added to the amount of Net Income Available for Debt Service for the most recent complete Fiscal Year for purposes of this paragraph, the estimated Net Income Available for Debt Service to be derived from such facility in the first Fiscal Year following the estimated date of completion of such facility as estimated in a report of an independent management consultant to the College and the Trustee; and provided further that if the additional Funded Debt proposed to be issued is to finance other College facilities and if the Board of Trustees has increased tuition, student fees or other rates or charges at or after the end of such Fiscal Year, for purposes of this paragraph (c), there shall be added to Net Income Available for Debt Service for the earlier first complete Fiscal Year the amount of increase net of increased operating expenses, as estimated in a report of an independent management consultant to the College and the Trustee.

For purposes of (a), (b), and (c) above, all capitalized terms used but not otherwise defined in Appendix III, "DEFINITION OF CERTAIN TERMS" shall have the meanings provided for audits of colleges and universities, as applied in the College's audited financial statements for the Fiscal Year ended June 30, 1992.

ACCOUNTS

Summary

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

Construction Account

There shall be deposited initially into the Construction Account the net proceeds received from sale of the Bonds, exclusive of accrued interest and the Reserve Requirement, less the amount of underwriter's discount. In addition, the College will agree in the Loan Agreement to provide for payment of all Project Costs in excess of the proceeds of the Bonds available therefor and to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (principal less original issue discount according to the reoffering scale). Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project. When work on the Project Buildings has been completed and the Project Equipment has been installed and a certificate to that effect has been furnished to the Trustee, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account.

Bond and Interest Sinking Fund Account

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

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of the Reserve Requirement irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the College as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or the Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement, initially expected to be approximately $369,500.

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

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

Redemption Account

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

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures certain Bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution. In connection with the Bonds, the Authority will not require that the College deposit funds into the General Bond Reserve Account. **The Bonds will not be secured by the General Bond Reserve Account, and Bondholders will have no right to require the Authority to apply moneys or investments in the General Bond Reserve Account to the payment of the Bonds or interest thereon.**

Authorized Investments

Moneys on deposit to the credit of the Construction Account, Bond and Interest Sinking Fund Account, the Reserve Account, or the Redemption Account shall be invested by the Trustee only in investments as authorized by law from time to time which currently and generally are as follows: Direct obligations of the United States government and certain obligations issued or guaranteed by certain of its agencies; direct and general obligations of states and local governments and state housing finance agencies, rated at least A; revenue bond obligations of states and local governments rated at least AA or Aa; mutual funds or unit trusts which invest solely in the foregoing obligations of the United States government, its agencies, state and local governments or in repurchase agreements or reverse repurchase agreements collateralized by the foregoing obligations; time deposits and other accounts fully insured by the Federal Deposit Insurance Corporation or collateralized by certain government obligations; certain guaranteed investment contracts issued by a bank or insurance company rated at least A; certain types of repurchase agreements; and certain commercial paper maturing in 270 days or less. Section 5.05 of the Indenture sets forth further restrictions as to type and maturity of investments.

THE AUTHORITY

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $350 million. The Authority has had 73 issues (including refunded and retired issues) totaling $315,290,000 of which $201,814,071 (excluding the Bonds) is outstanding as of February 2, 1993. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

FINANCIAL ADVISOR

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

RATING

An application for a rating of the Bonds has been made to Moody's Investors Service ("Moody's"), 99 Church Street, New York, New York. If a rating is assigned, it will reflect only the opinion of Moody's. Any explanation of the significance of the rating may be obtained only from Moody's.

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

BOND INSURANCE AT PURCHASER'S OPTION

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser of the Bonds. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser, except that, if the Authority has requested and received a rating on the Bonds from a rating agency, the Authority will pay that rating fee. Any other rating agency fees shall be the responsibility of the Purchaser.

Failure of the municipal bond insurer to issue the policy after Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery on the Bonds.

LITIGATION

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

LEGALITY

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

Certain legal matters will be passed upon for the College by Hanft, Fride, O'Brien, Harries, Swelbar & Burns, P.A., Duluth, Minnesota.

TAX EXEMPTION

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to, (1) a limitation of $150,000,000 on the aggregate principal amount of "tax-exempt non-hospital bonds" (generally defined as bonds for other than acute care, in-patient hospital facilities) that is allocated to the College or any 501(c)(3) organization under common management or control with the College as an owner or user of facilities financed with proceeds of such bonds, (2) provisions which prescribe yield and other limits relative to the investment of the proceeds of the Bonds and other amounts, (3) provisions which require that certain investment earnings be rebated periodically to the Federal government and (4) a requirement that at least 95% of the proceeds of the Bonds be used for purposes of the College constituting the basis for its being an organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and that not more than 5% of the proceeds of the Bonds be used in (or provide a facility to be used in) an unrelated trade or business of the College or the trade or business of any nonexempt person. Noncompliance with such requirements may cause interest on the Bonds to become includable in gross income for purposes of Federal and State of Minnesota income taxation retroactive to their date of original issue, irrespective in some cases of the date on which such noncompliance is ascertained.

The Loan Agreement and Indenture contain provisions (the "Tax Covenants") including covenants of the Authority and the College, pursuant to which, in the opinion of Bond Counsel, such requirements can be satisfied. Certificates will be furnished by officers of the Authority and the College to Bond Counsel at closing to the effect that, at the date of issuance of the Bonds, not more than $150,000,000 of tax-exempt non-hospital bonds (including the Bonds) are outstanding allocable to the College and 501(c)(3) organizations under common management or control. The Tax Covenants do not relate to all the continuing requirements referred to in the preceding paragraph. If a Determination of Taxability occurs, however, whether or not as a result of violation of any of the Tax Covenants, the outstanding Bonds are subject to optional redemption without premium, and the Bonds shall bear additional interest at a rate of two percent (2%) per annum from the date of taxability until the respective dates on which the principal of the Bonds is paid. (See "THE LOAN AGREEMENT- Determination of Taxability" in Appendix IV). A determination that interest on the Bonds is includable in the computation of the alternative minimum tax imposed on individuals under the Code is not a Determination of Taxability.

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

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

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

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

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

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

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

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

THE COLLEGE

Governance

The College of St. Scholastica, originally founded as a women's college, is now a coeducational, four-year, liberal arts college. It was established by the Benedictine Sisters Benevolent Association (the "BSBA") in 1912. In 1962, the College was incorporated under the laws of the State of Minnesota as a non-profit corporation with a perpetual life. In the event of dissolution of the College of St. Scholastica, Inc., its assets will be assigned to the BSBA, a Minnesota non-profit corporation, or its successor.

The current By-Laws of the College provide for a Board of Trustees of not less than 24 members (there are currently 38 members) of whom one shall be the President of the BSBA and one shall be the President of the College, neither of whom shall be eligible for election as Chair of the Board. The President of the Alumni Association is designated a member of the Board. The remaining members of the Board are elected by a majority vote of a quorum of the Board. At all times at least 25% of the members of the Board must be members of the BSBA.

The operating officers of the College are the President, Treasurer and Secretary, each of whom hold office for a one-year period or until a successor is elected and qualified.

Members and Officers of the Board of Trustees

President

Dr. Daniel Pilon, 50, became the ninth president of the College of St. Scholastica, Duluth, Minnesota, on August 1, 1981.

Dr. Pilon was previously employed as vice president for campus services for the Council for the Advancement of Small Colleges, Washington, D.C., where he held the responsibility for the Council's National Consulting Network.

He holds a bachelor's degree in philosophy from Sacred Heart Seminary, Detroit; a master's in education from Marygrove College, Detroit; and a doctorate in administration from the University of Michigan, Ann Arbor. He has done additional graduate work in theology, has led numerous workshops, and has served as a consultant in general college administration and management.

Formerly he served as assistant to the president at Aquinas College, Grand Rapids, Michigan, and taught at Shrine High School, Royal Oaks, Michigan.

An active member of any community in which he has resided, President Pilon is a member of the boards of directors of the Duluth-Superior Symphony Orchestra, the United Way of Greater Duluth, the Northeastern Minnesota Development Association, Minnesota Private College Council/Fund, and the Miller-Dwan Medical Center Foundation.

Benedictine Sisters Benevolent Association ("BSBA")

The BSBA holds title to all except 34 acres of the 160 acre College campus. The buildings situated on land owned by the BSBA include: (i) The Chapel and Library, (ii) Tower Hall (classrooms and offices), (iii) Theatre, (iv) maintenance garage, and (v) warming house. In 1987, the BSBA and the College entered into a Lease Agreement by which the BSBA gave the College exclusive use of the classroom and office areas of Tower Hall, of the Library and of certain other facilities owned by the BSBA on the Campus for a period of 99 years. (See page 8, "The Lease.")

Nineteen BSBA members are employed full-time and part-time by the College. The College charges the services of BSBA members as an operating expense at rates comparable to salaries for comparable positions but includes the sum thereof ("Contributed Services") as Current Revenue. For Fiscal Year 1991/92 the net amount of Contributed Services was $358,309, after maintenance services to BSBA of $347,321.

The BSBA has pledged its full faith and credit to the College of St. Scholastica Science Building Bonds of 1968 and to the Minnesota Higher Education Facilities Authority $520,000 First Mortgage Revenue Bonds, Series D (College of St. Scholastica, Inc.) issued March 1, 1973, but has made no commitment for payment of the Bonds to which this Official Statement relates. The BSBA has no legal commitment for financial support of the College.

The Campus

The 160 acre campus is located on the north edge of the City of Duluth (1990 population 85,493). The campus is close to national forests and parks, ski areas, lakes and rivers making it an attractive setting for students.

Campus Facilities

Facility	Year Built	1993 Value	Use
Tower Hall*	1910-1926	$14,447,292	Classroom & Offices
Theatre*	1925	265,792	Drama Theatre
Warming House*	1947	26,249	Field Sports
Somers Hall	1964	7,605,441	Residence Hall
Science Center	1969	7,196,154	Classrooms, Offices & Greenhouse
Grove Apartments	1973	962,064	Student Housing
Chapel*	1938	1,783,022	Chapel
Library*	1938	3,566,042	Library
Pine Apartments	1974	688,153	Student Housing
Myles Reif Recreation Center	1979	1,747,404	Recreation & Sports
Maple Apartments	1989	688,153	Student Housing
Willow Apartments	1989	688,153	Student Housing
Birch Apartments	1990	688,153	Student Housing
Maintenance Building	1992	424,236	Maintenance

* *Owned by the BSBA and used by the College under agreements with the BSBA.*

Academic Information

The College's academic year consists of fall, winter and spring quarters and two summer sessions. The full-time student quarterly load is 12 to 18 quarter credits. Satisfactory completion of a minimum of 192 quarter credits is needed for graduation. The College grants a Bachelor of Arts Degree (B.A.). The College also grants a Master of Education Degree (M.Ed.), a Master of Arts degree in Psychology, a Master of Arts degree in Nursing, a Master of Arts degree in Management, and a Master of Arts degree in Physical Therapy.

The College offers 32 majors, five pre-professional programs, a certificate program in gerontology, and licensure programs in teaching, media generalist and coaching.

The College is accredited by the American Physical Therapy Association, American Medical Association (for medical record administration and medical technology), Council on Social Work Education, National League for Nursing and the North Central Association of Colleges and Secondary Schools.

The College is approved by the American Dietetic Association, Minnesota Board of Nursing, Minnesota State Board of Vocational Education (for home economics) and State of Minnesota Department of Education (for early childhood, kindergarten, elementary and secondary programs).

Approximately 39% of degree-seeking students are in one of the health science programs. All of these programs were enhanced during 1980-81 with the opening on campus of the Benedictine Health Center, a 120 bed facility primarily for extended care which also has day care programs for the elderly and children, and out-patient physical therapy programs. The College also has affiliation agreements for clinical training with the three hospitals in Duluth.

Adult students who are 23 and over or who have been out of high school for three years or more may pursue a Bachelor of Arts Degree through the College's ENCORE! program. The program offers some late afternoon, evening and weekend classes to minimize conflict with full-time work schedules. ENCORE! is sensitive to the needs and aspirations of adults returning to college and is designed to ease the adult learner into the college experience with special entry courses. Personal, career guidance, study skills assessment workshops and placement services are provided.

St. Scholastica has cooperative arrangements with Brainerd and Itasca Community Colleges in which St. Scholastica faculty offer upper-division courses in Brainerd and Grand Rapids to enable residents of those communities to earn baccalaureate degrees in management without leaving home. Psychology and nursing programs have also been offered at these sites.

Student Body

The College's head count enrollment and full-time fall enrollment, actual and projected are:

	(Fall) Year	Headcount	FTE's
Actual:	1988	1,849	1,636
	1989	1,901	1,669
	1990	1,969	1,712
	1991	1,946	1,719
	1992	1,988	1,743
Projected:	1993	2,010	1,769
	1994	2,032	1,788
	1995	2,054	1,808
	1996	2,076	1,827
	1997	2,100	1,848

The College's Board of Trustees has established a cap on enrollment at 2,400 students, a 21% increase over the current enrollment.

First-Time Traditional-Age Applications, Acceptances and Enrollments

	1988-89	1989-90	1990-91	1991-92	1992-93
Applications	518	572	656	633	744
Acceptances	472	505	571	547	632
Percent Accepted	91%	88%	87%	86%	85%
Enrolled	279	274	311	288	346
Percent Enrolled to Accepted	59%	54%	54%	53%	55%

Completion Rates

	Number of Entering Freshmen*	Number Graduated	Percent Graduated
1982	233	132	57%
1983	257	108	42
1984	243	118	49
1985	222	126	57
1986	261	142	54
1987	288	148	51

* *Traditional, non-traditional, new full-time students.*

Retention Rates for Students Still Enrolled

	Number of Entering Freshmen*	Number Continuing As Sophmores	Percent
1986	261	196	75%
1987	288	233	81
1988	307	247	80
1989	289	214	74
1990	311	222	71
1991	280	214	76

* *Traditional, non-traditional, new full-time students.*

Tuition and Fees

The following table lists the schedule of charges for a full-time, resident student for the past five years:

	1988-89	1989-90	1990-91	1991-92	1992-93
Annual Tuition	$7,236	$ 7,887	$ 9,147	$ 9,861	$10,599
Room:					
Grove Apts.	1,077	1,110	1,422	1,533	1,647
Pine Apts.	1,269	1,308	1,638	1,767	1,899
Somers Hall	1,515	1,560	1,683	1,815	1,950
Maple, Willow or Birch Apt.		1,395	1,731	1,866	2,007
Board	1,200	1,236	1,335	1,440	1,548
Health Fee	45	45	45	60	60
Total for Student in Somers Hall	$9,996	$10,728	$12,210	$13,176	$14,157

In addition, students taking certain courses are charged laboratory fees.

1992/93 Undergraduate Rate Comparison of Minnesota Private Colleges (Ranked by Total Fees)

College	Tuition & Fees	Room & Board	Comprehensive Fees
Carleton College	$17,360	$3,540	$20,900
Macalester College	14,125	4,208	18,333
Hamline University	12,365	3,895	16,260
St. Olaf College	12,750	3,500	16,250
Gustavus Adolphus College	12,600	3,225	15,825
University of St. Thomas	11,204	3,850	15,054
Augsburg College	10,853	4,022	14,875
College of Saint Catherine	10,794	3,850	14,644
Minneapolis College of Art & Design	11,130	3,400	14,530
College of St. Benedict	10,578	3,887	14,465
St. John's University	10,578	3,783	14,361
Bethel College	10,540	3,790	14,330
College of St. Scholastica	**10,659**	**3,498**	**14,157**
St. Mary's College of Minnesota	9,730	3,250	12,980
Concordia College (St. Paul)	9,000	3,180	12,180
Concordia College (Moorhead)	9,200	2,900	12,100
Average	$11,467	$3,611	$15,078

NOTE: *Charges apply to new entering students only. Several colleges have differential tuition for upperclassmen, housing cost freezes for returning students or other policies that result in variation in costs.*

Source: *Minnesota Private College Council.*

Financial Aid

The following table is a five-year trend of financial aid by category received by students:

	1988/89	1989-90	1990-91	1991-92	1992-93
Federal:					
Work/Study	$ 168,947	$ 178,237	$ 179,160	$ 173,179	$ 174,803
Guaranteed Student Loans	3,091,596	3,537,511	3,978,692	4,581,407	5,561,581
NDSL	425,000	452,743	456,000	614,030	500,429
SEOG	157,172	170,261	189,921	242,191	243,000
Pell Grants	1,262,009	1,215,760	1,161,961	1,153,218	1,154,000
Miscell. Grants	291,854	460,629	402,663	467,365	332,428
State of Minnesota:					
Grants	2,270,000	2,623,556	3,189,137	3,072,292	2,900,000
Loans	243,484	350,627	367,509	299,319	328,978
Work/Study	36,763	41,671	42,991	52,147	68,450
College:					
Grants/Scholarships	1,537,597	1,662,677	2,224,668	2,770,414	2,520,000
Student Discount	205,670	162,931	171,070	205,365	200,000
Endowed Scholarships	44,940	66,678	91,049	103,535	133,464
Foundation Scholarships	153,784	370,664	401,996	497,710	600,000
Faculty/Staff Discounts	322,300	398,736	423,086	465,139	495,000
Work/Study	185,294	253,701	319,478	353,902	395,120
Total	$10,396,410	$11,946,382	$13,599,381	$15,051,213	$15,607,253

Faculty and Staff

The College employs a total of 297 persons full-time and 108 persons part-time, including 162 lay and religious faculty.

	Full-Time	Part-Time
Lay Faculty	101	49
Religious Faculty	11	1
Total	112	50

Forty-one full-time faculty members are tenured, or 37%. The faculty-student ratio is 1:13.4.

Unions

Twenty-seven College employees are members of the International Union of Operating Engineers. The services of these employees are shared with the BSBA using a work order system. The current contract expires on June 30, 1994. No other employees are in organized bargaining units or are covered by union contracts.

Insurance

The College currently carries $1,000,000 base insurance with a deductible amount of $10,000 and an umbrella liability insurance in the amount of $15 million for each occurrence and $15 million yearly aggregate with a deductible amount of $10,000. By the Loan Agreement, the College is required to carry a minimum of $5 million for each occurrence and $5 million yearly aggregate, and the deductible amount may be no more than $50,000.

Pensions

The College participates in the Teachers Insurance and Annuity Association and College Retirement Equities Fund program (TIAA-CREF) which covers faculty and staff employees working more than 1,000 hours per year. Benefits are based upon amounts accumulated for the account of each individual employee at date of retirement. For the Fiscal Year ending June 30, 1992, the College contributed $432,647.

Litigation

The College has no litigation pending.

Endowment Funds

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

Year Ending June 30	Unrestricted Endowment Funds	Restricted Endowment Funds
1992	$2,389,963	$4,282,250
1991	2,148,868	3,395,725
1990	1,820,634	2,784,193
1989	1,394,047	2,689,984
1988	944,184	2,172,550

Unrestricted Endowment Funds are funds designated by the College's Board of Trustees to be used for endowment purposes. Restricted Endowment Funds include both Board-restricted funds and donor-restricted funds.

Capital Campaign

In 1988, the College began a capital campaign drive with a goal of $10,750,000. The campaign was officially made public in December, 1990. Approximately one-half of the campaign is dedicated to increasing endowment and one-half is for the construction of a new auditorium and renovation of the theatre. As of January 22, 1993, $9,365,686 or 87% has been received or pledged.

Financial Statements

The College's fiscal year ends on June 30 of each year. Financial records are maintained on the fund accounting system and financial statements have been prepared on the accrual basis of accounting. Appendix V sets forth the financial statements of the College for the year ended June 30, 1992 with comparative totals for 1991, which statements have been audited by McGladrey & Pullen.

Page I-10 is the College's Current Fund summary of revenues, expenditures and other changes for Fiscal Years 1988 through 1992, taken from the annual financial statements. Page I-11 is a statement of Current Fund revenues, expenditures and other changes for the period July 1, 1992 through January 15, 1993 actual and projected to June 30, 1993, compared to the Current Fund budget for Fiscal Year 1993.

COLLEGE OF ST. SCHOLASTICA, INC.

SUMMARY OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES FOR THE YEARS ENDING JUNE 30

	1988	1989	1990	1991	1992
REVENUES:					
Educational and general:					
Tuition and fees	$9,711,195	$11,788,495	$13,426,980	$15,447,212	$17,007,415
Federal grants and contracts	659,812	450,800	592,128	1,962,416	2,084,417
State grants and contracts	46,599	66,898	73,289	129,097	133,230
Private gifts, grants and contracts	668,898	855,538	943,232	1,035,098	1,237,361
Endowment income	239,749	299,775	214,985	220,730	393,617
Contributed services	431,290	469,859	423,978	357,213	358,309
B.S.B.A. debt forgiveness, net	–	–	350,408	–	–
Other revenues	449,172	645,762	733,539	841,846	1,078,170
Total educational and general	12,206,715	14,577,127	16,758,539	19,993,612	22,292,519
Auxiliary enterprises	1,466,304	2,045,955	2,361,565	2,728,631	2,899,799
Total Revenues	13,673,019	16,623,082	19,120,104	22,722,243	25,192,318
EXPENDITURES AND MANDATORY TRANSFERS:					
Educational and general	11,279,688	13,669,176	15,645,320	19,047,819	21,723,455
Auxiliary enterprises (including mandatory transfers for interest	1,228,646	1,849,438	2,235,323	2,360,604	2,510,150
Nonmandatory transfer of investment income from plant fund	–	–	–	105,975	77,907
Net Current Fund increase before transfers	1,164,685	1,104,468	1,239,461	1,419,795	1,036,620
Mandatory transfers for:					
Principal payments	(285,156)	(309,240)	(329,753)	(399,187)	(399,011)
Renewals and replacements	(25,000)	(25,000)	(25,000)	(15,000)	(15,000)
Loan matching grant				(12,884)	(82,549)
Nonmandatory transfers:					
Plant fund	(520,000)	(423,000)	(440,000)	(623,036)	(248,000)
Endowment fund	(126,517)	(222,523)	(230,910)	(337,119)	(241,095)
Capital campaign fund				–	(29,588)
Scholarship fund	(164,698)	(101,076)	(193,795)	–	–
Net Increase in Fund Balance	43,314	23,629	20,003	32,569	21,377
Beginning Fund Balance	295,820	339,134	362,763	382,766	415,335
Ending Fund Balance	$339,134	$362,763	$382,766	$415,335	$436,712

Source: College of St. Scholastica annual financial statements.

COLLEGE OF ST. SCHOLASTICA, INC.

SUMMARY OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES PROJECTED FOR THE YEAR ENDING JUNE 30, 1993 COMPARED WITH 1993 BUDGET AND FISCAL YEAR 1992

	1992 (Actual)	1993 Budget	Actual YTD as of 1/15/93	6/30/93 Projected*
REVENUES:				
Educational and general:				
Student tuition and fees	$17,007,415	$18,033,876	$11,768,650	$18,112,584
Endowment investment income	393,617	451,064	51,898	451,064
Federal government programs	2,084,417	2,255,652	982,294	2,255,652
State grants and contracts	133,230	134,090	54,577	134,090
Grants	1,237,361	1,473,191	899,962	1,473,191
Contributed services	358,309	306,077	117,591	306,077
Other revenues	1,078,170	1,209,781	562,363	1,230,581
Total educational and general	22,292,519	23,863,731	14,437,335	23,963,239
Auxiliary enterprises	2,899,799	2,969,801	2,045,419	2,991,522
Total Revenues	25,192,318	26,833,532	16,482,754	26,954,761
EXPENDITURES AND MANDATORY TRANSFERS:				
Educational and general	21,723,455	23,358,000	11,609,382	23,034,715
Auxiliary enterprises (including mandatory transfers for interest on long-term debt)	2,510,150	2,690,717	1,551,809	2,710,823
Total Expenditures	24,233,605	26,048,717	13,161,191	25,745,538
Nonmandatory transfer of investment income from plant fund	77,907	–		–
Net Current Fund increase before transfers	1,036,620	784,815		1,209,223
Mandatory transfers for principal	(399,011)	(394,500)		(394,500)
Mandatory transfers for renewals and replacement	(15,000)	(15,000)		(15,000)
Loan matching grant	(82,549)	(83,000)		(83,000)
Transfer to plant fund	(248,000)	–		(455,000)
Transfer to endowment fund	(241,095)	(241,000)		(241,000)
Transfer to capital campaign fund	(29,588)	–		–
Net Increase in Fund Balance	21,377	51,315		20,723
Beginning Fund Balance	415,335	436,712		436,712
Ending Fund Balance	$436,712	$488,027		$457,435

*** Based on preliminary unaudited results through January 15, 1993 and estimates for January 16 through June 30, 1993.**

NOTE: The financial information presented on this page for Fiscal Year 1993 was prepared by College staff and is unaudited. The data as of June 30, 1992 was taken from the College's audited financial statements.

Long-Term Debt of the College as of February 1, 1993

1. College of St. Scholastica Dormitory and Dining Hall Bonds of 1962 at 3.5%; purchased by the United States Department of Housing and Urban Development. The net operating revenues of the Somers Hall complex and the full faith and credit of the College are pledged. As of the end of Fiscal Year 1992 $144,847 was on deposit in the repair and replacement reserve account. $800,000 is outstanding with final maturity October 1, 2002.

2. College of St. Scholastica Science Building Bonds of 1968 at 3%; purchased by the United States Department of Housing and Urban Development. The bonds are secured by a first mortgage on the Science Building, and, in addition to a pledge of the full faith and credit of the College, are guaranteed by the BSBA. As of June 30, 1992, there was $59,404 deposited in the debt service reserve fund for the issue which reserve fund is funded by Endowment Fund assets. $313,000 is outstanding with final maturity October 1, 1998.

3. Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series D (College of St. Scholastica, Inc.). The bonds are secured by a first mortgage on the Grove Apartment complex owned by the Authority and leased to the College. The net operating revenues of the Grove Apartment complex and the full faith and credit of the College are pledged for payment of the bonds, and in addition prompt payment of the bonds is guaranteed by the BSBA. Interest is subsidized to 3% under a grant agreement with the United States Department of Housing and Urban Development. As of the end of the Fiscal Year 1992, $35,974 was on deposit in the debt service reserve account and $30,001 in the repair and replacement reserve account. $175,000 is outstanding with a final maturity of March 1, 1997.

4. Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series H (College of St. Scholastica, Inc.). The bonds are secured by a first mortgage on the Pine Apartment complex owned by the Authority and leased to the College. The net operating revenues of the Pine Apartment complex and the full faith and credit of the College are pledged for payment of the bonds. As of the end of the Fiscal Year 1992, $47,075 was on deposit in the debt service reserve account. $160,000 is outstanding with a final maturity of June 1, 1999.

5. Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-T (College of St. Scholastica, Inc.). The bonds are secured by the full faith and credit of the College, a mortgage on and a revenue pledge on Birch, Maple and Willow apartments, a security interest in 4% of tuition under certain events of default and a debt service reserve of $489,673. $4,715,000 is outstanding with a final maturity of December 1, 2014.

6. Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-E (College of St. Scholastica, Inc.). The bonds are secured by the full faith and credit of the College, certain contributions and gifts and a debt service reserve of $326,960. $3,310,000 is outstanding with a final maturity of December 1, 2011.

7. The Bonds.

Total long-term debt adjusted to include the Series Three-N Bonds as of February 1, 1993: $13,168,000.

Annual Debt Service by Fiscal Year and Coverage Statement

The table on page I-12 sets forth the principal and estimated debt service on the Bonds and the College's outstanding debt service by Fiscal Year. Debt service coverage calculations use $1,581,845, which for Fiscal Year 1992 was the sum of Unrestricted Current Fund revenues less expenditures and mandatory transfers, excluding mandatory transfers for debt service.

ANNUAL DEBT SERVICE AND COVERAGE STATEMENT
(By Fiscal Year)

Fiscal Year Ending	Debt Service On 1993 Bonds (a) (1)	Existing Debt Service (2)	Combined Debt Service (3)	Amount Available For Debt Service (b) (4)	Projected Additional Net Dormitory Revenue (c) (5)	Coverage (6)
06/30/93	0	1,020,049	1,020,049	1,581,845	0	1.55
06/30/94	273,966	1,022,162	1,296,128	1,581,845	207,184	1.38
06/30/95	395,483	1,023,392	1,418,875	1,581,845	226,945	1.27
06/30/96	397,565	1,023,091	1,420,656	1,581,845	226,945	1.27
06/30/97	393,658	1,024,911	1,418,569	1,581,845	226,945	1.28
06/30/98	393,750	888,019	1,281,769	1,581,845	226,945	1.41
06/30/99	397,693	891,082	1,288,775	1,581,845	226,945	1.40
06/30/2000	395,538	805,507	1,201,045	1,581,845	226,945	1.51
06/30/2001	392,373	802,087	1,194,460	1,581,845	226,945	1.51
06/30/2002	397,863	806,971	1,204,834	1,581,845	226,945	1.50
06/30/2003	391,958	757,465	1,149,423	1,581,845	226,945	1.57
06/30/2004	234,848	707,910	942,758	1,581,845	226,945	1.92
06/30/2005	236,653	713,014	949,667	1,581,845	226,945	1.90
06/30/2006	237,584	715,918	953,502	1,581,845	226,945	1.90
06/30/2007	232,848	711,730	944,578	1,581,845	226,945	1.91
06/30/2008	232,500	710,433	942,933	1,581,845	226,945	1.92
06/30/2009	236,234	716,588	952,822	1,581,845	226,945	1.90
06/30/2010	234,084	714,872	948,956	1,581,845	226,945	1.91
06/30/2011	231,210	715,272	946,482	1,581,845	226,945	1.91
06/30/2012	232,440	722,432	954,872	1,581,845	226,945	1.89
06/30/2013	232,650	407,787	640,437	1,581,845	226,945	2.82
06/30/2014		407,231	407,231	1,581,845	226,945	4.44
06/30/2015		414,500	414,500	1,581,845	226,945	4.36
	========	========	========			
	$6,170,892	$17,722,423	$23,893,315			

(a) Estimated debt service based on average annual rate of 6.3442%.

(b) Amount Available For Debt Service (Current Fund), based on fiscal year 1991–92 audited financial statements of the College:

Unrestricted Current Fund ("UCF") Revenues:	$22,114,181
Less Expenditures & Mandatory Transfers:	21,574,121
Excess of Revenues over Expenditures and Mandatory Transfers:	$540,060
Add: Mandatory Transfers for Debt Service:	1,041,785
Amount Available For Debt Service:	$1,581,845

(c) Net revenues derived from dormitory addition financed with 1993 Bonds.

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PROPOSED FORM OF LEGAL OPINION

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

$3,695,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Three-N
(College of St. Scholastica, Inc.)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered (initially book entry system) Revenue Bonds, Series Three-N (College of St. Scholastica, Inc.) (the "Bonds"), dated as of March 1, 1993. The Bonds are issued for the purpose of funding a loan from the Authority to the College of St. Scholastica, Inc., a Minnesota nonprofit corporation (the "College"), as owner and operator of the College of St. Scholastica, a Minnesota nonprofit institution of higher education having its main campus in the City of Duluth, Minnesota (the "Institution"), in order to finance the costs of a project consisting of the construction, improving, furnishing and equipping, including appurtenant site improvements, of certain existing facilities on the campus of the Institution (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement (the "Loan Agreement") between the Authority and the College and the Trust Indenture (the "Indenture") between the Authority and Norwest Bank Minnesota, National Association, in Minneapolis, Minnesota, as Trustee, both dated as of March 1, 1993, the opinion of Hanft, Fride, O'Brien, Harries, Swelbar & Burns, P.A. as counsel to the College, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

As to questions of fact material to our opinion, we have relied upon certified proceedings, documents and certifications furnished to us by public officials and officials of the College without undertaking to verify such facts by independent investigation. We have also relied upon the opinion of counsel to the College, as to the Loan Agreement having been duly authorized and executed and being binding upon the College, as to the corporate organization, good standing and powers of the College and as to the title to the Project Site (as defined in the Loan Agreement and Indenture) without examining the records of the College or original title records or abstracts of title.

We have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the

DENVER DES MOINES WASHINGTON, D.C. LONDON FRANKFURT

extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only matters set forth as our opinion in the Official Statement).

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

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

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

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

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

corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

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

Dated at Minneapolis, Minnesota, March __, 1993.

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DEFINITION OF CERTAIN TERMS

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

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

Authority: The Minnesota Higher Education Facilities Authority.

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

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

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

Available Tuition: Tuition that (a) is not subject to the security interest granted by the College to Norwest Bank Minnesota North, National Association under the security agreement between the College and such bank dated as of December 1, 1985, and (b) has not yet been paid to the College. Available Tuition also includes the proceeds of Tuition, until the point where such proceeds have been spent by the College or so commingled with other assets of the College as to lose their identity as proceeds under the Minnesota Uniform Commercial Code.

Board-controlled: When used with reference to Unrestricted General Endowment Funds, means funds designated by the Board of Trustees, and not by the donor, to function as Unrestricted General Endowment Funds and which may be transferred to the Unrestricted Current Fund by action of the Board of Trustees and used for the general purposes of the College.

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

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

Bonds: $3,695,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-N (College of St. Scholastica, Inc.) and any Additional Bonds then outstanding.

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

Bond Resolution: The Series Resolution of the Authority adopted on February 17, 1993, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

Bond Year: The 12-month period ending December 1 of each year in which the outstanding Bonds, if paid at their stated maturity dates, shall be outstanding.

BSBA: Benedictine Sisters Benevolent Association, a Minnesota nonprofit corporation having its principal office in Duluth, Minnesota.

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

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

College: College of St. Scholastica, Inc., a Minnesota nonprofit corporation, its successors and assigns, as owner and operator of the College of St. Scholastica, a Minnesota non-profit institution of higher education located in Duluth, Minnesota.

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

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

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

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

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

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

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

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

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

Indenture: The Trust Indenture between the Authority and the Trustee, dated as of March 1, 1993, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: The College.

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

Issue: The Bonds.

Lease: The lease dated June 11, 1987, as amended June 1, 1989, June 1, 1991, and at Bond Closing, between the College and BSBA, which Lease is automatically renewable at the College's option for successive ninety-nine year terms, as from time to time amended or supplemented.

Loan Agreement: The Loan Agreement between the Authority and the Institution dated as of March 1, 1993, as amended or supplemented from time to time.

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

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

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

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

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

Project: (i) the acquisition, construction, furnishing and equipping of an approximately 25,000 square foot (three-story) addition to and remodeling of Somers Hall, a residence hall, and (ii) improvement to the campus steam system; all including appurtenant site improvements and all to be owned and operated by the College and located on the campus of the Institution.

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

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

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

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

Project Site: The land on which the Project Buildings are to be located or otherwise to be improved as part of the Project.

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

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

Reserve Account: The Reserve Account established under the Indenture, into which at Bond closing will be placed Bond proceeds in the amount of the Reserve Requirement (approximately $369,500). Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefor and may be used in the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College or the Authority fails to provide for payment of any rebate.

Reference Rate: The rate published by the Wall Street Journal from time to time under the heading "Money Rates" as the prime rate of interest on corporate loans at large U.S. Money Center Commercial Banks, with the understanding that the prime rate is a guide to general levels and does not always represent actual transactions. In the event that the rate as published is stated as a range of rates, the highest published rate shall be used.

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

Series Three-N Bonds: The Bonds.

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

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

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

Tuition: Tuition or fees of every kind payable by students to the College, and the proceeds thereof, regardless of whether such tuition, fees and proceeds may constitute accounts receivable, instruments, general intangibles, or other personal property under the Minnesota Uniform Commercial Code, provided, however, that tuition does not include fees payable or paid for room and board or laboratory fees.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The College represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than September 1, 1994 subject only to "force majeure," as provided in the Loan Agreement, provided that the College may apply to the Authority at any time to delete from the Project any building, system or equipment proposed to be acquired, constructed or improved as part of the Project, or to add any building, system or equipment to the Project, and upon approval of the Authority, the description of the Project shall accordingly be amended by a supplement to the Loan Agreement executed by the Authority and the College, a copy of which shall be furnished to the Trustee, provided that no such amendment of the description of the Project shall be approved if the Project, as so amended, will not constitute an authorized "project" under the Act or will adversely affect the tax exempt status of interest on the Bonds. The College agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account. In addition, the College covenants that it will not apply proceeds of the Bonds in an amount exceeding 2.00% of the proceeds (par value less original discount, if any, according to the reoffering scale) of the Bonds to the payment of any costs of issuance of the Bonds, including underwriting discount, initial fees of the Trustee and the Authority, financial advisory fees, legal fees, and other issuance expenses.

Loan Repayments

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

(a) at least 10 Business Days prior to each June 1 and December 1, commencing December 1, 1993, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest, or as principal and interest, on the Series Three-N Bonds on the next succeeding interest payment date; provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings and certain excess funds); and

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

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

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

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

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

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

Use of Project Facilities

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

Maintenance of Project Facilities

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

Title to Property and Liens

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

Taxes and Other Governmental Charges

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

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

Insurance

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

(a) Insurance against loss and/or damage to the Project Facilities and contents, including fire and extended coverage in an amount not less than 80% of the full insurable replacement value of the Project Buildings.

(b) Comprehensive general public liability insurance against liability for personal injury in the minimum amount for each occurrence of $5,000,000 and aggregate for each year of $5,000,000 and against liability for property damage in the minimum amount for each occurrence of $100,000.

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

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

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

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and to the extent that the claim for loss resulting from such damage or destruction is not greater than $100,000, the College will promptly repair, rebuild or restore the property damaged or destroyed with such changes, alterations and modifications (including the substitution and addition of other property) as will not impair the character or significance of the Project Facilities as educational facilities. To the extent that the claim for loss resulting from such damage or destruction exceeds $100,000, the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay the Bonds in whole or in part as more fully provided in the Loan Agreement. For purposes of this provision, "pro rata portion" shall mean 70% of the principal amount of outstanding Bonds in the case of the addition to Somers Hall to be constructed as part of the Project.

Condemnation

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

Indemnification

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

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

Existence and Accreditation of College and Institution

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

$150,000,000 Limitation on Outstanding Non-Hospital Bonds

The College has represented that the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt Non-Hospital bonds issued on behalf of or for the benefit of the College and all organizations under common management or control with the College (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, does not exceed $150,000,000. Under the Loan Agreement, in no event will the College affiliate or consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets or the assets of the Institution as an entirety if the effect of any such transaction would be to cause the sum of the principal amount of the Series Three-N Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the College or such other resulting entity, and all organizations under common management or control with the College or such resulting entity (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, to exceed $150,000,000.

Institution To Be Nonsectarian

The College agrees that the Institution will continue to be nonsectarian; will not require or forbid attendance by students or any other persons at religious worship or acceptance of any religious creed; and will not promulgate the distinctive doctrines, creeds or tenets of any particular religious sect.

Federal Income Tax Status

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

Determination of Taxability

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

Other Covenants

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

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

Events of Default

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

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

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

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

(d) If the College fails to observe the financial covenants set forth in Section 6.13 of the Loan Agreement, provided that failure to comply with Section 6.13(a) relating to the Unrestricted Current Fund balance shall not become an Event of Default unless the College fails to restore the deficiency within a period of 180 days after the close of the Fiscal Year in which such deficiency has occurred; or

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

(f) If the College shall default (as defined in the Lease) under the Lease, or if any portion of the Lease shall be terminated by the College or BSBA other than in connection with (i) the redemption of outstanding Bonds as a whole or in part pursuant to Section 5.08 or 5.09 of the Loan Agreement (relating to extraordinary redemption in the event of damage or destruction or condemnation of Project Facilities) or (ii) the redemption in whole or in part of the Authority's outstanding Revenue Bonds, Series Three-E (College of St. Scholastica, Inc.), dated June 1, 1991, pursuant to Section 5.08 or 5.09 of that certain Trust Indenture dated as of June 1, 1991 between the Authority and Norwest Bank Minnesota North, National Association as Trustee, or (iii) the redemption in whole or in part of the Authority's outstanding Revenue Bonds, Series Two-T (College of St. Scholastica, Inc.), dated June 1, 1989, pursuant to Section 5.08 or 5.09 of that certain Trust Indenture dated as of May 1, 1989 between the Authority and First Bank North, National Association as Trustee; or

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

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

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

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

Remedies on Default

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

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

(b) The Trustee (or the Authority with respect to certain sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due under the Loan Agreement.

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

Amendments

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

THE INDENTURE

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

Granting Clauses

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

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

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

(c) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by the Authority or the College or by anyone in behalf of them or with their written consent, to the Trustee.

Accounts

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

Additional Bonds

Provided certain conditions more fully described in the Indenture have been met, the Authority may in its discretion and with the consent of the College issue Additional Bonds, to be secured on a parity with the Series Three-N Bonds, (i) to provide funds to complete the Project, or (ii) to refund all or any series or portion of series of the then outstanding Bonds, or (iii) to provide funds for improvements to or alterations, repairs or replacement of the Project Facilities or (iv) for another project or projects, as defined in and authorized by the Act.

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

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

Remedies

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

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

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

Concerning the Trustee

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

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the College shall:

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

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

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

(d) surrender to the Trustee for cancellation all Bonds, and shall also pay all other sums due and payable under the Indenture by the Authority, and shall also pay or provide for the payment of the unpaid fees and expenses of the Trustee and the rebate of all amounts due or to become due to the United States under Section 148(f) of the Internal Revenue Code and regulations thereunder, then at the request of the Authority or the College all the Trust Estate shall revert to the Authority and the College as their interests appear, and the entire estate, right, title and interest of the Trustee, and of registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Authority or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds), which shall then be held thereunder.

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

Supplemental Indentures

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

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

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

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

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

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

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

Amendments to the Loan Agreement

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

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

Registration

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

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APPENDIX V

COLLEGE OF ST. SCHOLASTICA, INC.
FINANCIAL REPORT

June 30, 1992

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MᶜGLADREY & PULLEN

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
College of St. Scholastica, Inc.
Duluth, Minnesota

We have audited the accompanying balance sheets of College of St. Scholastica, Inc. as of June 30, 1992 and 1991, and the related statements of changes in fund balances and current fund revenues, expenditures and other changes for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of College of St. Scholastica, Inc. at June 30, 1992 and 1991, and the changes in fund balances and the current fund revenues, expenditures and other changes for the years then ended in conformity with generally accepted accounting principles.

McGladrey & Pullen

Duluth, Minnesota
August 26, 1992

COLLEGE OF ST. SCHOLASTICA, INC.

BALANCE SHEETS
June 30, 1992 and 1991

ASSETS	1992	1991
CURRENT FUND		
Unrestricted:		
Cash	$ 14,833	$1,092,089
Accounts and notes receivable:		
Students and staff (less allowance for doubtful accounts of $153,563 1992; $90,864, 1991)	427,149	313,779
Other programs	141,603	379,503
Inventories (Note 2)	199,132	159,546
Due from plant fund	790,838	-
Due from endowment fund	159,188	-
Prepaid expense and other assets	39,383	49,123
Total unrestricted	1,772,126	1,994,040
Restricted:		
Cash	471,016	35
Accounts receivable	194,698	297,390
Total restricted	665,714	297,425
Total current funds	$2,437,840	$2,291,465
ENDOWMENT FUNDS		
Savings account and certificates	$2,208,990	$ 566,879
Corporate stock (market value $956,144, 1992; $478,635, 1991)	955,766	389,224
Corporate bonds and commercial paper (market value $651,593, 1992; $115,186, 1991)	640,798	114,795
Federal government obligations (market value $932,788, 1992; $871,456, 1991)	924,765	860,623
South Africa Free common fund (market value $3,444,291, 1991)	-	3,420,161
South Africa Excluded Index fund (market value $1,999,552, 1992)	1,936,215	-
Foreign bonds (market value $-0-, 1992; $44,170, 1991)	-	43,289
Total endowment funds	$6,666,534	$5,394,971
ANNUITY FUNDS		
Cash	$ 5,827	$ 14,703
Corporate stock (market value $248,735, 1992; $224,040, 1991)	233,440	209,190
Total annuity funds	$ 239,267	$ 223,893

LIABILITIES AND FUND BALANCES	1992	1991
CURRENT FUND		
Unrestricted:		
Accounts payable	$ 227,909	$ 208,140
Accrued expenses	333,141	261,563
Due to other funds	-	78,419
Deferred revenue	225,033	690,255
Other liabilities	549,331	340,328
Fund balance	436,712	415,335
Total unrestricted	1,772,126	1,994,040
Restricted:		
Accounts payable	-	63,044
Unexpended grant authorizations (Note 4)	157,014	234,381
Deferred revenue	508,700	-
Fund balances	-	-
Total restricted	665,714	297,425
Total current funds	$2,437,840	$2,291,465
ENDOWMENT FUNDS		
College scholarship fund:		
Due to current fund	$ 86,868	$ -
Fund balances:		
Restricted	1,732,960	1,482,595
Quasi endowment	64,394	-
Unrestricted	526,949	526,949
Total scholarship fund	2,411,171	2,009,544
General endowment fund:		
Due to current fund	72,320	-
Fund balances:		
Restricted faculty development	844,185	798,075
Other restricted	1,540,238	965,433
Quasi endowment	176,701	-
Unrestricted	1,621,919	1,621,919
Total general endowment fund	4,255,363	3,385,427
Total endowment funds	$6,666,534	$5,394,971
ANNUITY FUNDS		
Annuities payable	$ 74,400	$ 74,271
Fund balance	164,867	149,622
Total annuity funds	$ 239,267	$ 223,893

COLLEGE OF ST. SCHOLASTICA, INC.

BALANCE SHEETS
(Continued)
June 30, 1992 and 1991

ASSETS	1992	1991
PLANT FUNDS		
Unexpended:		
Cash	$ 3,655	$ 3,711
Savings	214	4,845
Capital campaign savings	1,943,774	980,322
Contract receivable	147,526	-
Federal government obligations (market value $2,097,069, 1992; $3,944,106, 1991)	2,097,069	3,944,106
Real estate investment	-	10,000
Due from other funds	-	78,419
Total unexpended	4,192,238	5,021,403
Renewal and replacement:		
Savings	864,490	627,588
Total renewal and replacement	864,490	627,588
Retirement of indebtedness:		
Cash and temporary cash investments	165,542	184,116
Federal government obligations (market value $974,002, 1992; $1,186,855, 1991)	973,836	1,166,457
Total retirement of indebtedness	1,139,378	1,350,573
Investment in plant:		
Land and land improvements (Note 3)	395,980	585,680
Buildings (Note 3)	19,017,583	16,767,060
Equipment, furniture and fixtures	3,898,487	3,742,979
Automotive equipment	311,040	280,939
Construction in progress	1,198,868	384,378
	24,821,958	21,761,036
Less accumulated depreciation:		
Buildings	(4,373,638)	(3,982,551)
Equipment	(2,441,485)	(2,600,968)
Automotive equipment	(152,054)	(148,799)
Total investment in plant	17,854,781	15,028,718
Total plant funds	$24,050,887	$22,028,282
LOAN FUNDS		
Cash	$ 79,096	$ 133,162
Loans to students	3,339,225	2,986,867
Total loan funds	$ 3,418,321	$ 3,120,029

See Notes to Financial Statements.

LIABILITIES AND FUND BALANCE	1992	1991
PLANT FUNDS		
Unexpended:		
Accounts payable	$ 33,037	$ 17,987
Restricted Capital Campaign Fund balance	1,943,774	990,322
Other restricted fund balance	2,215,427	4,013,094
Total unexpended	4,192,238	5,021,403
Renewal and replacement:		
Fund balance, restricted	864,490	627,588
Total renewal and replacement	864,490	627,588
Retirement of indebtedness:		
Fund balance, restricted	1,139,378	1,350,573
Total retirement of indebtedness	1,139,378	1,350,573
Investment in plant:		
Accounts payable	45,244	89,786
Due to current fund	790,838	-
Loan payable (Note 5)	-	113,011
Bonds payable (Note 5):		
Dormitory and Dining Hall Bonds of 1962	865,000	930,000
Science Building Bonds of 1968	360,000	406,000
Birch, Maple and Willow Bonds (BMW)	4,779,976	4,906,566
Auditorium/student union bonds	3,343,475	3,340,500
Lease capitalized (Note 5):		
Grove Apartments	171,570	200,982
Pine Apartments	156,141	170,779
Unrestricted fund balance, including $5,012,935 property leased from B.S.B.A. at June 30, 1992	7,342,537	4,871,094
Total investment in plant	17,854,781	15,028,718
Total plant funds	$24,050,887	$22,028,282
LOAN FUNDS		
Accounts payable	$ -	$ 57,913
Fund balances:		
U.S. Government grants refundable	2,920,986	2,728,277
Restricted College contributions	497,335	333,839
Total loan funds	$ 3,418,321	$ 3,120,029

COLLEGE OF ST. SCHOLASTICA, INC.

STATEMENTS OF CHANGES IN FUND BALANCES
Years Ended June 30, 1992 and 1991

Year 1992	Current Funds Unrestricted	Current Funds Restricted	College Scholarship Fund	General Endowment Fund	Annuity Funds	Plant Funds Unexpended	Plant Funds Renewal and Replacement	Plant Funds Retirement of Indebtedness	Plant Funds Investment in Plant	Loan Funds
REVENUES AND OTHER ADDITIONS										
Current Fund revenues	$21,608,211	$3,156,044	$ -	$ -	$ -	$	$ -	$ -	$ -	$ -
Investment income	428,063	-	156,405	204,355	30,550	196,219	36,798	99,689	-	-
Contributed assets	-	-	180,828	488,880	-	693,253	-	-	-	-
Expended for plant facilities	-	-	-	-	-	-	-	-	3,064,490	-
Retirement of indebtedness	-	-	-	-	-	-	-	-	399,011	-
Federal contributions	-	-	-	-	-	-	-	-	-	121,459
College contributions	-	-	-	-	-	-	-	-	-	80,946
Interest contributions	-	-	-	-	-	-	-	-	-	89,440
	22,036,274	3,156,044	337,233	693,235	30,550	889,472	36,798	99,689	3,463,501	291,845
EXPENDITURES AND OTHER DEDUCTIONS										
Current Fund expenditures	20,434,787	3,156,044	-	-	-	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	-	-	-	286,000	-	-
Interest on indebtedness	-	-	-	-	-	-	-	643,888	-	-
Indebtedness for annuity payments	-	-	-	-	15,030	-	-	-	-	-
Expended for plant facilities	-	-	-	-	-	2,081,203	62,896	-	-	-
Depreciation of plant facilities	-	-	-	-	-	-	-	-	717,519	-
Disposal of plant facilities	-	-	-	-	-	-	-	-	267,204	-
Other expenses	-	-	86,868	72,320	275	26,946	-	-	7,335	18,189
	20,434,787	3,156,044	86,868	72,320	15,305	2,108,149	62,896	929,888	992,058	18,189
TRANSFERS AMONG FUNDS, ADDITIONS (DEDUCTIONS)										
Investment income and gains transferred to Current Fund	77,907	-	-	-	-	(2,769)	-	(75,138)	-	-
Mandatory transfers from Current Fund expenditures:										
Principal and interest	(1,041,785)	-	-	-	-	-	-	1,041,785	-	-
Repairs and replacement reserves	(15,000)	-	-	-	-	-	15,000	-	-	-
Loan matching grant	(82,549)	-	-	-	-	-	-	-	-	82,549
Nonmandatory transfers:										
Transfers	-	-	-	-	-	347,643	-	(347,643)	-	-
Plant Fund	(248,000)	-	-	-	-	-	248,000	-	-	-
Endowment Fund	(241,095)	-	64,394	176,701	-	-	-	-	-	-
Capital Campaign Fund	(29,588)	-	-	-	-	29,588	-	-	-	-
	(1,580,110)	-	64,394	176,701	-	374,462	263,000	619,004	-	82,549
Net increase (decrease) for year	21,377	-	314,759	797,616	15,245	(844,215)	236,902	(211,195)	2,471,443	356,205
FUND BALANCE, July 1, 1991	415,335	-	2,009,544	3,385,427	149,622	5,003,416	627,588	1,350,573	4,871,094	3,062,116
FUND BALANCE, June 30, 1992	$ 436,712	$ -	$2,324,303	$4,183,043	$164,867	$4,159,201	$864,490	$1,139,378	$7,342,537	$3,418,321

COLLEGE OF ST. SCHOLASTICA, INC.

STATEMENTS OF CHANGES IN FUND BALANCES
(Continued)
Years Ended June 30, 1992 and 1991

	Current Funds		College Scholarship	General Endowment	Annuity	Plant Funds				Loans
Year 1991	Unrestricted	Restricted	Fund	Fund	Funds	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Funds
REVENUES AND OTHER ADDITIONS										
Current Fund revenues	$19,612,132	$2,786,964	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment income	323,147	-	3,855	19,926	19,857	112,997	51,552	149,096	62,735	-
Contributed assets	-	-	263,511	320,862	-	-	-	-	568,651	-
Current funds expended for capital assets	-	-	-	-	-	-	-	-	393,987	-
Retirement of indebtedness, included in current expenditures	-	-	-	-	-	-	-	-	515,986	-
Loss on disposition of assets	-	-	-	-	-	-	-	-	(114,918)	-
Federal contributions	-	-	-	-	-	-	-	-	-	91,637
Interest	-	-	-	-	-	-	-	-	-	56,821
	19,935,279	2,786,964	267,366	340,788	19,857	112,997	51,552	149,096	1,426,441	148,458
EXPENDITURES AND OTHER DEDUCTIONS										
Current Fund expenditures	18,059,447	2,786,964	-	-	-	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	-	-	-	515,986	-	-
Interest on indebtedness	-	-	-	-	-	-	-	563,225	-	-
Indebtedness for annuity payments	-	-	-	-	12,317	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	624,702	-
Other expenses	-	-	-	12,916	131	11,811	-	-	13,768	18,108
Loss on extinguishment of debt	-	-	-	-	-	-	-	-	38,944	-
	18,059,447	2,786,964	-	12,916	12,448	11,811	-	1,079,211	677,414	18,108
TRANSFERS AMONG FUNDS, ADDITIONS (DEDUCTIONS)										
Investment income and gains transferred to Current Fund	105,975	-	-	-	-	-	-	-	(105,975)	-
Mandatory transfers from Current Fund expenditures:										
Principal and interest	(950,258)	-	-	-	-	-	-	950,258	-	-
Repairs and replacement reserves	(15,000)	-	-	-	-	-	15,000	-	-	-
Defeasance escrow	(10,941)	-	-	-	-	-	-	10,941	-	-
Loan matching grant	(12,884)	-	-	-	-	-	-	-	-	12,884
Nonmandatory transfers:										
Within specific fund	-	-	(18,725)	18,725	-	2,660,706	43,712	(441,435)	(2,262,983)	-
Plant Fund	(623,036)	-	-	-	-	-	173,504	-	449,532	-
Endowment Fund	(337,119)	-	50,334	286,785	-	-	-	-	-	-
Campaign Capital Fund	-	-	-	-	-	-	-	-	-	-
	(1,843,263)	-	31,609	305,510	-	2,660,706	232,216	519,764	(1,919,426)	12,884
Net increase (decrease) for year	32,569	-	298,975	633,382	7,409	2,761,892	283,768	(410,351)	(1,170,399)	143,234
FUND BALANCE, July 1, 1990	382,766	-	1,710,569	2,752,045	142,213	2,241,524	343,820	1,760,924	6,041,493	2,918,882
FUND BALANCE, June 30, 1991	$ 415,335	$ -	$2,009,544	$3,385,427	$149,622	$5,003,416	$627,588	$1,350,573	$4,871,094	$3,062,116

See Notes to Financial Statements.

COLLEGE OF ST. SCHOLASTICA, INC.

STATEMENTS OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES
Years Ended June 30, 1992 and 1991

	1992			1991		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Revenues:						
Educational and general:						
Tuition and fees	$17,007,415	$ -	$17,007,415	$15,447,212	$ -	$15,447,212
Federal grants and contracts	-	2,084,417	2,084,417	-	1,962,416	1,962,416
State grants and contracts	-	133,230	133,230	-	129,097	129,097
Private gifts, grants and contracts	451,485	785,876	1,237,361	452,619	582,479	1,035,098
Endowment income	241,096	152,521	393,617	107,758	112,972	220,730
Contributed services (less maintenance expenses of $347,321, 1992; $352,509, 1991)	358,309	-	358,309	357,213	-	357,213
Other revenues	1,078,170	-	1,078,170	841,846	-	841,846
Educational and general revenues	19,136,475	3,156,044	22,292,519	17,206,648	2,786,964	19,993,612
Sales and sources of auxiliary enterprises	2,899,799	-	2,899,799	2,728,631	-	2,728,631
Total revenues	22,036,274	3,156,044	25,192,318	19,935,279	2,786,964	22,722,243
Expenditures and mandatory transfers:						
Educational and general:						
Instruction	6,595,787	247,167	6,842,954	5,913,895	262,184	6,176,079
Government programs	-	567,497	567,497	-	473,986	473,986
Public service	1,080,411	-	1,080,411	1,092,745	-	1,092,745
Student services	1,537,707	-	1,537,707	1,454,538	-	1,454,538
Institutional support	1,950,767	-	1,950,767	1,448,747	-	1,448,747
Other sponsored programs	352,563	690,469	1,043,032	339,718	420,696	760,414
Library	480,607	-	480,607	426,279	-	426,279
General administration	623,722	-	623,722	648,315	-	648,315
Operation and maintenance of plant (includes $449,042, 1992; $333,294, 1991, mandatory transfer for interest)	2,396,532	-	2,396,532	2,124,502	-	2,124,502
Scholarships and fellowships	3,549,315	1,650,911	5,200,226	2,812,116	1,630,098	4,442,214
Educational and general expenditures	18,567,411	3,156,044	21,723,455	16,260,855	2,786,964	19,047,819
Auxiliary enterprises:						
Expenditures (includes $193,732, 1992; $228,718, 1991; mandatory transfer for interest)	2,510,150	-	2,510,150	2,360,604	-	2,360,604
Nonmandatory transfer of investment income from plant fund	77,907	-	77,907	105,975	-	105,975
Net current fund increase before transfers	1,036,620	-	1,036,620	1,419,795	-	1,419,795
Mandatory transfers for:						
Principal payments on long-term debt:						
Educational and general	$ (236,361)	$ -	$ (236,361)	$ (262,039)	$ -	$ (262,039)
Auxiliary	(162,650)	-	(162,650)	(137,148)	-	(137,148)
Renewals and replacements - auxiliary	(15,000)	-	(15,000)	(15,000)	-	(15,000)
Loan matching grant	(82,549)	-	(82,549)	(12,884)	-	(12,884)
	540,060	-	540,060	992,724	-	992,724
Nonmandatory transfers:						
Plant fund	(248,000)	-	(248,000)	(623,036)	-	(623,036)
Endowment fund	(241,095)	-	(241,095)	(337,119)	-	(337,119)
Capital campaign fund	(29,588)	-	(29,588)	-	-	-
Net increase in fund balance	$ 21,377	$ -	$ 21,377	$ 32,569	$ -	$ 32,569

See Notes to Financial Statements.

Note 1. Accounting Policies

The financial statements of the College of St. Scholastica, Inc. have been prepared on the accrual basis. The Statement of Current Fund Revenues, Expenditures and Other Changes is a statement of financial activities of the Current Fund related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Institution, the accounts of the Institution are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

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

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Annuity funds are similar to endowment funds except that upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. While quasi-endowment funds have been established by the governing board for the same purposes as endowment funds, any portion of quasi-endowment funds may be expended.

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

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, appropriations, endowment income, and other restricted resources are accounted for in the appropriate restricted funds. Restricted current funds are reported as revenues and expenditures when expended for current operating purposes.

Investments are recorded at cost when purchased by the College. Investments received as gifts or bequests are recorded at fair market value when received.

Debt service requirements and additions to renewal and replacement funds for Dormitory Bonds, Science Building Bonds, Pine, Grove, and Birch, Maple and Willow Bonds are charged to Current Fund expenditures as mandatory transfers.

Land, buildings and equipment are recorded at cost. Depreciation is charged to the investment in Plant. The investment in Plant has been reduced by $717,519 ($624,702 in 1991) reflecting straight-line depreciation on buildings, automotive and other equipment.

Lives for depreciation are as follows:

Buildings	40-60 years
Automotive	3-5 years
Other equipment	5 years

Current purchases of library books totaling $169,921 ($151,149 for 1991) are charged to Current Fund expenditures as incurred.

Note 2. **Inventories**

Current Fund inventories consist of the following:

	1992	1991
Book store	$180,107	$141,463
Food Service	19,025	18,083
	$199,132	$159,546

Inventories are valued at the lower of cost (first-in, first-out method) or market.

Note 3. **Investment in Plant - Land, Land Improvements and Buildings**

The following are included in the land and land improvement category:

	1992	1991
Somers Hall site	$ 96,700	$ 96,700
Pine/Grove site	11,947	11,947
Rice Lake Road land	128,200	317,900
Alpert Land - Triangle	6,500	6,500
- 1.17 acres south of College campus	58,000	58,000
Garage site	5,000	5,000
Land improvements	50,767	50,767
Athletic fields	18,866	18,866
Auditorium site	10,000	10,000
Theater site	10,000	10,000
	$395,980	$585,680

The following properties are included in the Buildings category:

	1992	1991
Tower Hall (see comments below)	$ 5,012,935	$ 3,616,242
Garage facilities	-	64,893
Dormitory Commons Complex - Somers Hall (pledged under provisions of the Dormitory and Dining Hall Bond of 1962)	2,827,265	2,750,941
Science Building (pledged under provisions of the Science Building Bonds of 1968)	3,034,352	2,950,891
Grove Apartments (owned by the Minnesota Higher Education Facilities Authority, pledged under provisions of their First Mortgage Revenue Bonds, Series D, College of St. Scholastica, Inc. operated under a long-term lease with option to purchase)	965,788	803,950
Pine Apartments (owned by the Minnesota Higher Education Facilities Authority, pledged under provisions of their First Mortgage Revenue Bonds, Series H, College of St. Scholastica, Inc. operated under a long-term lease with option to purchase)	413,304	386,636
Recreation building (subject to a long-term lease with the Minnesota Higher Education Facilities Authority, with the option to buy and to the provisions of their First Mortgage Revenue Bonds Series Two-B, College of St. Scholastica, Inc., which was defeased in total by the College during the year ended June 30, 1991. See Notes 5 and 6.	1,337,488	1,309,919
Theater improvements	31,142	31,142
Library and chapel renovation	2,782,900	2,689,278
Birch, Maple, Willow Apartments (pledged under provisions of Minnesota Higher Education Facilities Authority Revenue Bonds Series Two-L)	2,163,464	2,163,168
Maintenance building	448,945	-
Total	$19,017,583	$16,767,060

Under an agreement dated June 11, 1987, the College agreed to lease from the Benedictine Sisters Benevolent Association, facilities currently used by the College for administration offices, classrooms and other educational purposes. The property includes Tower Hall and ten other facilities or areas to be used on a shared basis with the B.S.B.A. The lease term is 99 years for a fee of $1.00 per year.

In consideration of the payment of $1,000,000 by the College to the B.S.B.A., the lease dated June 11, 1987 was amended and supplemented by adding to the leased premises additional portions of Tower Hall and additional land. The term of the lease is 99 years from July 1, 1989 and, if no default, termination or cancellation has occurred by a date one year prior to expiration, then the lease will automatically renew for 50 years, but will terminate no later than January 1, 2136.

Costs of operation of all leased buildings are to be shared by the College and B.S.B.A. related to their respective use.

The B.S.B.A. further agrees it will not cause Tower Hall facilities to become subject to indebtedness in addition to amounts outstanding at March 16, 1974.

Lease agreements will terminate if the College ceases to operate as an educational institution.

Tower Hall is reflected in these financial statements at $5,012,935 for 1992 ($3,616,242 for 1991), the historical cost of the property. The leased land is reflected at $25,000.

Note 4 Restricted Current Fund Unexpended Grant Authorizations

Unexpended grant authorizations consist of the following:

	1992	1991
Pell Grant	$ 1,300	$ -
Indian Bilingual Education	136,288	186,168
Nursing Traineeship	9,866	-
Library Networking Grant	-	13,818
Fund for Improvement of Postsecondary Education	2,688	27,523
Indian Fellowship	6,872	6,872
	$157,014	$234,381

Note 5 Long-term Debt

Plant Fund bonds payable consist of the following:

1. College of St. Scholastica Dormitory and Dining Hall Bonds of 1962, balance June 30, 1992, $865,000 and $930,000 at June 30, 1991 are secured by a first mortgage on the Somers Hall complex. These 3 1/2 percent general obligation bonds of the College mature progressively from $65,000 on October 1, 1992 to $90,000 on October 1, 2002.

   Current Fund expenditures were charged $65,000 ($60,000 for 1991) debt retirement and $31,413 ($33,600 for 1991) interest paid or accrued and $15,000 ($15,000 for 1991) equipment repair and replacement reserve additions.

   Somers Hall has accommodations for 17 single rooms at $715 ($663 for 1991) per quarter and 150 double rooms at $605 ($561 for 1991). The facility was approximately 92 percent occupied for the year ended June 30, 1992.

   Insurance is included in a blanket policy (co-insurance waived) at an agreed amount of $7,519,605. Boiler insurance carried is $50,000,000 with $15,000,000 umbrella excess liability coverage.

Funds established under the indenture are:

A. 1962 Bond and Interest Sinking Fund:

	1992	1991
Balance, beginning of year	$126,876	$102,795
Current Fund transfers	86,365	117,681
Investment income	4,952	6,581
Payment of principal and interest	(96,413)	(93,600)
Transfer of income to Current Fund	(4,952)	(6,581)
Balance, end of year	$116,828	$126,876

B. 1962 Repair and Replacement Reserve Account:

	1992	1991
Balance, beginning of year	$ 51,090	$ 33,549
Current Fund transfers	90,000	15,000
Investment income	3,757	2,541
Balance, end of year	$144,847	$ 51,090

2 College of St. Scholastica Science Building Bonds of 1968, balance June 30, 1992, $360,000 and $406,000 at June 30, 1991 are secured by a first mortgage on the Science Building and are guaranteed by the Benedictine Sisters Benevolent Association. These 3 percent bonds mature progressively from $47,000 on October 1, 1992 to $56,000 on October 31, 1998.

Current Fund expenditures were charged $46,000 ($44,000 in 1991) debt retirement and $11,490 ($12,840 for 1991) interest paid or accrued.

Insurance is included in a blanket policy (co-insurance waived) at an agreed amount of $7,107,532. Boiler insurance carried is $50,000,000 with $15,000,000 umbrella excess liability coverage.

The Debt Service Reserve Fund is funded by Endowment Fund assets (U.S. Government obligations) placed in trust with a local bank. Cost value of this account is $59,404 (market $59,404) at June 30, 1992 and $69,658 (market $69,658) at June 30, 1991. The asset and resulting income are recorded in the Endowment Fund.

3 The library renovation was financed in part through the Minnesota Higher Education Facilities Authority by their Revenue Bonds, Series Two-L, College of St. Scholastica, Inc. The bonds were secured by a pledge of 2.2 percent of the annual student tuition receipts.

The bond issue obligation was defeased June 11, 1991 (see Note 6). Transfers to escrow of $900,550 were made to defease outstanding debt of $870,000.

Funds established under this indenture are:

	1992	1991
A. Series Two-L Debt Service Reserve account:		
Balance, beginning of year	$ -	$385,649
Investment income	-	43,018
Transfer to escrow	-	(428,667)
Balance, end of year	$ -	$ -
B. Series Two-L Bond and Interest Sinking Fund account:		
Balance, beginning of year	$ -	$ 1,549
Current fund transfer	-	119,355
Investment income	-	100
Payment of principal and interest	-	(119,355)
Transfer to escrow	-	(1,649)
Balance, end of year	$ -	$ -

4 The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-T, were issued June 1, 1989 to finance the construction of Birch, Maple and Willow apartments, the renovation of Tower Hall and the installation of new telephone and computer systems. Loan repayments of principal and interest on the bonds are an obligation of the College. The bonds are additionally secured by a debt service reserve of $489,673 ($492,185 in 1991), a security interest equal to 4 percent of the tuition payable to the college in the fiscal year in which the trustee first exercises its right upon an event of default, and a security interest in certain property of the College.

The bond issue requires that the unrestricted endowment fund balance be maintained at a minimum of $800,000. In addition, unless certain exceptions are met, the College shall incur no additional funded debt with a maturity in excess of two years.

Birch, Maple and Willow Apartments are available at $622 per quarter ($577 for 1991). The apartments were 94 percent occupied for the year ended June 30, 1992.

The bond issue obligation is reflected in the Plant Fund as the amount of bonds outstanding of $4,855,000 ($4,985,000 in 1991) less unamortized discount of $75,024 ($78,434 in 1991).

Bond interest varies from 6.60 percent to 7.25 percent on the various maturity issues. Bonds mature progressively from $140,000 on December 1, 1992 to $400,000 on December 1, 2014.

Funds established under this indenture are:

	1992	1991
A. Series Two-T Debt Service Reserve account:		
Balance, beginning of year	$ 492,185	$ 507,605
Interest income	24,255	36,222
Interfund transfers	(26,767)	(51,642)
Balance, end of year	$ 489,673	$ 492,185
B. Series Two-T Bond and Interest Sinking Fund:		
Balance, beginning of year	$ 239,645	$ 117,853
Interest income	7,223	12,014
Current fund transfers	187,156	474,457
Payment of principal and interest	(476,208)	(474,457)
Interfund transfers	45,757	109,778
Balance, end of year	$ 3,573	$ 239,645
C. Construction account:		
Balance, beginning of year	$ 803,989	$1,567,699
Interest income	16,825	73,265
Construction project expenditure	(768,787)	(778,839)
Interfund transfers	(52,027)	(58,136)
Balance, end of year	$ -	$ 803,989

	1992	1991
D. Series Two-T excess earnings fund:		
Balance, beginning of year	$ -	$ -
Interest income	226	-
Interfund transfer	33,037	-
Balance, end of year	$ 33,263	$ -

5. The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three-E were issued June 1, 1991 to finance the construction of the Auditorium and Student Union, Tower Hall addition and Theater renovation and expansion. Loan repayments of principal and interest on the bonds are an obligation of the College. The College shall establish and maintain a Gift Receipts account, into which shall be deposited all contributions and pledges restricted or designated by the donor or allocated to the Project received after December 31, 1993. The bonds are additionally secured by a debt service reserve of $326,960 at June 30, 1992 and 1991, a security interest equal to 4 percent of the tuition payable to the College in the fiscal year in which the trustee first exercises its right upon an event of default.

The bond issue requires that the unrestricted endowment fund balance be maintained at a minimum of $800,000. In addition, unless certain exceptions are met, the College shall incur no additional funded debt with a maturity in excess of two years. The reserve account will be funded in the amount of the lesser of the maximum annual debt service payable in any bond year or 10 percent of the proceeds.

The bond issue obligation is reflected in the Plant Fund as the amount of bond outstanding of $3,400,000 at June 30, 1992 and 1991, less unamortized discount of $56,525 ($59,500 in 1991).

Funds established under this indenture are:

	1992	1991
A. Debt Service Reserve account:		
Balance, beginning of year	$ 326,960	$ -
Fund transfer	-	326,960
Interest income	14,226	-
Interfund transfers	(14,226)	-
Balance, end of year	$ 326,960	$ 326,960

	1992	1991
B. Series Three E Bond and Interest Sinking:		
Balance, beginning of year	$ 11,536	$ -
Fund transfer	-	11,536
Interest income	589	-
Interfund transfers	14,226	-
Payment of interest	(230,728)	-
Current fund transfers	205,520	-
Balance, end of year	$ 1,143	$ 11,536
C. Construction account:		
Balance, beginning of year	$ 3,013,540	$ -
Fund transfer	-	3,013,540
Interest income	117,698	-
Construction project expenditures	(1,070,120)	-
Balance, end of year	$ 2,061,118	$ 3,013,540
D. Series Three E Clearing account:		
Balance, beginning of year	$ -	$ -
Bond proceeds	-	3,340,500
Interest income	-	11,536
Fund transfer	-	(3,352,036)
Balance, end of year	$ -	$ -
E. Series Three E Miscellaneous account:		
Balance, beginning of year	$ -	$ -
Interest income	2,689	-
Balance, end of year	$ 2,689	$ -

Plant fund loan payable consists of the following:

The loan payable represented a loan from the Minnesota Higher Education Facilities Authority dated October 1, 1983. The proceeds were used for capital improvement projects. The final principal payment of $113,011 was paid during the current year.

Long-term leases consist of the following:

1. The Grove Apartment complex became operational in the fall of 1972. The complex is owned by the Minnesota Higher Education Facilities Authority, financed by their First Mortgage Revenue Bonds, Series D, College of St. Scholastica, Inc. and leased to the College until January 3, 1997. At the termination of the lease, the College may purchase the property for $500 assuming all bond obligations are paid.

   To reflect the property and lease obligations in the Plant Fund, the lease was capitalized at $509,808, the cash generated by the bond issue. At June 30, 1992, the amount of the obligation reflected in the plant fund is $171,570, which represents total bonds outstanding of $175,000 less unamortized discount of $3,430. At June 30, 1991 the amount of the obligation was $200,982 ($205,000 less unamortized discount of $4,018).

   Lease terms require College payments of:

   A. All operating expenses.
   B. All principal and interest payments.
   C. $10,000 per year into Repair and Replacement Reserve Account to a balance of $30,000.
   D. Maintain a balance of $26,190 in the Series D Bond and Interest Sinking Fund Account.
   E. $650 per year payable to Minnesota Higher Education Facilities Authority.

   The Benedictine Sisters Benevolent Association guarantees payment of all rent. The rent is pledged for payment of the bonds.

   Bond interest is subsidized by the U.S. Department of Housing and Urban Development to an effective rate of 3 percent. Bonds mature progressively from $30,000 on March 1, 1993 to $40,000 on March 1, 1997.

   In addition to normal operating expenses, Current Fund expenditures were charged $42,646 ($39,070 in 1991) representing principal and interest payments and accruals.

   Grove apartments has accommodations for 95 students at $511 ($474 for 1991) per quarter. The facility was approximately 92 percent occupied for the year ended June 30, 1992.

   Insurance is included in a blanket policy (co-insurance waived) at an agreed amount of $952,539. Boiler insurance carried is $50,000,000 with $15,000,000 umbrella excess liability coverage.

   Funds established under the indenture are:

	1992	1991
A. General Bond Reserve Account:		
Balance, beginning of year	$ 27,249	$ 27,249
Investment income	15,068	-
Balance, end of year	$ 42,317	$ 27,249
B. Series D Bond and Interest Sinking Fund Account:		
Balance, beginning of year	$ 24,069	$ 21,883
Current Fund transfer	44,814	41,256
Investment income	2,168	2,186
Payment on principal and interest	(42,240)	(38,690)
Transfer of income to Current Fund	(2,168)	(2,186)
Interfund transfer	5,022	-
Administration fees	(406)	(380)
HUD interest subsidy	17,460	-
Balance, end of year	$ 48,719	$ 24,069
C. Series D Debt Service Reserve Account:		
Balance, beginning of year	$ 39,213	$ 36,478
Investment income	1,783	2,735
Interfund transfer	(5,022)	-
Balance, end of year	$ 35,974	$ 39,213
D. Repair and Replacement Reserve Account:		
Balance, beginning of year	$ 59,973	$ 55,789
Current Fund transfer	10,000	-
Investment income	2,994	4,184
Transfer to Plant Fund reserve	(42,966)	-
Balance, end of year	$ 30,001	$ 59,973

2. The Pine Apartment complex became operational in the fall of 1973. The project is owned by the Minnesota Higher Education Facilities Authority, financed by their First Mortgage Revenue Bonds, Series H, College of St. Scholastica, Inc. and leased to the College until June 1, 1999. At the termination of the lease, the College may purchase the property for $500 assuming all bond obligations are paid.

   To reflect the property and lease obligation in the Plant Fund, the lease was capitalized at $331,700, the cash generated by the bond issue. At June 30, 1992, the amount of the obligation reflected in the Plant Fund is $156,141, which represents total bonds outstanding of $160,000 less unamortized discount of $3,859. At June 30, 1991 the amount of the obligation was $170,779 ($175,000 less unamortized discount of $4,221).

Lease terms require College payments of:

A. All operating expenses.
B. All principal and interest payments.
C. Maintain a balance of $24,000 in the Series H Debt Service Reserve Account.
D. $425 per year payable to the Minnesota Higher Education Facilities Authority.

Bond interest varies from 6 percent to 6.4 percent on the various maturity issues. Bonds mature progressively from $20,000 on June 1, 1993 to $25,000 on June 1, 1999.

In addition to normal operating expenses, the Current Fund expenditures were charged $26,404 ($27,420 for 1991) representing principal and interest payments and accruals for the current year.

Pine Apartments has accommodations for 43 students at $589 ($546 for 1991) per quarter. The facility was approximately 93 percent occupied for the year ended June 30, 1992.

Insurance is included in a blanket policy (co-insurance waived) at an agreed amount of $681,340. Boiler insurance is $50,000,000 with $15,000,000 umbrella excess liability coverage.

Funds established under this indenture are:

	1992	1991
A. General Bond Reserve Account:		
Balance, beginning of year	$ 17,137	$ 17,137
Investment income	9,483	-
Balance, end of year	$ 26,620	$ 17,137
B. Series H Bond and Interest Sinking Fund Account:		
Balance, beginning of year	$ 30	$ 29
Current Fund transfers	26,404	27,420
Payment of principal and interest	(26,090)	(27,005)
Investment income (expense)	(278)	(414)
Balance, end of year	$ 66	$ 30
C. Series H Debt Service Reserve Account:		
Balance, beginning of year	$ 44,856	$ 41,808
Current Fund transfers	2,219	3,048
Investment income	2,219	3,048
Transfer of income to Current Fund	(2,219)	(3,048)
Balance, end of year	$ 47,075	$ 44,856

3. The Reif Recreation Facility was completed in the summer of 1980. The facility is owned by the Minnesota Higher Education Facilities Authority, financed by their First Mortgage Revenue Bonds, Series Two-B, College of St. Scholastica, Inc. and leased to the College until May 1, 1993. At the termination of the lease, the College may purchase the property for $250 assuming all bond obligations are paid.

To reflect the property in the Plant Fund, the Reif Center was capitalized at $1,309,919. The lease obligation was defeased May 6, 1991 (see Note 7). Transfers to escrow of $488,394 were made to defease debt of $480,000. Payments to escrow included a current fund transfer of $10,984. In addition to normal operating expenses, the Current Fund was charged $143,815, representing principal and interest payments and accruals during the year ended June 30, 1991.

Funds which were established under this indenture are:

	1992	1991
A. General Bond Reserve Account:		
Balance, beginning of year	$ -	$ 54,316
Investment income	-	25,188
Transfer to Plant Fund repair and replace reserve	-	(79,504)
Balance, end of year	$ -	$ -
B. Debt Service Reserve Account:		
Balance, beginning of year	$ -	$260,863
Current Fund transfer	-	18,448
Investment income	-	18,448
Transfer of income to Current Fund	-	(18,449)
Fund transfers	-	(270)
Transfer to escrow	-	(279,040)
Balance, end of year	$ -	$ -
C. Bond and Interest Sinking Fund:		
Balance, beginning of year	$ -	$ -
Payment on interest	-	(43,400)
Payment on principal	-	(100,000)
Fund transfer	-	143,815
Fees	-	(411)
Transfer to escrow	-	(4)
Balance, end of year	$ -	$ -

	1992	1991
D. Redemption Account:		
Balance, beginning of year	$ 462	$185,425
Current Fund transfer	-	143,815
Investment income	4	13,133
Transfer to Plant Fund reserve	(466)	(143,545)
Transfer to escrow	-	(198,366)
Balance, end of year	$ -	$ 462

Aggregate debt and lease payments consist of the following:

	Bond	Lease	Total
1993	$ 342,000	$ 70,650	$ 412,650
1994	363,000	72,620	435,620
1995	385,000	69,260	454,260
1996	407,000	70,900	477,900
1997	428,000	72,200	500,200
Thereafter	7,423,451	47,511	7,470,962
	9,348,451	403,141	9,751,592
Less interest portion	-	75,430	75,430
Balance, net of amortization	$9,348,451	$ 327,711	$ 9,676,162

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Note 6. Extinguishment of Debt

Debt payments on Bond Series Two-B and Series Two-L will be satisfied through the proceeds of government securities and cash which have been placed in irrevocable escrow funds. All scheduled payments were made through May 6, 1991 for Series Two-B and through June 11, 1991 for Series Two-L at which time the bond defeasance was settled.

Details of the defeasance are as follows:

	Series Two-B	Series Two-L	Total
Debt, at time of defeasance	$480,000	$870,000	$1,350,000
Investment required at settlement date, net of June 1, 1991 Series Two-L interest payment from escrow account	488,394	900,550	1,388,944
Loss on extinguishment	$ 8,394	$ 30,550	$ 38,944

At June 30, 1992, outstanding balance of debt on Series Two-B is $370,000 with the escrow account balance at $374,625. The outstanding balance of debt on Series Two-L is $820,000 with the escrow account at $844,632.

Note 7. Construction Contracts in Progress

The Minnesota Higher Education Facilities Authority Revenue Bonds, Series Three E, include project costs as follows:

	Estimated project costs	Expended at 6/30/92
Auditorium/Student Union	$3,375,000	$ 227,160
Road construction	200,000	123,481
Tower Hall renovation	400,000	768,258
Theater renovation and expansion	582,000	79,969
	$4,557,000	$1,198,868

Note 8. Capital Campaign Pledges Receivable

Pledges receivable at June 30, 1992 total $2,070,129 ($2,817,344 for 1991). In many instances, donors have not committed to dates pledges will be received by the College.

A summary of the years in which it is estimated that the pledges receivable will be collected is as follows:

	Current Fund	Endowment Fund	Plant Fund	Total
Year ending June 30,				
1993	$220,296	$525,726	$197,598	$ 943,620
1994	124,150	172,747	383,195	680,092
1995	109,150	45,686	48,845	203,681
1996	109,150	41,819	28,150	179,119
1997	-	3,217	20,500	23,717
Thereafter	-	8,400	31,500	39,900
	$562,746	$797,595	$709,788	$2,070,129

Note 9. Pension Plan

College of St. Scholastica employees, except employees covered by a union contract, are covered under the TIAA-CREF Retirement Program Qualifying National Pension Plan called Teachers Insurance Annuity Association.

All employees 26 years of age or older, working 1,000 hours or more per year qualify for the retirement program on their first anniversary. Employees are totally vested immediately.

Employee contributions are 3 percent for hourly employees and 4 percent for salaried employees. College contributions are 7 percent for hourly and salaried employees

Pension expense totals $432,647 and $352,597 for the years ending June 30, 1992 and 1991, respectively.

Note 10. Self Insurance

The College has adopted a self insurance program for employee health insurance and has entered into a servicing plan agreement with Blue Cross/Blue Shield of Minnesota (BCBSM). It has sole responsibility for all liability under this plan except that BCBSM has liability for excess claims occurring under the stop-loss and designated provider provisions of the agreement. The College and employees jointly expense or pay for coverage through monthly premiums established by BCBSM estimates. A reserve for health insurance claims is included in accrued liabilities totaling $394,264 at June 30, 1992 and $300,014 at June 30, 1991. Maximum annual aggregate stop-loss is estimated to be approximately $401,622.

Note 11. Income Taxes

The College is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income tax.

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OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East Fifth Street
Saint Paul, MN 55101

SALE DATE: February 17, 1993

RE: $3,695,000 Revenue Bonds, Series Three-N (College of St. Scholastica, Inc.)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $3,338,800) and accrued interest to the date of delivery.

_________% 1994	_________% 1999	_________% 2004	_________% 2009
_________% 1995	_________% 2000	_________% 2005	_________% 2010
_________% 1996	_________% 2001	_________% 2006	_________% 2011
_________% 1997	_________% 2002	_________% 2007	_________% 2012
_________% 1998	_________% 2003	_________% 2008	

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated February 3, 1993. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

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

NET INTEREST COST: $________________________

TRUE INTEREST RATE: _____________ %

Account Members

____
Account Manager

BY: ________________________

Acceptance

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: February 17, 1993

____
Executive Director

____ SURE-BID ____ Good Faith Check Submitted

TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than par. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than par until such time as such amendment to the Order of Registration is effective.

3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 175 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.

4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.

5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.

OFFICIAL BID FORM

TO: Dr. Joseph E. LaBelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East Fifth Street
Saint Paul, MN 55101

SALE DATE: February 17, 1993

RE: $3,695,000 Revenue Bonds, Series Three-N (College of St. Scholastica, Inc.)

Offer

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $____________________ (Note: This amount may not be less than $3,338,800) and accrued interest to the date of delivery.

_________% 1994	_________% 1999	_________% 2004	_________% 2009
_________% 1995	_________% 2000	_________% 2005	_________% 2010
_________% 1996	_________% 2001	_________% 2006	_________% 2011
_________% 1997	_________% 2002	_________% 2007	_________% 2012
_________% 1998	_________% 2003	_________% 2008	

In making this offer we accept all of the Terms and Conditions of Contract of Sale set forth on the reverse side of this Official Bid Form which are hereby incorporated by reference, including the provisions of the Official Terms of Offering published in the Official Statement dated February 3, 1993. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

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

NET INTEREST COST: $________________________

TRUE INTEREST RATE: _____________ %

Account Members

____
Account Manager

BY: ________________________

Acceptance

The foregoing offer to purchase the Bonds at the price and interest rates set forth above and the Terms and Conditions of Contract of Sale set forth on the reverse side hereof is hereby accepted by the Issuer by its following officer, who is duly authorized and empowered to make such acceptance.

Dated: February 17, 1993

____
Executive Director

____ SURE-BID ____ Good Faith Check Submitted

TERMS AND CONDITIONS OF CONTRACT OF SALE

The bidders (the "Bidders-Underwriters") named on the face of this Official Bid Form and the Minnesota Higher Education Facilities Authority (the "Issuer"), by signing the forms of Offer and Acceptance respectively thereon and delivering the Official Bid Form, respectively agree to purchase and sell the Bonds of the issue described in the Official Bid Form and the Official Statement described therein, subject to the following:

1. Within two (2) business days following the date of Acceptance by the Issuer, the Bidders-Underwriters shall deliver to the Issuer or to Springsted Incorporated a schedule of reoffering yields and prices for the Bonds of each maturity of the issue. If the Bidders-Underwriters shall fail to deliver the reoffering schedule within two (2) business days following the Issuer's Acceptance, or such longer period as shall be acceptable to the Issuer, the Issuer shall have the right by written notice to the Bidders-Underwriters to terminate this Contract of Sale and retain as liquidated damages the amount of the check of the Bidders-Underwriters delivered to the issuer as required by the Official Terms of Offering (the "Good Faith Deposit").

2. The Authority represents that, prior to the award of sale of the Bonds, the Bonds have been registered for sale at a price not greater than 102% pursuant to an Order of Registration issued by the Securities Division, Department of Commerce, State of Minnesota, pursuant to Chapter 80A, Minnesota Statutes (the "Minnesota Securities Act"). The Bidders-Underwriters agree not to sell any of the Bonds in Minnesota at a price or prices higher than 102% without first having obtained an amendment to the Order of Registration permitting the sale of the Bonds at such higher price or prices, provided that this provision shall not prevent the sale of Bonds at higher prices in secondary market trading to the extent permitted by the Minnesota Securities Act. Until such time as the Department enters and makes effective such an amendment to the Order of Registration, the Bidders-Underwriters may make an "offer" but agree not to make a "sale" (including any contract to sell) of any Bonds to their customers, as such terms are defined in the Minnesota Securities Act, at prices greater than par. Without limiting the generality of the foregoing, the Bidders-Underwriters agree not to mail or deliver any confirmations to customers or request the payment of funds from customers with respect to any Bonds reoffered at prices greater than par until such time as such amendment to the Order of Registration is effective.

3. After the award of sale of the Bonds, the Issuer or Springsted Incorporated as the Issuer's Financial Advisor shall prepare an addendum to the Official Statement specifying the names of the Bidders-Underwriters and the maturity dates, principal amounts, interest rates, reoffering prices and yields of the Bonds, together with any other information required by law, and such Official Statement, as supplemented, shall constitute a Final Official Statement for purposes of Rule 15c2-12 of the Securities and Exchange Commission. If the Bidders-Underwriters have complied with the provisions of paragraph (1) above, the Issuer shall deliver to the Bidders-Underwriters c/o the Account Manager (defined below) within seven (7) business days after the date of the Issuer's Acceptance 175 copies of such Final Official statement for the Bidders-Underwriters in order to comply with Rule 15c2-12 and Rules of the Municipal Securities Rulemaking Board. The Issuer hereby designates the Account Manager as its agent for purposes of distributing copies of the Final Official statement to each Bidder-Underwriter named on the Official Bid Form (the "Participating Underwriters"). The Account Manager hereby agrees that (i) it shall accept such designation as agent of the Authority for such purposes and (ii) it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement. "Account Manager" shall mean the Bidder-Underwriter designated as such on the Official Bid Form or (if none is designated) the Bidder-Underwriter who the Authority believes has signed the Official Bid Form on behalf of the Bidders-Underwriters.

4. For as long as the Bidders-Underwriters are required to furnish copies of the Final Official Statement to potential customers under SEC Rule 15c2-12, the Issuer shall promptly give written notice to the Bidders-Underwriters c/o the Account Manager of any material misstatement in or omission from (as defined below) the information in the Final Official Statement made known to the Issuer or of which the Issuer becomes aware, including a copy of any notice of material misstatement or omission received from the Institution named in the Official Statement as required by the Bond Sale Agreement entered into between the Authority and the Institution in connection with the sale of the Bonds, and the Bidders-Underwriters shall promptly furnish the Issuer written notice of any material misstatement or omission made known to the Bidders-Underwriters (or any of the Bidders-Underwriters) or of which the Bidders-Underwriters (or any of them) become aware. The Issuer and the Bidders-Underwriters respectively agree to prepare and (to the extent reasonably possible) agree upon a sticker or other supplemental information to accompany the Final Official Statement (a "Sticker") to remedy the material misstatement or omission. The Bidders-Underwriters agree not to provide a Final Official Statement to any person after any material misstatement or omission in the final Official Statement is made known to the Bidders- Underwriters (or any of them) or of which the Bidders-Underwriters (or any of them) become aware without having attached a Sticker which (a) the Issuer and the Bidders-Underwriters have approved or (b) which the Bidders-Underwriters have approved and have filed with the Department and to which the Department has not objected. As used in this paragraph, a "material misstatement or omission" refers to any untrue statement of material fact in the Final Official Statement or the omission of any material fact from the Final Official Statement which makes the statements made therein, in light of the circumstances under which they were made, misleading, whether or not such material misstatement or omission arises from a change of circumstance after the date of the Final Official Statement.

5. If the Bidders-Underwriters represent by letter to the Issuer that they are purchasing the Bonds for investment and not with a view to redistribution thereof, the provisions of paragraphs 1 through 4 of these Terms and Conditions of Contract for Sale shall not apply.