OFFICIAL STATEMENT

NEW ISSUE

Rating: Requested from Moody's Investors Service, Inc.

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

$8,055,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
Refunding Revenue Bonds, Series 1985-1
(College of St. Thomas)

Bonds Dated: May 1, 1985 **Interest Due: January 1 and July 1, commencing July 1, 1985**

The Bonds will mature each July 1 as follows:

$270,000	1985	$ 860,000	1988	$1,100,000	1991
$720,000	1986	$ 925,000	1989	$1,200,000	1992
$780,000	1987	$1,025,000	1990	$1,175,000	1993

The Bonds will not be subject to redemption prior to their stated maturity dates, except as described herein.

The Authority and the College have made application to MBIA, FGIC and AMBAC for insurance on the Bonds; no decision has been made, however, as to whether such application, if approved by any of the named insurers, will be accepted by the Authority and the College. Accordingly, no assurance may be made that bond insurance will be obtained for the Bonds, or if approved by any insurer, will be accepted by the Authority and the College. The Issuer will choose one insurance company, if any, among those bids received, before the time set for sale. The College will pay the cost of the insurance premium. Information regarding the choice of insurer, if any, may be obtained from Springsted Incorporated, the Authority's financial advisor.

Each bidder may choose to submit two (2) separate bids, one specifying the acceptance of insurance, if offered, and the other without acceptance of insurance. The bidder is not required to submit two bids. The Authority will make award among either the group of insured bids or the group of uninsured bids, as the Authority selects after bids are received.

Each bid must be for not less than $7,934,175 and accrued interest on the total principal amount of the Bonds, and must be accompanied by (i) a good faith deposit in the form of a certified or cashier's check in the amount of $80,550 payable to the order of the Authority, (ii) a signed copy or signed signature page of the Bond Purchase Agreement accompanying this Official Statement and (iii) duplicate bids forms for each bid. The good faith deposit will be forfeited as liquidated damages in the event the Purchaser fails to comply with the accepted bid.

The Bonds will be special obligations of the Minnesota Higher Education Facilities Authority payable solely from deposits and payments made by or on behalf of the College of St. Thomas pursuant to a Loan Agreement between the Authority and the College, or out of other amounts pledged pursuant to the Indenture, as described herein.

The Bonds will be issued in integral multiples of $5,000, as requested by the Purchaser, and will be fully registered as to principal and interest. Norwest Bank Minneapolis, N.A., Minneapolis, Minnesota, will act as Trustee, Registrar and Paying Agent for the Bonds.

The Bonds will be delivered without cost to the Purchaser on or about May 7, 1985. Delivery of the Bonds is subject to receipt of an approving legal opinion by Faegre & Benson of Minneapolis, Minnesota. Certain legal matters will be passed upon for the College by its Counsel, Moore, Costello & Hart, Saint Paul, Minnesota.

THE BONDS SHALL NOT BE LEGAL OR MORAL OBLIGATIONS OF THE STATE OF MINNESOTA NOR CONSTITUTE A DEBT FOR WHICH THE FAITH AND CREDIT OR TAXING POWERS OF THE AUTHORITY OR THE STATE OF MINNESOTA ARE PLEDGED.

BIDS RECEIVED: **April 9, 1985 (Tuesday), not later than 10:00 A.M., Central Time**

AWARD: **April 9, 1985 (Tuesday), at or before 3:00 P.M., Central Time**

The date of this Official Statement is March 26, 1985.

Further information may be obtained from Springsted Incorporated, Financial Advisor to the Issuer, 800 Osborn Building, Saint Paul, Minnesota, 55102, 612/222-4241.

This Official Statement was prepared on behalf of the Authority by its Financial Advisor, SPRINGSTED Incorporated, which will be compensated for its services solely by the Authority and/or College, which compensation is, in part, contingent upon issuance of the Bonds. Unless otherwise indicated, the information contained in this Official Statement was furnished by the Authority and the College.

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

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

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. The registration or qualification of these securities in accordance with applicable provisions of securities laws of the jurisdictions in which the Bonds may be registered or qualified and the exemption from registration or qualification in other jurisdictions shall not be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies have passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

This Official Statement was prepared for the information of bidders for the Bonds. **Only the Arabic numbered pages and the Appendices, if any, of this Official Statement may be used or reproduced, in whole or in part, for distribution to investors. HOWEVER, NO ASSURANCE CAN BE GIVEN AND NO REPRESENTATION IS MADE THAT NO ADDITIONAL INFORMATION IS REQUIRED WHEN THE BONDS ARE REOFFERED BY THE UNDERWRITERS TO INVESTORS OR THAT THIS OFFICIAL STATEMENT STATES ALL FACTS WHICH WOULD BE MATERIAL TO AN INVESTOR PURCHASING BONDS FROM THE UNDERWRITERS.**

RATING

An application for a rating of this Issue has been made to Moody's Investors Service, Inc. ("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.

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OFFICIAL STATEMENT

OF

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the College of St. Thomas (the "College") in connection with the issuance of the Authority's $8,055,000 Refunding Revenue Bonds, Series 1985-1 (the "Bonds" or the "Issue").

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

Proceeds of the Issue will be used to refund in advance the outstanding maturities of the $2,500,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-D (College of St. Thomas) (the "Series Two-D Bonds"), and $6,110,000 Minnesota Higher Education Facilities Authority Refunding Revenue Bonds, Series 1982-1 (College of St. Thomas) (the "Refunding Series 1982-1 Bonds"), both of which were issued on behalf of the College. The two issues collectively are referred to herein as the "Refunded Bonds" or the "Original Bonds." The Refunding Series 1982-1 Bonds refunded in advance of maturity the Authority's $5,980,000 First Mortgage Revenue Bonds, Series Two-C, dated November 20, 1980 (the "Series Two-C Bonds").

In accordance with the terms and conditions of the sale of the Series Two-D Bonds and the Refunding Series 1982-1 Bonds, the College conveyed to the Authority the Project Facilities (see "THE PROJECT"), which were subsequently leased to the College by the Authority. Upon settlement of this Issue, the Project Facilities revert to the sole ownership of the College, and neither the Authority, the Trustee nor any Bondholder is granted any lien on or security interest in the Project Facilities.

Pursuant to a Loan Agreement between the College and the Authority, the College covenants to make payments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The Bonds also are being issued pursuant to an Indenture between the Authority and Norwest Bank Minneapolis, N.A., Minneapolis, Minnesota (the "Trustee"). The Trustee shall also act as Registrar and Paying Agent for the Issue.

The Bond proceeds, together with additional funds of the College, will be delivered to and held by First National Bank of Minneapolis, Minnesota, as trustee for the Refunded Bonds in the debt service accounts established by the trust indentures for the Refunded Bonds. Funds in those debt service accounts will be used to purchase special obligations of the U.S. Treasury and obligations of the U.S. government and its agencies, which, with cash retained will mature in sufficient amounts each year to provide funds to pay debt service on the Refunded Bonds.

Actuarial services demonstrating the adequacy of the cash and investments to be held and used to provide timely payments of principal, call premium and interest on the Refunded Bonds will be performed by Peat, Marwick, Mitchell & Co., Certified Public Accountants, Minneapolis, Minnesota.

Outstanding maturities each July 1 are as follows:

	Series Two-D Bonds	Series 1982-1 Bonds
1985	$ 175,000	$ 425,000
1986	190,000	470,000
1987	210,000	505,000
1988	230,000	560,000
1989	250,000	610,000
1990	275,000	675,000
1991	305,000	740,000
1992	335,000	820,000
1993	370,000	910,000
Totals	$2,340,000	$5,715,000

The Refunded Bonds are subject to optional redemption on July 1, 1988 and any interest payment date thereafter at a price of par plus accrued interest and a premium of 3% if redeemed July 1, 1988 or January 1, 1989; 2% if redeemed July 1, 1989 or January 1, 1990; and 1% if redeemed July 1, 1990 or January 1, 1991. Certain Refunded Bonds will be called for redemption, with specific amounts to be called and exact call dates to be determined at the discretion of the Authority and the College.

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

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.

DEFINITIONS OF CERTAIN TERMS

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

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

Additional Bonds: Any parity bonds issued subsequent to the Bonds under the Indenture.

Authority: The Minnesota Higher Education Facilities Authority.

Bonds: The Minnesota Higher Education Facilities Authority Refunding Revenue Bonds, Series 1985-1 (College of St. Thomas).

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

Bond Closing: Delivery of the Bonds and payment therefor.

Bond Purchase Agreement: The Agreement between the Authority, the College and the Underwriters, pursuant to which the Bonds will be sold to the Underwriters.

Building Equipment: The goods, equipment, furnishings, furniture, inventory, machinery or other tangible personal property owned by the College and located in the Project Buildings acquired with funds other than proceeds of the Series Two-C Bonds and the Series Two-D Bonds, excluding any personal property being purchased by the College in which the seller retains a security interest, or being leased by the College.

College: The College of St. Thomas.

Debt Service Reserve Account: The account established under the Indenture for the security of the Bonds and any Additional Bonds.

Debt Service: The payments due for the principal of and interest on the Bonds.

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

General Bond Reserve Account: The account established and maintained by the Authority under its General Bond Resolution adopted October 31, 1972 as a common security fund for certain bonds of the Authority. (The Bonds will not be secured by the General Bond Reserve Account. See "ACCOUNTS - General Bond Reserve Account.")

Indenture: The Trust Indenture between the Authority and Norwest Bank Minneapolis, N.A., Minneapolis, Minnesota, as Trustee, dated May 1, 1985, under which the Bonds are authorized to be issued.

Loan: The loan made by the Authority to the College pursuant to the Loan Agreement dated May 1, 1985.

Loan Agreement: The Loan Agreement between the Authority and the College, dated May 1, 1985, as from time to time amended or supplemented.

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

Net Proceeds: When used with respect to any insurance or condemnation award, the proceeds from the insurance or condemnation award remaining after payment of all expenses (including attorney's fees and any extraordinary expenses of the Trustee) incurred in the collection of such proceeds.

Original Bonds: The Series Two-D Bonds and the Refunding Series 1982-1 Bonds, also referred to collectively as the Refunded Bonds.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) the Series Two-D Bond Documents and Refunding Series 1982-1 Bond Documents, (iii) 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, (iv) 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 do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the College, and (v) certain other encumbrances described in the Loan Agreement.

Project: The Series Two-C Project and Series Two-D Project.

Project Building(s): One or more of the buildings which have been constructed or improved as part of the Project.

Project Equipment: All furnishings, furniture, fixtures, equipment and other personal property of a capital nature acquired with proceeds of the Series Two-C Bonds or the Series Two-D Bonds, and installed and located in a Project Building 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 and are to be located.

Redemption Account: The account established by 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 Debt Service Reserve Account, and (iii) to redeem or prepay outstanding Bonds or to purchase outstanding Bonds for redemption and cancellation.

Refunded Bonds: The Series Two-D Bonds and the Series Refunding 1982-1 Bonds (also the "Original Bonds").

Refunding Account: The account established by the Indenture to which at Bond Closing there shall be deposited proceeds of the Bonds to be invested in direct obligations of the United States government which, with such additional funds as may be necessary, will be sufficient to pay the remaining principal of and call premium and interest on the Refunded Bonds as the same become due, and all costs incurred in connection with the refunding and payment of the Refunded Bonds and the issuance of the Bonds.

Refunding Bonds: The Minnesota Higher Education Facilities Authority Refunding Revenue Bonds, Series 1985-1 (College of St. Thomas).

Refunding Series 1982-1 Bonds: The Minnesota Higher Education Facilities Authority $6,110,000 Refunding Revenue Bonds, Series 1982-1 (College of St. Thomas), dated July 1, 1982.

Series Two-C Bonds: The Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Two-C (College of St. Thomas), dated November 20, 1980, and which matured November 20, 1983 and are no longer outstanding.

Series Two-C Bond Documents: The Lease dated November 20, 1980 between the Authority and the College, the Trust Indenture dated November 20, 1980 between the Authority and First Trust Company of Saint Paul, as trustee, and the Guaranty Agreement dated November 20, 1980 between the College and First Trust Company of Saint Paul, as trustee, and any amendments thereto, relating to the Series Two-C Bonds.

Series Two-C Project: The project to construct a new physical education and activities building, to remodel the existing physical education and athletics building and to construct a new physical plant headquarters building on the campus of the College in Saint Paul, Minnesota, together with equipment, furnishings and site improvements.

Series Two-D Bonds: The Minnesota Higher Education Facilities Authority $2,500,000 Revenue Bonds, Series Two-D (College of St. Thomas), dated July 1, 1982.

Series Two-D Bond Documents: The Lease dated July 1, 1982 between the Authority and the College, the Trust Indenture dated July 1, 1982 between the Authority and the First National Bank of Minneapolis, as trustee, and the Guaranty Agreement dated July 1, 1982 between the College and the First National Bank of Minneapolis, as trustee, and any amendments thereto, relating to the Series Two-D Bonds.

Series Two-D Project: The project to acquire grounds for and to construct an addition to and remodel the Daniel C. Gainey residence for use as a college conference center, together with equipment and site improvements in Owatonna Township, Steele County, Minnesota.

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

Trustee: The trustee at the time serving as such under the Indenture.

Underwriters: The successful purchasers of the Bonds.

THE BONDS

The Bonds are dated May 1, 1985, and will mature annually on July 1 from 1985 through 1993. The Bonds are being issued fully registered as to principal and interest, in integral multiples of $5,000. Interest on the Bonds is payable semiannually each January 1 and July 1, commencing July 1, 1985. If a determination is made that interest on the Bonds is subject to federal income taxation by reason of application of the provisions of the Internal Revenue Code as in effect at the date of the Loan Agreement and the Indenture, and regulations thereunder, the Bonds from the date of taxability shall bear interest in addition to the basic annual rate, at an additional rate equal to the basic rate, such that the aggregate interest rate is twice the basic rate.

The Bonds will be registered at the office of Norwest Bank Minneapolis, N.A., Minneapolis, Minnesota, as Trustee; the Trustee will also perform the functions of registrar and paying agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered holder or his authorized attorney satisfactory to the Trustee subject to such reasonable regulations as the Trustee may prescribe and shall be without expense to the holder, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for new Bonds of the same maturity which may be of different denominations so long as the aggregate principal amount thereof equals the aggregate principal sum of the Bonds surrendered. Payment of principal will be at the corporate office of the Trustee and payment of interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered owner at his address as shown on the registration books of the Trustee.

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

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

(a) Subject to the provisions of Article VII of the Indenture relating to application of money upon the occurrence of an Event of Default, upon receipt by the Trustee of any Defaulted Interest, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall not be more than 15 nor less than ten days prior to the date of the payment set by the Trustee in its discretion, but not more than ten days after the receipt by the Trustee of such Defaulted Interest. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name of the Authority, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of a Bond at the address as it appears on the registration books on a date determined by the Trustee, but not less than ten days prior to such Special Record Date. The Trustee may, in its discretion in the name of the Authority, cause a similar notice to be published at least once in a financial journal, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds are registered on such Special Record Date and shall no longer be payable pursuant to the following paragraph (b).

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

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

Prior Redemption

The College has the option to prepay the Loan, at par and accrued interest, and direct the Trustee to redeem in whole or in part the outstanding Bonds if: (i) one or more of the Project Buildings are damaged or destroyed to the extent described in Section 5.09 of the Loan Agreement and the College elects not to repair, rebuild or restore said Project Buildings, or (ii) title to one or more of the Project Buildings is taken in condemnation proceedings and the College determines it is not practical or desirable to rebuild, repair and restore the Project Buildings, or (iii) a determination of taxability is made. The Bonds shall not otherwise be subject to redemption prior to their stated maturity dates.

ADDITIONAL BONDS

In addition to the Bonds, the Authority may issue Additional Bonds to (i) complete the Project, (ii) refund or advance refund the Bonds, (iii) provide funds for improvements or additions to or alterations, repairs or replacement of the Project Facilities and (iv) provide funds for improvement or additions to or alterations, repairs or replacements of the College's facilities; provided that no such Additional Bonds shall be issued under the Indenture on a parity with the Bonds unless all of the conditions therefor of the Indenture are met.

ESTIMATED SOURCES AND USES OF FUNDS

Sources

Bond Proceeds:		
Par Amount	$8,055,000	
Less: Discount	(120,825)	$7,934,175
Other Funds of the College		1,009,225
Total Sources		$8,943,400

Uses

Purchase of Securities to Defease Refunded Bonds	$8,608,400
Issuance Costs	335,000
Total Uses	$8,943,400

SUMMARY OF SECURITY FOR THE BONDS

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

The Bonds are additionally secured by a Debt Service Reserve Account in the amount of $1,167,975, to be fully funded upon Bond Closing.

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

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

The Bonds are not secured by any mortgage lien on or security interest in any land, buildings or equipment, nor are they secured by the General Bond Reserve of the Authority (see "ACCOUNTS - General Bond Reserve Account").

ACCOUNTS

Summary

The Indenture provides for the creation of certain trust accounts into which the proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Bond and Interest Sinking Fund Account, a Debt Service Reserve Account and a Redemption

Account. In addition, the Indenture provides for a Refunding Account. From the proceeds of the Bonds, deposits will be made to the Bond and Interest Sinking Fund Account and to the Refunding Account; at Bond Closing, $1,167,975 will be transferred by the indenture trustees out of the debt service reserve accounts under the Series Two-D Indenture and Refunding Series 1982-1 Indenture to the Trustee for deposit in the Debt Service Reserve Account under the Indenture. Thereafter, amounts received by the Trustee from the College from Loan Repayments are to be deposited to the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account and the Redemption Account and used, to the extent needed, to pay the Debt Service on the Bonds.

Refunding Account

There shall initially be deposited into the Refunding Account for the Refunding Bonds the proceeds from the sale of the Refunding Bonds except that accrued interest shall be deposited to the Bond and Interest Sinking Fund Account. Of the amount deposited to the Refunding Account, approximately $7,600,100 will be invested in direct obligations of the United States of America in such face amount, bearing interest at such rates and payable at such times as will, together with investment of amounts aggregating approximately $1,009,000 remaining in the reserve accounts for the Original Bonds and such other contributions from the College as may be required, provide for the full payment of the principal of, premium and interest on the Series Two-D Bonds and the Refunding Series 1982-1 Bonds when due. The Series Two-D Bonds and the Refunding Series 1982-1 Bonds are outstanding in the principal amount of $2,340,000 and $5,715,000 respectively and, mature on July 1, and bear interest payable semiannually in the amounts and years shown in the "INTRODUCTORY STATEMENT," herein.

The Refunded Bonds are subject to optional redemption on July 1, 1988 and any interest payment date thereafter at a price of par plus accrued interest and a premium of 3% if redeemed July 1, 1988 or January 1, 1989; 2% if redeemed July 1, 1989 or January 1, 1990; and 1% if redeemed July 1, 1990 or January 1, 1991. The investments to be made from Bond proceeds and from funds remaining in the reserve accounts for the Original Bonds will be in United States Treasury Obligations, State and Local Government Series, limited as to yield, to comply with the Arbitrage Regulations under Section 103(c) of the Internal Revenue Code of 1954, as amended. Investment of other contributions of the College will be in direct obligations of the United States Treasury. At Bond Closing such investments and additional cash as required will be delivered to the indenture trustees under the Series Two-D Indenture and Refunding Series 1982-1 Indenture in order to defease the lien of those Indentures. The balance of the moneys in the Refunding Account will be used to pay or reimburse the expenses of refunding the Original Bonds and issuing the Refunding Bonds.

Debt Service Reserve Account

At Bond Closing at least $1,167,975 in funds and investments will be transferred by the indenture trustees out of the debt service reserve accounts under the Series Two-D Indenture and Refunding Series 1982-1 Indenture to the Trustee for deposit in the Debt Service Reserve Account under the Indenture, pledged to secure Debt Service on the Bonds and any Additional Bonds. The amount of $1,167,975 is the debt service reserve requirement under the Indenture, which the College is obligated to maintain under the Loan Agreement. For this purpose, investments in the Debt Service Reserve Account transferred to the Trustee at Bond Closing will be valued at their market value on the date of the Bond Closing, and other investments shall be valued at original cost, provided that any premium over or discount under par value shall be amortized. In the event there is not a sufficient amount in the Bond and Interest Sinking Fund Account to pay principal of or interest on the Bonds and any Additional Bonds when due, the Trustee shall apply the moneys in the Debt Service Reserve Account and sell any investments at the best price obtainable to provide money for that purpose.

Bond and Interest Sinking Fund Account

There shall initially be deposited into the Bond and Interest Sinking Fund Account accrued interest (if any) paid at Bond Closing with respect to the Bonds, which is to be used to pay part of the interest on the Bonds on the first interest payment date. Additional deposits shall be made to the Bond and Interest Sinking Fund Account from earnings on other Accounts established under the Indenture and from Loan Repayments made by the College. The moneys and investments in the Bond and Interest Sinking Fund Account are irrevocably pledged to and shall be used by the Trustee, from time to time, to the extent required, for the payment of principal of and interest on the Bonds as and when such principal and interest shall become due and payable and for those purposes only.

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption Account. Funds in this Account will be available to maintain required balances in other Accounts and to purchase or redeem Bonds. No specific amounts are required.

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures certain Bonds of the Authority for which a deposit is made into the General Bond Reserve Account in compliance with the General Bond Resolution.

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

At Bond Closing the College will receive from the Authority the sum of approximately $375,000 as the rebate of the College's contributions to the General Bond Reserve Account for the Series Two-D Bonds and the Refunding Series 1982-1 Bonds plus the earnings on such deposits.

Permitted Investments

Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account, the Debt Service Reserve Account, or the Redemption Account shall be invested by the Trustee in (i) direct obligations of or obligations fully guaranteed by the United

States of America ("Government Obligations"), or (ii) time deposits of or certificates of deposit issued by a bond or trust company (including the Trustee or any affiliate of the Trustee) which deposits are insured by the Federal Deposit Insurance Corporation or are fully secured by Government Obligations, or (iii) securities issued by the agencies of the United States known as Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives, Farmers Home Administration, Federal Housing Administration, Government National Mortgage Association, Federal Maritime Association and Public Housing Authorities, and (iv) shares of an investment company registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, and whose only investments are in securities previously described in this sentence. The type, amount and maturity of any such investments shall conform to any instructions of the Authorized Institution Representative. Any interest and income accruing on and any profit realized from such investment shall be credited against Loan Repayments and the amounts to be deposited by the College under the Loan Agreement therefor. Any such interest or other investment income or profit not credited to Loan Repayments and deposits therefor under the Loan Agreement, and not needed to provide payments on the Bonds, shall be used as promptly as possible and in integral multiples of $5,000 for the purchase of Bonds on the market, it being intended that interest, income and profit shall be permitted to accumulate but shall be used to provide Debt Service on the Bonds or for the retirement of Bonds. Any such investment made by the Trustee may be purchased from the Trustee or any affiliate of the Trustee. The Trustee shall redeem or sell, at the best price obtainable, any obligations so purchased, whenever it shall be necessary to do so in order to provide moneys to meet any payment from the respective Account. Neither the Trustee nor the Authority shall be liable for any loss resulting from any such investment, nor from failure to preserve rights against endorsers or other prior parties to instruments evidencing any such investment. Investment of funds shall be limited as to amount and yield of investment in such manner that no part of the outstanding Bonds shall be deemed "arbitrage bonds" under Section 103(c) of the Internal Revenue Code of 1954 and regulations thereunder.

THE PROJECT

The Series Two-D Project

The proceeds of the Series Two-D Bonds were used primarily for acquiring grounds for and constructing an addition to the former Daniel C. Gainey residence at Owatonna, Minnesota, and for remodeling the facility. The residence and approximately 3½ acres on which it is situated were a gift to the College. A portion of the proceeds of the Series Two-D Bonds were used to purchase approximately 21 surrounding acres. The Project has been named the "Daniel C. Gainey Conference Center" (the "Center") and is being used by the College for its general educational purposes. The Center has 35 rooms, including a conference room and dining facilities accommodating approximately 75 persons.

The Series Two-C Project

Proceeds of the Refunding Series 1982-1 Bonds were used primarily to refund in advance of maturity the then outstanding Series Two-C Bonds, which were due November 20, 1983 and are no longer outstanding.

Proceeds of the Series Two-C Bonds were used by the College for the construction and equipping of a new physical education and activities building, renovation of the existing physical education and athletic building, and construction and equipping of a new physical plant headquarters building, all on the Saint Paul campus of the College.

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, a ninth member who is the Executive Director of the Minnesota Higher Education Coordinating Board, and the tenth member, the President of the Minnesota Private College Council, who is a non-voting, ex officio member.

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $150 million. With the Bonds, the Authority has had 40 issues (including refunded and retired issues) totaling $127,890,000 of which $95,360,000 (including the Bonds) is outstanding as of March 2, 1985. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payments. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

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

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

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

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

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

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

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

Members of the Authority

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

* *Mr. McHugh is also a member of the College's Board of Trustees. He has abstained in any action of the Authority taken in regard to the Bonds.*

THE COLLEGE

The College of St. Thomas, a Minnesota not-for-profit corporation, was founded in 1885 by Archbishop John Ireland as St. Thomas Aquinas Seminary. The College became a four year institution of higher education in 1908 and conferred its first baccalaurate degrees in 1910. The College currently offers a broad range of academic programs leading to undergraduate and graduate degrees. The College does not discriminate on the basis of race, creed, color, national origin, sex, age, or physical disability in the employment of faculty or staff, the admission or treatment of students, or in the operation of its educational programs and activities. As permitted by applicable statutes and regulations, the College reserves the right to consider sex as one factor in its undergraduate admissions policy in order to effect a desired balance in the proportionate representation of the sexes in the student body.

The main campus of the College is located in the west Summit Avenue area of Saint Paul, Minnesota, between the downtown districts of Saint Paul and Minneapolis. The College has recently acquired property in Owatonna, Minnesota which is used as a conference center (the "1982 Project"), and the former Peavey Company Technical Center in Chaska, Minnesota.

The College is accredited by the North Central Association of Colleges and Schools and is registered with the Minnesota Higher Education Coordinating Board in accordance with Minnesota Statutes.

Governance

The College is governed by a 40-member Board of Trustees (currently there are three vacancies). The Board elects its own members and each member serves a five-year term with no limit on the number of terms, except that one member is nominated by the College Alumni Association and elected by the Board of Trustees for a three-year term. The present Board consists of 32 lay persons and five clergy. The President of the College, the Archbishop of Saint Paul and Minneapolis and the Vicar General of the Archdiocese of Saint Paul and Minneapolis are ex officio members of the Board of Trustees. The Archbishop and Vicar General are also the Chairman and Vice Chairman, respectively, by virtue of their positions.

Following is a list of the members of the Board of Trustees of the College and their business or professional affiliation, as of March 1, 1985:

Trustee	Principal Activity
Sidney R. Cohen	Chairman and Chief Executive Officer, Norstan, Inc., Plymouth, Minnesota
Thomas P. Coughlan*	Retired President, Mankato Stone Company, Mankato, Minnesota
Rev. Dennis Dease	Spiritual Director, The Saint Paul Seminary, Saint Paul
John F. Donovan	Chief Executive Officer, Donovan Companies, Inc., Saint Paul
Rev. Msgr. Francis J. Fleming	Pastor, Church of St. Olaf, Minneapolis
Charles A. Haggerty	Vice President, IBM Corporation, White Plains, New York
Mary-Angela Harper	President, Harper-Murdick Associates, Washington, D.C.
Elizabeth A. Hidding*	Executive Vice President and Treasurer, Twin City Tile and Marble Co., Minneapolis
Thomas E. Holloran*	Chairman and Chief Executive Officer, Inter-Regional Financial Group, Inc., Minneapolis
Ronald M. Hubbs	Retired Chairman, The St. Paul Companies, Inc., Saint Paul
Robert J. Johnson	Partner and Chairman, Dorsey & Whitney, Minneapolis
Anne L. Klein	Travel Consultant, Horizon Travel, Inc., Wayzata, Minnesota
David A. Koch*	President and Chief Executive Officer, Graco, Inc., Minneapolis
Thomas P. Krebsbach	President, Midway Chevrolet, Saint Paul
M. Joseph Lapensky	Chairman and Chief Executive Officer, Northwest Airlines, Inc., Minneapolis
James P. Larkin	Chairman, Larkin, Hoffman, Daly & Lindgren, Ltd., Bloomington, Minnesota
Robert D. Lund	Vice President, Sales and Marketing, General Motors Corporation, Detroit, Michigan

Administration

The principal officers of the College are as follows:

President

The Reverend Monsignor Terrence J. Murphy has been the President of the College since 1966. He has been associated with the College since 1954, first as a faculty member and then from 1962 to 1966 as Executive Vice President. Monsignor Murphy received a B.A. degree in philosophy from Saint Paul Seminary, an M.A. degree in political science from the University of Minnesota,, and a Ph.D. degree in political science from Georgetown University. In April, 1966, he was named a Domestic Prelate with the title of Right Reverend Monsignor by Pope Paul VI.

Provost

Dr. Charles J. Keffer has been Provost since 1977. He served as Vice President for Academic Affairs until 1984. He came to the College in 1973 as Dean of the College. He received his B.S. degree from the University of Scranton and his M.A. and Ph.D. degrees from Harvard University.

Senior Vice President for External Affairs

Quentin J. Hietpas has been Senior Vice President for External Affairs since April, 1983. He received his B.A. degree from the College of St. Thomas and his J.D. degree from the William Mitchell College of Law.

Business Manager

Khel Marken has been Business Manager since December, 1980. He received his B.S. degree from the University of South Dakota.

Campus

As of June 30, 1984 the campus had the following major facilities most of which are located on the Saint Paul campus of approximately 45 acres:

	Facility	Use	Acquired	Residential Capacity	6/30/84 Book Value (1)	Insurable Value (2)	Insured Contents
1.	Albertus Magnus Hall	Classes, Offices and Labs	1946		$ 1,853,928	$ 7,567,758	$1,022,892
2.	Aquinas Hall	Classes & Offices	1931		901,547	4,062,789	620,308
3.	O'Shaughnessy Library	Library & Audio Visual Department	1958		1,612,821	5,106,119	2,434,614
4.	Chiuminatto Hall	Classes & Studios	1943		40,320	380,579	77,025
5.	O'Shaughnessy Educational Center (4)	Learning Center & Classes	1969		3,652,060	8,522,220	358,423
6.	Catholic Digest Building	Editorial Offices	1905		54,172	465,613	24,552
7.	Alumni House	Development Offices	1962		76,253	189,251	16,368
8.	Christ Child Building	Classes & Offices	1976		1,645,750	1,866,600	96,538
9.	McNeely Hall	Classes & Offices	1977		1,014,893	2,334,580	153,023
10.	Chapel	Religious Services	1917		1,064,266	2,566,575	109,305
11.	Stadium	Athletics	1946		621,438	1,757,133	23,506
12.	Foley Theater	Theater, Classes & Offices	1914		651,461	1,509,872	166,698
13.	O'Shaughnessy Hall (5)	Athletics, Classes & Offices	1939		597,804	3,895,078	127,348
14.	Dowling Hall (4)	Student Residence	1957	329	1,622,568	4,784,856	170,980
15.	Ireland Hall (4)	Student Residence	1912	295	1,050,432	3,205,399	175,100
16.	Murray Hall and Murray Residence (3) (4)	Student Center Residence Hall	1959 1977	91	3,049,050	7,496,481	636,628
17.	Brady Hall (4)	Student Residence Health Center	1967	229	1,283,528	3,451,669	83,430
18.	John Paul II Hall (3)	Student Residence	1978	140	1,581,512	1,875,933	131,840
19.	Faculty Residence (3)	Faculty Residence	1973	23 apts.	722,284	1,182,180	71,070
20.	Grand Ave. Apartments	Student Residence	1980	92	899,819	1,169,736	76,220
21.	2084 Grand Avenue	Rental Property	1980		48,181	54,444	2,773
22.	2080 Grand Avenue	Office & Garage	1976		21,050	105,747	6,976
23.	2091 Grand Avenue	Offices	1980		71,534	69,102	5,443
24.	2093 Grand Avenue	Offices	1977		28,220	70,149	5,443
25.	2115 Grand Avenue	Unoccupied	1984		34,500*	20,000	

	Facility	Use	Acquired	Residential Capacity	6/30/84 Book Value (1)	Insurable Value (2)	Insured Contents
26.	2119 Grand Avenue	Offices	1984		$ 78,000*	$ 40,000	$
27.	2057 Portland Avenue	Offices	1977		55,847	90,042	5,443
28.	44 North Cleveland	Offices	1979		257,367	247,092	30,810
29.	Physical Education and Administration Bldg. (5)	Office, Classes, Fieldhouse & Arena	1982		5,645,529	5,352,994	51,350
30.	Gainey Conference Center (5)	Offices, Retreat Facilities	1982		4,689,467	4,842,625	524,624
31.	Plant Headquarters (5)	Offices	1982		506,617	407,283	27,594
32.	Peavey Building	Labs & Offices	1983		4,445,000	5,185,000	
33.	Heating Plant	Steam Generation	1939		347,635	1,984,818	164,059
34.	Garages	Car & Equipment Storage	1917-1957 1965-1976 1977-1979		69,757	214,659	90
35.	IACI Building	Offices	1946		35,963	36,000	20,000
36.	Utilities Distribution		1946-1959		440,077	1,432,771	
37.	Grounds Improvements	Walks, Parking, etc.			493,152		
38.	Other Plant Equipment	Maintenance			49,214		
39.	30-32 South Finn	Offices			305,000	305,000	
40.	2130 Summit	President's House			127,495	127,495	
	Totals				$41,696,303	$83,975,642	$7,420,473

(1) The book value was based upon original cost and additions without allowance for depreciation.

(2) The insurable value was established by Alexander & Alexander, the College's insurance agent.

(3) Title to this facility has been transferred by the College to the Authority and has been leased by the Authority to the College, subject to a mortgage to the trustee for the bonds issued by the Authority on behalf of the College for the facility. See "Certain Financial Information - Long-Term Debt."

(4) Title to this facility is subject to a mortgage granted by the College for the benefit of the United States Department of Housing and Urban Development or Department of Health, Education, and Welfare, as holder of bonds issued by the College. See "Certain Financial Information - Long-Term Debt."

(5) Title to this facility has been transferred by the College to the Authority and has been leased leased back to the College, pursuant to a lease agreement. Title will be transferred by the Authority to the College upon Bond Closing.

Library

O'Shaughnessy Library contains approximately 200,000 volumes and has an auditorium and audio visual center. The College is a member of the Cooperating Libraries in Consortium, Inc., the Saint Paul-Minneapolis private college inter-library loan group; and MINITEX, which provides access to the University of Minnesota Libraries.

Catholic Publishing Center

The College owns the Catholic Digest, a national, monthly magazine with a circulation of approximately 630,000. Although the magazine has some original articles, its principal content consists of reprints. It has income from advertising in addition to subscriptions. The College operates the magazine within its Catholic Publishing Center, a division of the College, which had a net income of $1,292,391 for fiscal year ended June 30, 1984. Operations of the Catholic Publishing Center are part of the College's financial statements included in Appendix I to this Official Statement.

Saint Paul Seminary Affiliation

The Board of Trustees of the College of St. Thomas and the Board of Trustees of The Saint Paul Seminary (the "Seminary") have tentatively approved in principle an affiliation of the two nonprofit corporations. A final agreement has not yet been reached between the College and the Seminary. It is anticipated that a final agreement will be reached by June 1, 1985, and the effective date of the agreement is anticipated to be July 1, 1985. However, there is no guarantee that a final agreement will be reached or if reached will substantially contain the terms described herein. The discussion below is based upon a proposed draft of the affiliation agreement.

The Seminary maintains and conducts a theological seminary to educate candidates for the priesthood to the Catholic Church. The proposed affiliation agreement between the College and the Seminary would establish the Saint Paul Seminary School of Divinity of the College of St. Thomas (the "Divinity School"). The Divinity School's ministerial studies program consisting of ministerial training, including classroom theological coursework and field education, would be directed by the College. The Divinity School's ministerial formation program consisting of programs for spiritual and personal growth and the evaluation of readiness of candidates for ministry would be directed by the Seminary.

The College and the Seminary would each maintain its separate corporate existence. However, the Board of Trustees of the College and the Seminary would each include three (3) members from the Board of Trustees of the other corporation.

As part of the proposed agreement between the Seminary and the College, the Seminary would transfer to the College approximately 27 acres of real property. The improvements transferred include ten buildings on the Saint Paul Seminary Campus. The Seminary would also transfer to the College, with certain limited exceptions, all tangible personal property contained in the ten buildings. The market value of the land and buildings has been appraised at $4,650,000 by the appraiser hired by the College. The appraiser hired by the Seminary appraises the market value of the land and buildings at $9,200,000.

Also as a part of the proposed agreement, and upon execution of the agreement, the College would pay the Seminary the sum of $2,500,000. In addition, the College would provide the sum of $250,000 annually to be used as a special fund for improvement of the Divinity School. The College would assume the responsibility to pay the expenses of the Divinity School from and after the effective date of the affiliation agreement. The College would not assume any of the past obligations or liabilities of the Seminary. It is anticipated that The Archdiocese of Saint Paul and Minneapolis would continue to provide financial support for tuition, room and board for all candidates for the priesthood from the Archdiocese. However, there is no guarantee that the Archdiocese will continue to provide any additional funding for Divinity School.

The Rector of the Divinity School will establish a budget for the School and submit it to the Seminary Board for its approval. The budget will then be submitted to the College for its approval. If the budget is not approved by the College, changes in the budget may be made with the consent of the Seminary's Board of Trustees.

The Seminary has balanced its budget by utilizing unrestricted endowment funds and subsidies of the Archdiocese for each of its past three fiscal years. The unrestricted endowment funds have been essentially exhausted. Interest earned on the restricted endowment funds will continue to be used to pay the expenses of the Divinity School. The table below indicates total expenditures, transfers of quasi-endowment funds and Archdiocese subsidies according to the Seminary's unaudited financial statements.

Fiscal Year End	Total Expenditures	Transfer of Principal From Quasi-Endowment Funds	Archdiocese Subsidy
June 30, 1982	$1,585,000	$ 25,000	$190,302
June 30, 1983	1,675,000	260,625	217,420
June 30, 1984	1,600,000	80,339	158,185

Academic Information

The College follows the four-one-four academic calendar of two four-month semesters during the school year, separated by a one-month interim term in January. During each semester the undergraduate student's normal course load is four subjects; during the interim concentration is on one subject. The B.A. degree is awarded in the following major concentrations or programs of study: Art, Art History, Biology, Business Administration (Accounting, Financial Management, Marketing Management, Human Resources Management, Operations Management, General Business Management), Chemistry, Communication and Theatre, Criminal Justice, East Asian Studies, Economics, Education, English, Foreign Language-Business Administration, French, Geology, German, Greek, History, Home Economics, International Studies, Journalism, Latin, Library Science, Literary Studies, Mathematics, Music, Philosophy, Physical Education, Physics, Political Science, Psychology, Public Administration, Quantitative Methods and Computer Science, Russian Area Studies, Social Sciences, Social Work, Sociology, Spanish, and Theology.

Since 1950 the College has had a graduate program in education. The College grants the Master of Arts and the Education Specialist degrees. Concentrations are available in school administration, counseling, developmental and remedial reading, community education, special education, teacher preparation and in curricular enrichment programs in elementary and secondary education. Fall 1984 enrollment in the graduate program in education was 710.

In 1974 the College added the Master in Business Administration degree to its graduate programs. Courses offered in this program are taught in the evening. The program has grown since 1974 to an enrollment of 1,312 as of fall 1984. The majority of the student body pursuing this degree are working adults.

A graduate program in religious education started in 1977 had 38 students enrolled as of the fall of 1984; it offers a Master of Arts degree.

In the fall of 1984, the College inaugurated two new masters degree programs, one in Business Communications and one in International Management. In the spring of 1985, a Master of Science program in Software Design and Development was started.

The College has several non degree-granting programs developed for the education and training of the general community. These include: the Management Center, offering formal courses, seminars and conferences to business, government and public institutions; the Center for Economic Education, to pursue the improvement of the quality and quantity of economics taught in the schools; the Center for Senior Citizens Education; and the Community Education Center to provide assistance to school districts and to assist in the expansion of the community education concept at State and national levels.

Faculty and Staff

The faculty-student ratio at the College is approximately one to 20. There is no religious or denominational prerequisite nor any participatory religious requirement for faculty or staff membership. The College subscribes to the 1940 Statement of Principles on Academic Freedom of the American Association of University Professors and the Association of American Colleges.

As of spring 1985 the College employed 221 full-time and 175 part-time faculty. Total employees number approximately 754.

The total audited payroll of $15,254,549 for the fiscal year ended June 30, 1984 included $310,284 of contributed services, net of expenses. A contributed service is defined as the salary the College would expect to pay a comparably qualified lay person for services performed by religious, less expenses, allowances and cash salary. As of June 30, 1984 there were 22 persons, primarily diocesan priests, on the faculty and administrative staff of the College who contribute their services. The average age of such persons was 54.2 years.

The following table lists the academic rank, number and average salary of the lay members of the College faculty for the 1984/85 academic year. In addition there are 18 priests on the full-time faculty.

	Number	Average Salary
Professor	23	$39,202
Associate Professor	60	31,373
Assistant Professor	90	24,714
Instructor	22	21,140
Total	195	

The following table lists the degrees and professional designations held by the full-time faculty members for the 1984/85 year.

	Number
Doctorate	133
Master of Arts, Juris Doctorate, Certified Public Accountant	72
Bachelor of Arts	8
Total	213

Student Body

The fall term enrollment at the College for the 1984/85 academic year was 6,435; with a full-time equivalent ("FTE") enrollment of 5,143. Approximately 85% of the 1984/85 freshman class of 850 were students from the State of Minnesota; this ratio has been relatively stable and is expected by the College to remain so.

The College's undergraduate day program admitted women for the first time in the fall of 1977. Graduate programs have been coeducational since their inception. Women comprise approximately 44% of the total graduate and undergraduate student body.

Enrollments

The following table sets forth the enrollment at the College as of the fall term for the five most recent academic years:

Program	1980/81	1981/82	1982/83	1983/84	1984/85
Undergraduate Day	3,163	3,390	3,574	3,673	3,875
New College*	307	308	342	353	396
Total Undergraduate	3,470	3,698	3,916	4,026	4,271
Graduate Education	712	676	559	562	710
Graduate Business	1,060	1,216	1,347	1,341	1,312
Graduate Religious Education	39	40	32	30	38
Graduate Business Communications					104
Total Graduate	1,811	1,932	1,938	1,933	2,164
Total Enrollment	5,281	5,630	5,854	5,959	6,435
FTE Enrollment	4,236	4,558	4,728	4,803	5,143

The College projects that enrollment in the next five academic years will be as follows:

Program	1985/85	1986/87	1987/88	1988/89	1990/91
Undergraduate Day	3,800	3,700	3,600	3,500	3,400
New College*	450	500	550	600	650
Total Undergraduate	4,250	4,200	4,150	4,100	4,050
Graudate Education	710	750	750	750	750
Graduate Business	1,275	1,250	1,200	1,200	1,200
Graduate Religious Education	35	35	35	35	35
Graduate Business Communications	100	150	150	150	150
Total Graduate	2,120	2,185	2,135	2,135	2,135
Total Enrollment	6,370	6,385	6,285	6,235	6,185

* *An evening degree-granting program for adults.*

Housing

Students may live either off campus or in one of the residence halls on campus. All students living on campus also must board on campus. As of fall 1984 the College had nine student residences with a capacity for 1,390. Approximately 36% of the undergraduate day student population for the academic year 1984/85 resided on campus.

Tuition and Fees

The College meets the cost of educational programs primarily through tuition and fees. The following table lists the tuition charged full-time students in the College's major programs for the academic years beginning in the fall of 1981 through 1984, and the tuition schedule for the academic year beginning in the fall of 1985.

	1981	1982	1983	1984	1985
Undergraduate (full-time) per academic year	$3,520	$4,160	$4,640	$5,360	$5,880
Graduate education and religious education per credit	90	110	125	140	155
Graduate School of Business/Business Communications per credit	105	130	145	167.5	185

The Board of Trustees reserves the right to revise charges from time to time. Although the Board of Trustees anticipates that it will be able to raise current tuition and fees without adversely affecting future enrollment, there can be no assurance that it will be able to do so. Future economic and other conditions may affect the ability to increase tuition and fees while sustaining current levels of enrollment.

The following table lists total revenue derived from tuition and fees for the fiscal years ended June 30, 1979 through 1984 and an estimate of such revenue for the fiscal year ended June 30, 1985.

Year	Tuition and Fees
1979	$ 9,285,047
1980	10,376,778
1981	12,360,293
1982	14,160,231
1983	17,388,826
1984	19,821,441
1985	24,296,000*

* *February 28, 1985 projection.*

Financial Aid

About 70% of the College's students currently receive some form of financial aid. Some of the federal and State financial aid programs apply to tuition and fees, whereas others provide aid for living expenses such as transportation, housing (on or off campus) and personal expenses.

The following table sets forth a five year summary of financial aid information for the College. It shows the growth in the number of students receiving financial aid in all forms and the changes that have occurred in each type of program. The Board of Trustees has designated $2,375,000 in increased endowment for student financial aid as a result of a recently concluded capital fund drive.

FINANCIAL AID BY TYPE

Year Ended June 30	Number of Students*	College of St. Thomas	Restricted Funds	Basic Education Opportunity Grants	Supplemental Education Opportunity Grants	State of Minnesota Scholarship and Grant Program	National Direct Student Loan	Guaranteed Student Loan	Work**	Total
1980	2,637	$ 520,467	$503,426	$799,917	$321,807	$ 939,380	$467,725	$1,764,272	$330,392	$5,647,386
1981	3,032	659,452	532,424	604,969	322,475	1,232,560	554,956	3,308,903	423,681	7,639,420
1982	3,289	947,290	696,444	549,621	354,899	1,200,432	572,665	4,244,699	610,047	9,219,737
1983	2,980	1,255,561	728,108	552,205	319,711	1,135,065	364,010	3,338,393	576,211	8,313,641
1984	3,274	1,670,590	722,603	685,114	320,007	1,843,146	359,525	3,261,095	755,204	9,617,284
1985 Projected	3,600	2,350,000	850,000	740,000	330,000	1,840,000	460,000	4,100,000	1,100,000	11,770,000

* *Total number of students receiving at least one type of financial aid (unduplicated count).*

** *Includes federal, State and College work-study funds.*

There can be no assurance that federal or State programs of financial assistance to post-secondary institutions or students will continue or be funded at present levels.

Awards of financial aid, excluding competitive scholarships, are granted on the basis of need up to the maximum allowed by the various programs and can be substituted for each other in the establishment of a student's financial aid package. No assurance can be given that federal and State student financial aid will continue to be funded at current levels. If such student aid is curtailed, it may cause the enrollment of the College to decrease, which, in turn, may have an adverse effect on the College's revenues.

Financial Records

The College maintains its financial records on the basis of a fiscal year ended June 30. The College uses a fund accounting system and the financial statements of the College are prepared on the accrual basis except for depreciation accounting as explained in the notes to the College's financial statements. Appendix I sets forth the financial statements of the College for the year ended June 30, 1984, which statements have been examined by Boulay, Heutmaker, Zibell & Co., certified public accountants.

Statement of Income, Expenditures and Transfers

The following tables set forth the College's unaudited financial projection for fiscal year 1985 and the statements of current general (unrestricted) revenues, expenditures and transfers for the College for the fiscal years ended June 30, 1981 through 1984. This table should be read in conjunction with the financial statements which are Appendix I.

COLLEGE OF ST. THOMAS

UNAUDITED FINANCIAL PROJECTION
For Fiscal Year 1985

Revenue:

Tuition and Fees	$24,303,000
Catholic Digest	8,719,000
Endowment Earnings	2,419,000
Unrestricted Gifts (including contributed services)	1,027,000
Management Center	597,000
Gainey Conference Center	680,000
Other Educational and General	1,360,000
Housing	1,787,000
Food Service	2,211,000
Bookstore	1,346,000
Other Auxiliary	295,000
Total Projected Revenue	$44,744,000

Expenses and Transfers:

Salaries and Fringe Benefits	$20,021,000
Catholic Digest	6,911,000
Debt Service	2,231,000
Equipment and Supplies	1,689,000
Library Books, Micofilms and Other	328,000
Utilities	1,509,000
Financial Aid	2,100,000
Professional Services	1,275,000
Items Purchased for Resale (food service, bookstore)	1,571,000
Travel and Related	539,000
Repairs	523,000
All Other Expenses	2,247,000
Transfers for Plant Projects	1,600,000
Other Transfers	2,100,000
Total Projected Expenses and Transfers	$44,644,000

Net Revenue Projected	$ 100,000

STATEMENT OF CURRENT FUND (UNRESTRICTED)
REVENUES, EXPENDITURES AND OTHER CHANGES
YEARS ENDED JUNE 30

	1981	1982	1983	1984
Revenue				
Tuition and Fees	$11,892,628	$14,160,231	$17,388,826	$19,821,441
State Grants and Contracts	553,767	436,103	409,549	
Private Gifts, Grants and Contracts	724,764	722,142	984,024	956,221
Income from Investments	781,696	1,183,612	2,375,936	2,863,181
Sales and Services of Educational Enterprises	6,305,324	7,081,786	7,751,009	9,439,014
Sales and Services of Auxiliary Enterprises	3,026,316	3,440,626	4,287,331	5,143,478
Other Revenue	380,507	485,038	635,273	525,091
Total Revenue	$23,665,002	$27,509,538	$33,831,948	$38,748,426
Expenditures				
Educational and General:				
Instruction	$ 5,412,217	$ 6,611,492	$ 7,622,028	$ 8,336,270
Educational Enterprises	5,654,690	6,340,801	7,036,986	8,029,539
Academic Support	1,032,098	1,245,524	1,535,129	1,671,683
Student Services	1,224,363	1,513,286	1,813,776	2,081,178
Institutional Support	3,028,713	3,835,324	4,663,486	5,502,529
Operation and Maintenance of Plant	1,612,742	1,953,306	2,203,637	2,600,177
Student Aid	697,795	917,890	1,256,651	1,608,713
Mandatory Transfers:				
Principal and Interest	60,335	63,066	726,666	1,662,627
Renewal and Replacement	-	-	38,678	39,952
Total Educational and General	$18,722,953	$22,480,689	$26,897,037	$31,532,668
Auxiliary Enterprises:				
Expenditures	$ 2,472,846	$ 2,856,679	$ 3,643,979	$ 4,109,732
Mandatory Transfers:				
Principal and Interest	421,439	441,450	431,886	482,149
Renewal and Replacement	45,297	43,759	184,055	190,661
Total Auxiliary Enterprises	$ 2,939,582	$ 3,341,888	$ 4,259,920	$ 4,782,542
Total Current Expenditures	$21,662,535	$25,822,577	$31,156,957	$36,315,210
Transfers Among Funds:				
Endowment Fund	$(2,712,195)	$(3,263,763)	$(3,688,500)	$(4,617,301)
Plant Fund	(1,362,110)	(2,822,937)	(629,264)	587,144
Restricted Current Fund	967,092	4,308,156	1,676,600	1,649,873
Student Loan Fund	327,748	123,633	18,200	17,977
Total Transfers	$(2,779,465)	$(1,654,911)	$(2,622,964)	$(2,362,307)
Net Increase (Decrease) in Fund Balances	$ (776,998)	$ 32,050	$ 52,027	$ 70,909

Gifts, Grants and Bequests

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

Major development programs, including efforts to raise capital funds and a variety of annual giving programs among alumni, parents of students, businesses and friends of the College, have been maintained for a number of years.

In September, 1977 the College embarked upon the largest fund-raising campaign in its 95 year history. This campaign, entitled "Priorities for the '80's," resulted in gifts (including pledges) in the amount of $20,088,673, surpassing the College's original goal of $14,403,000 by approximately 39%. A major purpose of this campaign, which officially ended in December, 1981, was to increase endowment funds for both restricted and unrestricted purposes. Approximately $7,319,000 was raised for endowment through the campaign. As of December 31, 1984, $18,827,960 had been received of the $20,088,673 of pledges made.

The College is studying the feasibility of a major fund-raising campaign to coincide with its 100th anniversary in 1985.

The following table sets forth the amounts of gifts, grants and bequests received by the College for the fiscal years ended June 30, 1979 through 1984.

Fiscal Year	Current General	Current Restricted	Total
1979	$1,222,476	$ 1,729,919	$ 2,952,395
1980	1,169,745	1,542,468	2,712,213
1981	1,278,538	2,313,239	3,591,777
1982	722,142	2,311,816	3,033,958
1983	984,024	1,402,705	2,386,729
1984	956,221	1,176,968	2,133,189
Totals	$6,333,146	$10,477,115	$16,810,261

Endowment Funds

The College's Endowment Funds include (i) general endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and that only the income be utilized, either for donor-specified purposes or for general College purposes; (ii) funds functioning as endowments which represent expendable funds received which, by decision of the Board of Trustees of the College, have been retained and invested for the future benefit of the College, but which can be utilized, if and when the need arises, for current operating and capital expenditure purposes at the discretion of the Board of Trustees; (iii) funds functioning as a term endowment which represents a gift to the College, the income of which, by decision of the Board of Trustees, is used to retire specified indebtedness, and following such retirement, or before that time at the discretion of the Board, the fund principal and income can be utilized for current operating and capital expenditures; and (iv) funds restricted as to both principal and interest for purposes of the Catholic Publishing Center. The following table is a recapitulation of balances of endowment funds and funds functioning as endowments for the fiscal years ended June 30, 1981 through 1984.

STATEMENT OF CHANGES IN FUND BALANCES
ENDOWMENT AND SIMILAR FUNDS
YEARS ENDED JUNE 30

	1981	1982	1983	1984
Revenues and Other Additions				
Private Gifts, Grants and Bequests	$ 247,051	$ 697,789	$ 684,542	$ 2,258,894
Investment Income	253,674	174,946	1,150,097	1,813,771
Other Revenue	-	-	14,127	-
Total Revenues and Other Addiitons	$ 500,725	$ 874,853	$ 1,848,766	$ 4,072,665
Expenditures and Other Deductions				
Realized Losses on Investments	$ 14,985	$ 178,472	$ -	$ -
Total Expenditures and Other Deductions	$ 14,985	$ 178,472	$ -	$ -
Transfers Among Funds:				
Endowment Funds	$ 2,712,195	$ 3,263,763	$ 3,688,500	$ 4,617,301
Plant Funds				
Restricted Funds				
Student Loan Funds				
Total Transfers	$ 2,712,195	$ 3,263,763	$ 3,688,500	$ 4,617,301
Net Increase (Decrease) for the Year	$ 3,197,935	$ 3,960,144	$ 5,537,266	$ 8,689,966
Fund Balance at Beginning of Year	$14,279,152	$19,092,449	$23,052,593	$28,589,859
Fund Balance at End of Year	$17,477,087	$23,052,593	$28,589,859	$37,279,825

Long-Term Debt

The College had the following long-term debt (maturing beyond one year) outstanding as of March 1, 1985, exclusive of the Bonds:

(a) $1,200,000 Dormitory Bonds of 1957, dated December 1, 1957, at 2-7/8%; remaining principal is $560,000 due in annual installments through 1997; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct Dowling Hall (student dormitory). The bonds are secured by (i) a first mortgage lien on Ireland and Dowling Halls, (ii) net revenues of the operations of these buildings, and (iii) the full faith and credit of the College.

(b) $1,300,000 Student Union Bonds of 1959, dated January 1, 1959, at 3%; remaining principal is $260,000 due in annual installments through 1989; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct the Student Union (Murray Hall). The bonds are secured by (i) a first mortgage on the facility, (ii) net operating revenues of the Student Union, (iii) Student Union fees, and (iv) the full faith and credit of the College.

(c) $1,050,000 Dormitory Bonds of 1967, dated April 1, 1967, at 3%; remaining principal is $865,000 due in annual installments through 2017; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct Brady Hall (student dormitory). The bonds are secured by (i) a first mortgage lien on Brady Hall, (ii) net revenues from the operation of the building, and (iii) the full faith and credit of the College.

(d) $1,346,000 Academic Building Bonds of 1969, dated June 1, 1969, at 3%; remaining principal is $1,041,000 due in annual installments through 2009; purchased by the U.S. Department of Health, Education and Welfare; the proceeds were used to finance in part the construction of the O'Shaughnessy Education Center. The bonds are secured by (i) a first mortgage lien on O'Shaughnessy Education Center, and (ii) the full faith and credit of the College. The College received gifts from I.A. O'Shaughnessy that are functioning as a term endowment to provide principal and interest.

(e) $800,000 Minnesota Higher Education Facilities Authority (the "Authority") First Mortgage Revenue Bonds, Series K, dated December 1, 1974, at various rates from 5.50% to 6.90%; remaining principal is $515,000 due in annual installments through 1994. The proceeds were used to construct the Faculty Residence Building. The bonds are secured by (i) a first mortgage lien on the Faculty Residence Building, (ii) the net revenues of the facilities, (iii) a Debt Service Reserve Account of $56,000, (iv) the Authority's General Bond Reserve Account, (v) the full faith and credit of the College, and (vi) a pledge by the College to charge tuition fees and other fees and charges sufficient to provide debt service.

(f) $685,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series U, dated January 1, 1978, at various interest rates from 4.40% to 5.90%; remaining principal is $610,000 due in annual installments through 2000. The proceeds were used to construct an addition to Murray Hall. The bonds are secured by a second mortgage lien which will become a first mortgage lien after the Student Union bonds of 1959 described in subparagraph (b) above are retired, (ii) the guarantee of the

College, (iii) a debt service reserve account of $44,800, and (iv) the Authority's General Bond Reserve Account.

(g) $1,800,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series X, dated September 1, 1978, at various interest rates from 6.00% to 7.00%; principal outstanding is $1,730,000 due in annual installments through 1999. The proceeds were used to construct John Paul II Residence Hall. The bonds are secured by (i) a first mortgage lien on the John Paul II Residence Hall, (ii) the guarantee of the College, (iii) the net revenues of the facility, (iv) a debt service reserve account of $112,000, and (v) the Authority's General Bond Reserve Account.

(h) A $577,150 contract for deed at 10%. Monthly interest installments of $3,600 will be paid until August 1, 1992 and a final payment of $532,265.67 will be due August 1, 1992. The contract is for the purchase of the Grand Avenue apartments.

(i) $2,745,073 (College share of $18,520,000 total) Minnesota Higher Education Facilities Authority Pooled Revenue Bonds, Series 1983-A, dated September 1, 1983, at various interest rates from 6.75% to 8.50%; principal oustanding is $2,745,073 due in annual installments from 1986 through 1991. The proceeds will be used for various equipment acquisitions and building remodeling projects.

(j) A $1,175,000 promissory note bearing interest at a rate of 10% secured by a first mortgage on the "Peavey Building" located on Peavey Road in Chaska. Remaining principal (March 1, 1985) was $825,813.85. Annual principal and interest payments are $128,169.

(k)* $2,500,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-D, dated August 6, 1982, at various interest rates from 8.50% to 11%; principal outstanding is $2,340,000 due in annual installments through 1993. Proceeds were used to construct the Daniel C. Gainey Conference Center located in Owatonna, Minnesota.

(l)* $6,110,000 Minnesota Higher Education Facilities Authority Refunding Revenue Bonds, Series 1982-1, dated August 6, 1982, at various interest rates from 8.50% to 11%; principal outstanding is $5,715,000 due in annual installments through 1993.

* *These bonds are being refunded in advance of maturity by this Issue.*

ANNUAL DEBT SERVICE BY FISCAL YEAR
(EXCLUDES THE REFUNDED BONDS)

Fiscal Year Ending June 30	The Bonds: Principal	The Bonds: Principal and Interest (a)	Outstanding Debt Service (b)	Total Debt Service	Coverage to 1984 Unrestricted Current Fund Earned Surplus Available for Debt Service (c)
1985	$	$	$ 961,078	$ 961,078	4.76 times
1986	270,000	367,823	861,036	1,228,859	3.73
1987	720,000	1,292,088	1,220,637	2,512,725	1.82
1988	780,000	1,308,887	1,222,336	2,531,223	1.81
1989	860,000	1,338,188	1,212,086	2,550,274	1.80
1990	925,000	1,342,987	1,209,427	2,552,414	1.79
1991	1,025,000	1,375,925	1,214,303	2,590,228	1.77
1992	1,100,000	1,374,050	1,202,034	2,576,084	1.78
1993	1,200,000	1,388,800	1,181,055	2,569,855	1.78
1994	1,175,000	1,269,000	605,484	1,874,484	2.44
1995			599,962	599,962	7.63
1996			481,308	481,308	9.51
1997			474,301	474,301	9.65
1998			475,388	475,388	9.63
1999			456,070	456,070	10.04
2000			244,190	244,190	18.75
2001			101,155	101,155	45.26
2002			100,040	100,040	45.76
2003			98,895	98,895	46.29
2004			103,705	103,705	44.14
2005			102,320	102,320	44.74
2006			101,890	101,890	44.93
2007			100,415	100,415	45.59
2008			99,895	99,895	45.83
2009			98,330	98,330	46.56
2010			102,720	102,720	44.57
2011			42,800	42,800	106.96
2012			41,750	41,750	109.65
2013			40,700	40,700	112.48
2014			39,650	39,650	115.46
2015			43,600	43,600	105.00
2016			42,400	42,400	107.97
2017			41,200	41,200	111.12
Totals	$8,055,000	$11,057,748	$14,922,160	$25,979,908	

(a) Assumes an average estimated interest rate of 7.60%.

(b) Excludes the Refunded Bonds.

(c) 1984 Unrestricted Current Fund (Audited)

Revenues	*$38,748,426*
Expenditures:	
Educational and General	*$29,830,089*
Auxiliary Enterprises	*4,109,732*
Mandatory Transfers	*2,375,389*
	$36,315,210
Earned Surplus Before Discretionary Transfers	*$ 2,433,216*
Add: Mandatory Transfers for Debt Service	*2,144,776*
Earned Surplus Available for Debt Service	*$ 4,577,992*

Pensions

The College has three retirement programs for its employees.

1. All lay full-time faculty and administrators are enrolled in the Teachers Insurance and Annuity Association and College Retirement Equity Fund (TIAA-CREF). The College annually contributes 6% of salary and the employee contributes 4%. This is a defined contribution plan.
2. For priests of the Archdiocese of Saint Paul and Minneapolis serving at the College, the College contributes funds on a current basis to a retirement plan administered by the Archdiocese.
3. For lay clerical and maintenance employees, the College contributes funds on a current basis to a retirement plan administered by the Archdiocese of Saint Paul and Minneapolis.

The College is current in all of its payments with respect to its retirement programs.

Unions

The International Brotherhood of Teamsters, Local 120, represents 48 employees who are on the custodial/groundskeeping staff of the College. As of August, 1983, the College signed a two-year bargaining agreement with Teamsters Local 120, which expires June 30, 1985. In addition, five of the College's employees pay union dues to the International Union of Operating Engineers, Local 70; four as regular members and one, the chief engineer, on a "fair share" basis due to the fact that the position is supervisory but also performs bargaining unit work. The College signed a two-year agreement with Operating Engineers Local 70 in August, 1984, which expires August 31, 1986.

Litigation

A charge alleging unfair discrimination on the basis of sex and national origin was filed against the College in 1977 by a former faculty member with the Minnesota Department of Human Rights ("Department") as well as the Equal Employment Opportunity Commission (the "EEOC"). The charge is denied by the College. The charge has been processed by the Department pursuant to a Worksharing Agreement between the Department and the EEOC. In June of 1979, the Department made a determination that probable cause exists to credit the allegation that an unfair discriminatory practice had been committed. Attempts to resolve the case through conciliation failed, and the Department recommended to the Minnesota Commissioner of Human Rights that a complaint against the College be issued. The charging party died in December of 1979, and the complaint was not issued. On September 16, 1982, the Department closed the case and terminated proceedings. Although the EEOC has notified the College's legal counsel that provided the charge was processed by the Department in accordance with EEOC requirements, the EEOC will accord substantial weight to final action taken by the Department in reviewing final action to be taken by the EEOC, the EEOC has not closed the case. There can be no absolute assurance at this time that the case will be closed by the EEOC. If the case is closed by the EEOC, the heirs and representative of the estate of the charging party may have the right to commence a civil action against the College based upon the alleged discrimination.

THE LOAN AGREEMENT

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

Term of Loan Agreement

The Loan Agreement shall remain in full force and effect from May 1, 1985 until the Indenture has been discharged.

Refunding of Original Bonds

The College agrees that it will pay the principal of, premium and interest on the Original Bonds when due at maturity or upon redemption in advance of maturity and all costs relating to the issuance of the Refunding Bonds and paying the Original Bonds to the extent such payments and costs are not met from proceeds of the Refunding Bonds in the Refunding Account.

Loan Repayments

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

(a) at least ten days before each January 1 and July 1, the College shall pay into the Bond and Interest Sinking Fund Account a sum equal to the interest due on the next interest payment date, after crediting (i) accrued interest originally deposited to the credit of the Bond and Interest Sinking Fund Account at Bond Closing then held in the Bond and Interest Sinking Fund Account, and (ii) transfers to the Bond and Interest Sinking Fund Account from the Debt Service Reserve Account as permitted by the Indenture;

(b) at least ten days before each July 1, the College shall pay into the Bond and Interest Sinking Fund Account a sum equal to the principal due on the next principal payment date after crediting transfers to the Bond and Interest Sinking Fund Account (not credited pursuant to (a)) from the Debt Service Reserve Account as permitted by the Indenture;

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

(d) the College shall pay into the Debt Service Reserve Account forthwith such sum, if any, as is necessary to restore the Debt Service Reserve Account to the sum of $1,167,975;

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

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

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

Rates and Charges

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

Use of Project Facilities

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

Maintenance of Project Facilities

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

Title of Property and Liens

Pursuant to the Bond Purchase Agreement, title to the real and personal property constructed, improved or purchased with the proceeds of the Series Two-C and Series Two-D Bonds will be conveyed by the Authority to the College at Bond Closing. The Bonds will not be secured by any security interest in the property. Except for Permitted Encumbrances, the College will not permit any liens to be established or remain against the Project Facilities, including any mechanic liens for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements, provided the College may in good faith contest any liens filed or established against the Project Facilities and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest unless the Authority or Trustee shall notify the College that, in the opinion of Independent Counsel, by nonpayment of any such items the Project Facilities will be subject to loss or forfeiture, in which event the College shall promptly pay all such items.

Taxes and Other Governmental Charges

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

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

Insurance

The College is to obtain and maintain, so long as any Bonds are outstanding, the following insurance:

(a) fire and extended coverage insurance on all buildings, structures and improvements, fixtures, equipment, furniture and furnishings constituting the Project Facilities in amounts sufficient to provide for not less than full recovery whenever the loss from causes covered by such insurance does not exceed 80% of the full insurable value of the property so insured, which insurance may be provided under a blanket insurance policy;

(b) comprehensive general public liability insurance, including blanket contractual liability and personal injury liability and automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons in the minimum amount for each occurrence of $5 million, and aggregate for each year of $5 million, with a deductible amount of not more than $50,000 per occurrence, and against liability for injury to property in the minimum amount for each occurrence of $100,000; and

(c) worker's compensation coverage to the extent required by law.

Upon recommendation of an Independent insurance consultant employed by the College and satisfactory to the Trustee the Trustee shall permit modifications to the insurance requirements and deductible amounts.

Damage or Destruction

If the Project Facilities shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments. To the extent the damage or destruction is not greater than $100,000 the College shall promptly repair, rebuild or restore the property damaged or destroyed with such changes, including the substitution and addition of other property, as may be desired by the College and as will not impair the character of the Project Facilities as revenue producing educational facilities. To the extent net insurance proceeds are not sufficient the College shall use its funds or the proceeds from the sale of Additional Bonds. All net insurance proceeds up to $100,000 will be paid directly to the College. In the event the damage or destruction exceeds $100,000, all net insurance proceeds shall be paid to and held by the Trustee and the College shall within 180 days after the damage or destruction elect one of the following three options:

<u>Option A - Repair and Restore</u>

The College may elect to repair, rebuild or restore the damaged Project Facilities. In the event that net insurance proceeds and any proceeds from the sale of Additional Bonds are not sufficient for such repair and restoration the College shall pay the deficiency, which payment shall not entitle the College to any repayments. If an Authorized Representative of the Authority and the College shall so request, and if the holders of a majority in principal amount of the outstanding principal amount of the Bonds shall consent thereto, the Trustee shall permit the use of moneys in the Bond and Interest Sinking Fund Account, Debt Service Reserve Account and Redemption Account for such repair, rebuilding or restoration.

<u>Option B - Redemption of All Bonds</u>

If the College by resolution of its Board of Trustees shall certify (A) to the effect that the Project Buildings have been damaged or destroyed (i) to such extent that they cannot be reasonably restored with a period of six months to the condition immediately preceding such damage or destruction, or (ii) to such extent that the College is prevented from carrying on its normal use for a period of six months, or (iii) to such extent that the cost of restoration of the Project Facilities would exceed by more than $100,000 the net insurance proceeds, and (B) that the College elects that the outstanding Bonds shall be redeemed, all of the outstanding Bonds shall be retired and the net insurance proceeds shall be applied for that purpose. In such event all of the Bonds shall be subject to redemption on the next interest payment date for which due notice of redemption can be given. If the available net insurance proceeds, together with the amount then credited to the Bond and Interest Sinking Fund Account, Debt Service Reserve Account and Redemption Account, and available to redeem or retire the Bonds, are insufficient to redeem all of the outstanding Bonds, including principal, interest, redemption expenses and Trustee's fees, the College shall pay such deficiency as a Loan Repayment.

Option C - Partial Redemption of Bonds

If one or more of the Project Buildings so damaged or destroyed is not needed for the effective and economic operation of the College and the College elects not to repair, rebuild or restore such Project Buildings the College may elect to deposit the net insurance proceeds, or, if less, the pro rata portion as determined as hereinafter provided, received in respect to such Project Buildings or Building in the Redemption Account, which shall be used for the partial redemption of Outstanding Bonds.

Pro rata portion shall mean a dollar amount equal to the applicable percentage as shown below of the principal amount of the then outstanding Bonds for the respective Project Buildings indicated:

57%	New Physical Education and Activities Building
8%	Remodeled Physical Education and Athletics Building
5%	New Physical Plant Headquarters Building
30%	Remodeled Daniel C. Gainey Residence

If a pro rata portion of net insurance proceeds is so deposited and no default exists, the balance of the net insurance proceeds shall be returned to the College.

Condemnation

In the event title to one or more of the Project Buildings shall be taken involving the exercise of the right of eminent domain, the Authority shall receive the net proceeds of the award, and the College may elect to apply the award or (if less) the pro rata portion (described above) to the redemption of outstanding Bonds, provided the Board of Trustees of the College determines that the Project Building being taken is not needed for the effective and economic operation of its institution of higher education. If the College does not so elect, neither the terms of the Loan Agreement nor any of the obligations of the parties thereto shall be reduced, and the College shall promptly repair, rebuild or restore each Project Building to a condition substantially equivalent to its condition prior to the taking, or if that is not possible, then to a complete architectural unit and "project" as that term is used in the Act. The Authority will cause any net proceeds received by it by reason of such taking to be applied to such repair, rebuilding or restoration, and if such proceeds shall be insufficient the College shall pay the deficiency.

Indemnification

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

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

Insitution to Maintain its Existence and Accreditation

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

Removal of Equipment and Alterations

Provided no default exists:

(a) the College shall have the privilege from time to time of substituting furnishings, equipment and related property for any Project Equipment, provided that such property so substituted shall not materially impair the educational character or revenue producing significance of the Project Facilities;

(b) the College may remove equipment which is not Project Equipment if it certifies such removal will not materially impair the educational character or revenue producing significance of the Project Facilities; and

(c) the College may remove any Project Equipment without substitution therefor, provided that the College pays a sum equal to the then fair market value of said Project Equipment as determined by an Independent engineer selected by the College if and so long as any of the Bonds remain outstanding, provided that if the original cost of any such item of equipment was less than $25,000, such removal without substitution may be effected without such determination of value and certificate by an Independent engineer upon such showing by the College as may be satisfactory to the Trustee.

The College may at its expense remodel, modify, alter, improve or change the Project Facilities provided that all alterations shall become a part of the Project Facilities and that the alterations will not substantially impair the structural strength, revenue producing capacity or utility or the Project Facilities.

College to Be Nonsectarian

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

Federal Income Tax Status

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

In the event a determination of taxability is made that the Bonds are subject to federal income taxation under the provisions of the Internal Revenue Code as in effect at the date of the Loan Agreement and regulations thereunder, the Bonds shall be subject to redemption at the option of the College on the next practicable and each succeeding interest payment date following the determination of taxability, and the Bonds shall bear additional interest from the date of taxability to the dates of payment of the Bonds at an additional rate equal to the basic rate, for an aggregate rate of interest two times the basic rate, payable by the College as additional Loan Repayments. Additional interest, if any, is payable semi-annually on January 1 and July 1, commencing the first interest payment date following the determination of taxability, provided that no Bonds shall bear additional interest during any period for which the statute of limitations is a bar to the assertion or collection of a federal income tax deficiency from the holder. Additional interest from the date of taxability shall be payable to the holders of the Bonds (or with respect to Bonds paid or redeemed after the date of taxability, to the persons who were the holders at the respective dates of payment and redemption) on the first interest payment date following the determination of taxability.

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

Other Covenants

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

Events of Default

Following are Events of Default under the Loan Agreement:

(a) failure by the College to pay (i) a Loan Repayment when due, and as a result thereof, principal or interest of the Bonds shall not be paid when due, or (ii) a Loan Repayment when due and within two days after notice from the Trustee that such Loan Repayment has not been made; or

(b) a default exists with respect to provisions of the Loan Agreement relating to consolidation, merger, sale and transfer, or use of the Project Facilities affecting the tax-exempt status of the Bonds; or

(c) the College shall default in the punctual performance of any other provisions of the Loan Agreement and such default shall have continued for a period of 30 days after written notice by the Authority or Trustee; or

(d) there is a default under any agreement with respect to indebtedness of the College in an outstanding principal amount of $100,000 or more, and as a result thereof such indebtedness shall become or may be declared immediately due or a proceeding is or may be brought for enforcement thereof; or

(e) the College files a petition in voluntary bankruptcy or a court of competent jurisdiction shall enter an order, judgment or decree against the College appointing a trustee or receiver of the College and such order, judgment or decree shall not be vacated or set aside or stayed within 60 days.

The provisions of subparagraph (c) above are subject to force majeure and are subject to the further limitation that if the default can be remedied but not within a period of 30 days after notice and if the College has taken all action reasonably possible to remedy such default within such 30-day period, the default shall not become an Event of Default for so long as the College shall diligently proceed to remedy the default and in accordance with any directions or limitations of time made by the Trustee.

Remedies on Default

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

(a) the Authority or the Trustee may declare all or any Loan Repayments payable for the remainder of the term of the Loan Agreement to be immediately due and payable;

(b) the Trustee (or the Authority under certain circumstances) may take whatever action at law or in equity which may appear necessary or desirable to collect payments then due or thereafter to become due, pursuant to the Loan Agreement or to enforce performance of any obligation of the College pursuant to the Loan Agreement;

(c) the Authority or Trustee may take whatever action at law or in equity which may appear necessary or desirable to enforce the security provided by, or enforce any provision of, the Loan Agreement or the Indenture.

Any amounts collected pursuant to action taken as described above shall be applied first to advances, expenses and payment of the Bonds as provided in the Indenture and any excess to the College.

Amendments

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

THE INDENTURE

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

Granting Clauses

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

(1) all right, title and interest of the Authority under the Loan Agreement and all Loan Repayments and other sums due under the Loan Agreement, except (i) the Authority's annual fee and rights to indemnity and reimbursement and (ii) rights of the Authority and indenture trustees under the Series Two-D Indenture and Refunding Series 1982-1 Indenture to require the College to pay the debt service and redemption price of the Original Bonds;

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

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

Accounts

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

Bond Closing

In addition to the conditions to be satisfied at Bond Closing under the Bond Purchase Agreement, the Authority and the College are required to furnish to the Trustee (i) certificates and investment instructions of the Authorized Institution Representative and Authorized Authority Representative as to the debt service and redemption schedule for the Original Bonds and related schedule of available cash flow from investments and funds being deposited with the indenture trustees for the Original Bonds to meet the debt service on and to redeem the Original Bonds, (ii) an opinion of independent certified public accountants as to the sufficiency of such investments and funds, (iii) a computation by independent certified public accountants certifying that the yield on the investments does not exceed the yield on the Bonds under Section 103(c) of the Internal Revenue Code and the Arbitrage Regulations, and (iv) certain other documents.

Trustee's Right to Payment

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

Covenants of the Authority

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

(b) failure to make payment of interest on any Bond when due and payable; or

(c) failure by the Authority to punctually perform any of its covenants, conditions, agreements and provisions contained in the Bonds or in the Indenture, and continuance of such default for a period of 60 days after written notice, specifying such default and requiring the same to be remedied, has been given to the Authority and to the College; or

(d) any event of default on the part of the College as that term is defined under the Loan Agreement; or

(e) certain events of insolvency or bankruptcy relating to the Authority.

Remedies

Upon the occurrence of any Event of Default, the Trustee may, and upon written request of the holders of a majority in aggregate principal amount of Bonds outstanding shall, declare the principal of all Bonds then outstanding and the interest thereon immediately due and payable, subject, however, to the right of the holders of a majority in aggregate principal amount of Bonds then outstanding 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, and all arrears of interest and the reasonable charges of the Trustee and all other indebtedness (except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last payment date) shall be paid.

In the case of the breach of any of the covenants or conditions of the Indenture or the Loan Agreement, the Trustee 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, subject to its first being indemnified.

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

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

Concerning the Trustee

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

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

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

Defeasance

If the Authority shall:

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

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

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

(d) surrender to the Trustee for cancellation all Bonds, and shall also pay all other sums due and payable under the Indenture by the Authority, then, at the request of the Authority, the entire estate, right, title and interest of the Trustee, and of registered owners of such Bonds in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such Bonds for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Authority, or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds), which shall then be held thereunder.

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

Supplemental Indentures

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

(a) to correct the description of any property conveyed or pledged by the Indenture or intended so to be, or to assign, convey, pledge or transfer and set over to the Trustee additional property for the benefit and security of the holders and owners of all Bonds and any Additional 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 to make such other provisions in regard to matters or questions arising under the Indenture as the Authority may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture and which shall not impair the security of the same; and

(e) to provide for 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 and any Additional 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 and Additional Bonds outstanding (a) an extension of the maturity of any Bond or Additional Bond, or (b) a reduction in the principal amount of any Bond or Additional Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of property, funds, investments or revenues ranking prior to or on a parity with the lien or pledge created by the Indenture, or (d) a preference or priority of any Bond or Additional Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds and Additional Bonds the holders of which are required to consent to such supplemental indenture.

Amendment to the Loan Agreement

The Authority and the Trustee may, without the consent of or notice to any of the Bondholders, consent to any amendment, change or modification of the Loan Agreement as may be required (a) by the provisions of the Loan Agreement or the Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission, (c) so as to add additional rights acquired in accordance with the provisions of such Loan Agreement, or (d) in connection with any other change which, in the judgement of the Trustee, is not to the material 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 payments under the Loan Agreement without the consent of the holders of all of the Bonds then outstanding.

BOND PURCHASE AGREEMENT

The Underwriters agree to purchase the Bonds pursuant to a Bond Purchase Agreement entered into among the Authority, the College and the Underwriters. The obligations of the Underwriters to purchase and accept delivery of the Bonds are subject to various conditions, including the contribution of cash from the College (see "ESTIMATED SOURCES AND USES OF FUNDS") to be used together with the proceeds of the Bonds for investment in certain acquired obligations to produce a cash flow sufficient to pay all principal of, premium and interest on the Original Bonds when due, and delivery of a letter or report from a firm of accountants providing a verification of the mathematical accuracy of the computations of yield on the Bonds and the acquired obligations to be purchased with the proceeds thereof and funds of the College and the computations of the flow of funds to be produced therefrom for the defeasance of the Original Bonds. The Underwriters are obligated under the Bond Purchase Agreement to purchase all of the Bonds if any of the Bonds are purchased.

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

ABSENCE OF LITIGATION

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

ARBITRAGE

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

FINANCIAL STATEMENTS

The College's audited financial statements for the fiscal year ended June 30, 1984 are included in their entirety as Appendix I of this Official Statement.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Faegre & Benson, Minneapolis, Minnesota, Bond Counsel, whose approving opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the College by Moore, Costello & Hart, Saint Paul, Minnesota.

TAX EXEMPTION

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

RATING

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

APPENDIX I

COLLEGE OF ST. THOMAS
SAINT PAUL, MINNESOTA

AUDITED FINANCIAL STATEMENT
YEAR ENDED JUNE 30, 1984

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GREGORY M. MARGARIT, CPA
PAUL F. ZELMER, CPA
MARVIN A. BUSTA, CPA
CAROL E. LORVICK, CPA
LARRY J. IHRKE, CPA
RONALD E. BROCK, CPA

J.A. BOULAY (1890-1974)
J. AUSTIN BOULAY (1928-1982)

ACCOUNTANTS' REPORT

Board of Trustees
College of St. Thomas
St. Paul, Minnesota

We have examined the balance sheet of the College of St. Thomas, a Minnesota nonprofit corporation, as of June 30, 1984 and 1983, the related statement of changes in fund balances for the year ended June 30, 1984, and the related statement of current fund revenues, expenditures and other changes for the year ended June 30, 1984 (information presented for the year ended June 30, 1983 is presented for comparative purposes). Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the College of St. Thomas at June 30, 1984 and 1983, and the changes in fund balances and current funds revenues, expenditures and other changes for the year ended June 30, 1984, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boulay, Heutmaker, Zibell & Co.
Certified Public Accountants

Minneapolis, Minnesota
October 12,1984

COLLEGE OF ST. THOMAS

BALANCE SHEET

ASSETS	June 30 1984	June 30 1983
CURRENT FUNDS		
Unrestricted:		
Cash	$ 244,429	$ 171,991
Investments (Note 2)	3,735,456	3,529,875
Notes and accounts receivable, less allowance for doubtful accounts of $510,000 in 1984 and $393,000 in 1983	2,453,540	1,556,711
Accrued interest and dividends	530,359	545,209
Inventories	1,077,386	1,134,580
Prepaid expenses and other assets	1,172,841	1,027,671
Total unrestricted	9,214,011	7,966,037
Restricted:		
Investments (Note 2)	124,977	871,389
Notes and accounts receivable	43,764	59,908
Due from other funds	1,936,169	1,725,307
Total restricted	2,104,910	2,656,604
Total current funds	$11,318,921	$10,622,641
LOAN FUNDS		
Cash	$ 51,967	$ 18,970
Investments (Note 2)		15,000
Accrued interest on loans	1,218	1,566
Loans to students	3,167,415	3,273,095
Due from other funds	203,919	64,202
Total loan funds	$ 3,424,519	$ 3,372,833

Notes to Financial Statements are an integral part of this statement.

COLLEGE OF ST. THOMAS

BALANCE SHEET

LIABILITIES AND FUND BALANCES	June 30 1984	1983
CURRENT FUNDS		
Unrestricted:		
Accounts payable and accrued liabilities	$ 3,914,585	$ 2,780,820
Students' deposits	247,050	250,750
Due to other funds	1,416,523	1,896,410
Deferred revenue:		
Subscriptions	2,152,669	1,972,763
Tuition	1,276,807	929,826
Fund balance	206,377	135,468
Total unrestricted	9,214,011	7,966,037
Restricted:		
Fund balances	2,104,910	2,656,604
Total restricted	2,104,910	2,656,604
Total current funds	$11,318,921	$10,622,641
LOAN FUNDS		
Fund balances:		
National Direct Student Loan	$ 3,241,289	$ 3,199,432
Federally insured student loan	183,230	173,401
Total loan funds	$ 3,424,519	$ 3,372,833

Notes to Financial Statements are an integral part of this statement.

COLLEGE OF ST. THOMAS

BALANCE SHEET

ASSETS	June 30 1984	June 30 1983
ENDOWMENT AND SIMILAR FUNDS		
Cash	$ 390	$ 390
Investments (Note 2)	35,707,509	27,017,543
Interest in Catholic Publishing Center in excess of net book value of enterprise	1,572,316	1,572,316
Total endowment and similar funds	$37,280,215	$28,590,249
PLANT FUNDS		
Unexpended:		
Investments (Note 2)	$ 1,258,989	
Accounts receivable	3,350	
Grants receivable		$ 55,000
Construction in progress (Note 3)	811,868	471,834
Due from other funds		561,401
Total unexpended	2,074,207	1,088,235
Debt retirements, renewals and replacements:		
Bond reserve investments (Note 2)	1,325,027	1,323,977
Investments (Note 2)	1,381,446	1,759,875
Totals	2,706,473	3,083,852
Investment in plant:		
Investments (Note 2)	471,275	
Bond reserve investments (Note 2)	645,121	645,121
Deferred financing costs and leasehold improvements (Note 4)	427,153	301,871
Due from other funds	905,403	1,350,259
Land and land investments	1,579,084	1,043,083
Building and ground improvements	41,696,303	36,089,012
Equipment and furniture	8,828,501	7,840,655
Artwork	203,406	90,000
Total investment in plant	54,756,246	47,360,001
Total plant funds	$59,536,926	$51,532,088

Notes to Financial Statements are an integral part of this statement.

COLLEGE OF ST. THOMAS

BALANCE SHEET

LIABILITIES AND FUND BALANCES	June 30 1984	June 30 1983
ENDOWMENT AND SIMILAR FUNDS		
Due to other funds	$ 390	$ 390
Fund balances:		
Endowment	14,063,784	10,249,622
Quasi-endowment	23,164,858	18,280,946
Life income	51,183	59,291
Total endowment and similar funds	$37,280,215	$28,590,249
PLANT FUNDS		
Unexpended:		
Accounts payable	$ 40,892	$ 122,164
Due to other funds	408,483	
Long-term debt (Note 5)	1,109,071	
Fund balances	515,761	966,071
Total unexpended	2,074,207	1,088,235
Debt retirements, renewals and replacements:		
Due to other funds	1,220,095	1,804,369
Fund balance	1,486,378	1,279,483
Totals	2,706,473	3,083,852
Investment in plant:		
Long-term debt (Note 5)	16,834,919	15,123,279
Net investment in plant	37,921,327	32,236,722
Total investment in plant	54,756,246	47,360,001
Total plant funds	$59,536,926	$51,532,088

Notes to Financial Statements are an integral part of this statement.

COLLEGE OF ST. THOMAS
STATEMENT OF CHANGES IN FUND BALANCES

Year Ended June 30, 1984

	Current Funds	
	Unrestricted	Restricted
REVENUES AND OTHER ADDITIONS		
Tuition and fees	$19,821,441	
Governmental appropriations		$3,411,331
Private gifts, grants, and bequests	956,221	1,176,968
Investment income (includes gains of $1,431,870 and royalties of $219,659)	2,863,181	1,034,211
Sales and services of educational enterprises	9,439,014	
Sales and services of auxiliary enterprises	5,143,478	
Interest on loans receivable		
Expended for plant facilities (including $545,646 charged to current fund expenditures)		
Distribution from renewal and replacement sinking funds		
Loan Proceeds		
Retirement of indebtedness		
Other revenue	525,091	90,897
Total revenues and other additions	38,748,426	5,713,407
EXPENDITURES AND OTHER DEDUCTIONS		
Educational and general expenditures	29,830,089	4,615,228
Auxiliary enterprises expenditures	4,109,732	
Loan cancellations and other costs		
Expended for plant facilities		
Building and equipment maintenance		
Retirement of indebtedness		
Interest on indebtedness		
Total expenditures and other deductions	33,939,821	4,615,228
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)		
Mandatory:		
Principal and interest	(2,144,776)	
Renewals and replacements	(230,613)	
Endowment funds	(4,617,301)	
Plant funds	587,144	
Restricted funds	1,649,873	(1,649,873)
Student loan funds	17,977	
Total transfers	(4,737,696)	(1,649,873)
NET INCREASE (DECREASE) FOR THE YEAR	70,909	(551,694)
FUND BALANCE AT BEGINNING OF YEAR	135,468	2,656,604
FUND BALANCE AT END OF YEAR	$ 206,377	$2,104,910

Notes to Financial Statements are an integral part of this statement.

COLLEGE OF ST. THOMAS
STATEMENT OF CHANGES IN FUND BALANCES

Year Ended June 30, 1984

		Plant Funds		
Loan Funds	Endowment and Similar Funds	Unexpended	Debt Retirement Renewals and Replacements	Investment in Plant
$ 30,459				
3,384	$ 2,258,894	$ 35,596		$ 4,264,147
375	1,813,771	37,274	$ 265,320	
59,402				
				638,935
		230,775		
		1,445,929		
				819,895
		3,350		
93,620	4,072,665	1,752,924	265,320	5,722,977
23,957			12,014	46,772
		1,535,395		
			258,357	
			819,895	
			1,415,843	
23,957		1,535,395	2,506,109	46,772
			2,144,776	
			230,613	
	4,617,301			
		(667,839)	72,295	8,400
(17,977)				
(17,977)	4,617,301	(667,839)	2,447,684	8,400
51,686	8,689,966	(450,310)	206,895	5,684,605
3,372,833	28,589,859	966,071	1,279,483	32,236,722
$3,424,519	$37,279,825	$ 515,761	$1,486,378	$37,921,327

COLLEGE OF ST. THOMAS

STATEMENT OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES

	Year Ended June 30 1984 Unrestricted	Restricted	Total
REVENUE			
Tuition and fees	$19,821,441		$19,821,441
State grants and contracts		$1,988,024	1,988,024
Federal grants and contracts		1,423,307	1,423,307
Private gifts, grants and contracts	956,221	1,176,968	2,133,189
Income from investments	2,863,181	1,034,211	3,897,392
Sales and services of educational enterprises	9,439,014		9,439,014
Sales and services of auxiliary enterprises	5,143,478		5,143,478
Other revenue	525,091	90,897	615,988
Total revenue	38,748,426	5,713,407	44,461,833
EXPENDITURES			
Educational and general:			
Instruction	8,336,270	475,030	8,811,300
Educational enterprises	8,029,539	139,023	8,168,562
Academic support	1,671,683	329,303	2,000,986
Student services	2,081,178	32,620	2,113,798
Institutional support	5,502,529	68,940	5,571,469
Operation and maintenance of plant	2,600,177	1,454	2,601,631
Student aid	1,608,713	3,568,858	5,177,571
Educational and general expenditures	29,830,089	4,615,228	34,445,317
Mandatory transfers:			
Principal and interest	1,662,627		1,662,627
Renewal and replacement	39,952		39,952
Total educational and general	31,532,668	4,615,228	36,147,896
AUXILIARY ENTERPRISES			
Expenditures	4,109,732		4,109,732
Mandatory transfers for:			
Principal and interest	482,149		482,149
Renewal and replacement	190,661		190,661
Total auxiliary enterprises	4,782,542		4,782,542
Total current expenditures and mandatory transfers	36,315,210	4,615,228	40,930,438
TRANSFERS AMONG FUNDS			
Endowment fund	(4,617,301)		(4,617,301)
Plant fund	587,144		587,144
Restricted current fund	1,649,873	(1,649,873)	
Student loan fund	17,977		17,977
Total transfers	(2,362,307)	(1,649,873)	(4,012,180)
NET INCREASE (DECREASE) IN FUND BALANCES	$ 70,909	($ 551,694)	($ 480,785)

Notes to Financial Statements are an integral part of this statement.

COLLEGE OF ST. THOMAS
STATEMENT OF CURRENT FUND REVENUES, EXPENDITURES AND OTHER CHANGES

Year Ended June 30		
1983		
Unrestricted	Restricted	Total
$17,388,826		$17,388,826
409,549	$1,246,975	1,656,524
	1,237,033	1,237,033
984,024	1,402,705	2,386,729
2,375,936	937,929	3,313,865
7,751,009		7,751,009
4,287,331		4,287,331
635,273	88,970	724,243
33,831,948	4,913,612	38,745,560
7,622,028	448,942	8,070,970
7,036,986	135,695	7,172,681
1,535,129	174,633	1,709,762
1,813,776	56,466	1,870,242
4,663,486	43,159	4,706,645
2,203,637	623	2,204,260
1,256,651	2,758,329	4,014,980
26,131,693	3,617,847	29,749,540
726,666		726,666
38,678		38,678
26,897,037	3,617,847	30,514,884
3,643,979		3,643,979
431,886		431,886
184,055		184,055
4,259,920		4,259,920
31,156,957	3,617,847	34,774,804
(3,688,500)		(3,688,500)
(629,264)		(629,264)
1,676,600	(1,676,600)	
18,200		18,200
(2,622,964)	(1,676,600)	(4,299,564)
$ 52,027	($ 380,835)	($ 328,808)

COLLEGE OF ST. THOMAS

NOTES TO FINANCIAL STATEMENTS

June 30, 1984 and 1983

1. SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Accounting Basis

The financial statements of the College of St. Thomas have been prepared on the accrual basis. The statement of current revenues, expenditures and transfers is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or statement of revenues and expenses.

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

To assist in providing for future needs of capital for replacement of obsolete or worn equipment, and the renovation of existing facilities, the College has adopted a "Capital Recovery" system whereby amounts are reserved each year for future renewal and replacement of deteriorating capital investments. The amount to be reserved is based on percentages of the insured values of the buildings and contents. General Current Fund (unrestricted) expenditure accounts, are charged for the amounts reserved. Disbursements for renewal and replacement are charged to the reserve account (in Plant Funds). The net amounts charged to the General Current Funds (unrestricted) was $185,391 and $178,181 in 1984 and 1983, respectively.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the College, the accounts of the College are maintained in accordance with the principles of "fund accounting". Fund accounting 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 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.

1. SUMMARY OF ACCOUNTING POLICIES - Continued

Fund Accounting - Continued

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. 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 by action of the governing board.

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.

Principles of Consolidation

The financial statements of the College include the accounts of the Catholic Publishing Center Division. All significant inter-fund balances and transactions have been eliminated.

Inventories

Inventories are recorded at the lower of cost (first-in, first-out) or market. Inventories consist mainly of College bookstore and Catholic Publishing Center books and materials.

Deferred Revenue and Prepaid Expenses

Receipts for magazine subscriptions and costs associated with publication are recognized by the Catholic Publishing Center as income and expense when the issues subscribed are published and sent to the subscribers. Receipts of tuition by the College for summer school sessions are recognized when the classes have been completed.

Plant Funds

Plant and equipment are recorded at cost or at fair value at date of acquisition in the case of gifts. Depreciation is not recorded.

The College has financed construction and acquisition of several properties by issuing bond issues which are structured as leases. All such transactions are capital leases under generally accepted accounting principles. Accordingly, all construction costs and properties acquired have been capitalized in the Plant Funds and the related bond issue debt has been recorded as long term debt in the same funds.

COLLEGE OF ST. THOMAS

NOTES TO FINANCIAL STATEMENTS

June 30, 1984 and 1983

2. INVESTMENTS

Investments are recorded at cost, adjusted where appropriate for amortization of premiums and accrual of discounts. Investments received by gift are recorded at market value at the date of acquisition. The carrying and market values of investments owned by the College at June 30, 1984 and 1983 consist of the following:

	1984		1983	
	Carrying Value	Market Value	Carrying Value	Market Value
Cash and equivalents	$11,138,061	$11,138,061	$ 7,157,543	$ 7,157,543
Corporate Stocks	10,808,775	11,226,055	7,841,129	11,635,757
Corporate Bonds	255,624	235,108	1,796,915	1,699,294
Government Securities	22,348,143	20,571,663	18,144,727	19,071,490
Other	99,197	103,398	222,466	241,955
Total Investments	$44,649,800	$43,274,285	$35,162,780	$39,806,039

3. CONSTRUCTION IN PROGRESS - PLANT FUND

The following projects were under construction or in the planning stage at June 30, 1984:

Project	Estimated Total Cost	Construction in Progress June 30, 1984	To Be Financed By
Remodeling of Albertus Magnus Laboratory	$ 55,000	$ 5,196	$55,000 MHEFA Pooled Revenue Bonds, Series 1983-A *
Tennis Court Relocation	245,000	217,798	$245,000 Current Funds
Gainey Conference Center	150,000	12,296	$150,000 Current Funds
Remodeling of Murray Hall Dining Room & Lounge	119,000	17,892	$119,000 MHEFA Pooled Revenue Bonds, Series 1983-A *
Totals carried forward	$ 569,000	$253,182	

* Proceeds of MHEFA Bonds included in investments of Unexpended Plant Funds.

3. CONSTRUCTION IN PROGRESS - PLANT FUND - Continued

Project	Estimated Total Cost	Construction in Progress June 30, 1984	To Be Financed By
Totals brought forward	$ 569,000	$253,182	
Alumni House Remodeling	86,150	8,171	$86,150 MHEFA Pooled Revenue Bonds, Series 1983-A *
Electronic Data Processing Equipment	566,500	384,519	$566,500 MHEFA Pooled Revenue Bonds, Series 1983-A *
McNeely Hall Remodeling	75,000	2,855	$75,000 MHEFA Pooled Revenue Bonds, Series 1983-A *
Other Projects	246,248	163,141	$96,248 MHEFA Pooled Revenue Bonds, Series 1983-A * $150,000 Current Funds
	$1,542,898	$811,868	

* Proceeds of MHEFA Bonds included in investments of Unexpended Plant Funds.

4. DEFERRED FINANCING COSTS AND LEASEHOLD IMPROVEMENTS

Included in investment in plant funds at June 30, 1984 are costs associated with various bond offerings of $420,165, leasehold improvements made on Loras Hall (see Note 5) of $55,520 and on the Gainey Conference Center of $61,250. The deferred bon costs are being amortized over the term of the bond issues. Leasehold improvements Loras Hall are being amortized over the term of the lease (3 years) and the improvements on the Gainey Conference Center over 10 years. Amortization expense was $64,7 and $44,992 for 1984 and 1983, respectively.

5. LONG-TERM DEBT

Long-term debt consisted of the following at each year end presented.

	1984	1983
Dormitory Bonds, 1957, payable annually through 1997, interest at 2 7/8%, secured by Ireland and Dowling dormitory buildings and related net revenues.	$ 595,000	$ 630,000
Student Union Bonds, Series 1959, payable annually through 1989, interest at 3%, secured by Murray Hall Student Union building and related net revenues	320,000	380,000
Dormitory Bonds, 1967, payable annually through 2017, interest at 3%, secured by Brady Hall building and related net revenues	865,000	880,000
Academic Building Bonds, 1969, payable annually through 2009, interest at 3%, secured by O'Shaughnessy Educational Center building	1,069,000	1,096,000
Faculty Residence Revenue Bonds, 1975, MHEFA First Mortgage Revenue Bonds, Series K, payable in annual installments through 1994, interest at 6.5% (average), secured by the Faculty Residence building	550,000	585,000
Dormitory Bonds, 1978, MHEFA Mortgage Revenue Bonds, Series U, payable annually through 2000, interest at 5.82% (average), secured by Murray Hall Dormitory and its net revenues, under a second mortgage lien	610,000	630,000
Residence Hall Building Bonds, 1978, MHEFA First Mortgage Revenue Bonds, Series X, payable annually through 1999, interest at 6.47% (average), secured by John Paul II Residence Hall and its related net revenues, as well as by guarantee of the College	1,730,000	1,740,000
Totals brought forward	$5,739,000	$5,941,000

5. LONG-TERM DEBT - Continued

	1984	1983
Totals carried forward	$ 5,739,000	$ 5,941,000
Contract for Deed, payable in monthly installments of $3,600 through August 1, 1992 with additional payments of $100,000 on August 1, 1984 and $532,000 on August 1, 1992, interest at 10% secured by Grand Avenue Apartments	549,818	572,279
Physical Education and Plant Headquarters Bonds, MHEFA Refunding Bonds, Series 1982-1, payable in annual installments through 1993, interest at 10.67% (average), secured by the Physical Education and Plant Headquarters buildings.	5,715,000	6,110,000
Daniel C. Gainey Conference Center Bonds, 1982, MHEFA First Mortgage Revenue Bonds, Series Two-D, payable in annual installments through 1993, interest at 10.67% (average), secured by the Daniel C. Gainey Conference Center and related equipment	2,340,000	2,500,000
MHEFA Pooled Revenue Bonds, Series 1983-A payable through 1991, interest at 7.82% average, unsecured	2,745,073	
Mortgage payable in monthly installments of $10,681 through 1995, interest at 10%, secured by Peavey Hall	855,099	
Totals	$17,943,990	$15,123,279

The College is obligated to make payments to designated bond reserve funds for most of the outstanding bonds. Some of these reserve funds are administered by the College and the remainder are handled by outside trustees. In addition $42,750 must be paid annually to repair and replacement reserve accounts for the first three bond issues listed above.

Gifts received from I. A. O'Shaughnessy have been designated to function as a term endowment to pay the debt service requirements of the Academic Building Bonds. The College has also designated $60,000 of additional quasi-endowment funds to facilitate debt service.

5. LONG-TERM DEBT - Continued

Payments required of principal, interest and amounts to be paid to repair and replacement reserve accounts are summarized as follows:

Year Ending June 30	Principal and Interest	Repair and Replacement
1985	$2,164,417	$42,750
1986	2,070,376	42,750
1987	2,468,827	42,750
1988	2,509,912	42,750
1989	2,529,550	42 750

In addition, in July of 1982 the College entered into an agreement with the Saint Paul Seminary to lease one of the dormitories (Loras Hall) on the Seminary Campus for a period of three years. Rent paid by the College to the Seminary aggregated $55,000 and $30,000 for the years ended June 30, 1984 and 1983, respectively. The amount of rent to be paid for the year ended June 30, 1985 is $60,000. The College is also responsible for all utilities, regular maintenance, staffing and management of the dormitory.

6. LIFE INSURANCE

The College capitalizes the cash value of life insurance policies donated to the College. The College has been named as the beneficiary and will receive the face value of the policies upon death of the donor. The use of the benefits to be received have not been restricted by the donors. These gifts have been recorded in the Endowment fund group. The face value of these policies totaled $1,246,000 at June 30, 1984 and $731,000 at June 30, 1983.

7. RETIREMENT PROGRAMS

Retirement benefits are provided for the academic staff and some administrators through Teachers Insurance and Annuity Association (TIAA), a national organization used to fund pension benefits for educational institutions. Under this arrangement, the College and plan participants make annual contributions to TIAA to purchase individual annuities equivalent to retirement benefits earned. The cost of these benefits was $370,112 and $287,603, for 1984 and 1983, respectively.

Retirement benefits are provided for the nonacademic staff under a trusteed retirement plan administered by the Archdiocese of Saint Paul and Minneapolis. Contributions are made solely by the College quarterly. Contributions, at a minimum, are to fund normal costs of benefits to be paid, actuarially computed. Contributions charged to Current Unrestricted Fund expenditures amounted to $147,544 and $125,648 for 1984 and 1983, respectively.

7. RETIREMENT PROGRAMS - Continued

Retirement benefits are also provided for employees of the Catholic Publishing Center under a trusteed retirement plan administered by an insurance company. Contributions are made solely by the Catholic Publishing Center on an annual basis. Contributions to the plan in 1984 and 1983 were $33,380 and $43,808, respectively.

8. CAPITAL CAMPAIGN

The College completed its five year Capital Campaign to raise $14,400,000 in 1982. As of June 30, 1984 the College had collected and recorded approximately 93% of the total pledges of $20,088,673. The remaining 7% is expected to be received in future years.

9. INCOME TAXES

The College is exempt from income taxes as provided for in the Internal Revenue Code except for certain advertising, list rental and a percentage of the Book Club Sales which have been determined to be unrelated business taxable income. The College has filed these returns and currently has a net operating loss carryforward of approximately $2,000,000 at June 30, 1984.

10. SUBSEQUENT EVENT

The Board of Trustees of the College of St. Thomas and the Saint Paul Seminary approved a preliminary agreement regarding the affiliation of the two institutions. In exchange for $2,500,000 and an annual commitment of $250,000 to support the graduate theology program at the Saint Paul Seminary, the College of St. Thomas will receive title to approximately 27 acres of land and 10 buildings on the Saint Paul Seminary campus and will assume full responsibility for the academic program of the Saint Paul Seminary. The Saint Paul Seminary will continue to provide for the spiritual formation of candidates for the priesthood. The College of St. Thomas, upon final approval of the agreement, will assume full financial responsibility for the Saint Paul Seminary.

OFFICIAL TERMS OF OFFERING

$8,055,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REFUNDING REVENUE BONDS, SERIES 1985-1

(COLLEGE OF ST. THOMAS)

Sealed bids for the Bonds will be opened by the Executive Director of the Authority on Tuesday, April 9, 1985, at 10:00 A.M., Central Time, at the offices of the Authority, Suite 278, Metro Square Building, Saint Paul, Minnesota, 55101. Award of the Bonds or rejection of the bids will be by announcement of the Executive Director of the Authority at or before 3:00 P.M., Central Time, of the same day.

DETAILS OF THE BONDS

The Bonds will be dated May 1, 1985 and will bear interest payable on January 1 and July 1 of each year, commencing July 1, 1985. The Bonds will be issued in integral multiples of $5,000, as requested by the Purchaser, and fully registered as to principal and interest. Principal will be payable at the main corporate office of the Trustee and interest on each Bond will be payable by check or draft of the Trustee mailed to the registered holder thereof at his address as it appears on the books of the Trustee as of the 15th of the calendar month next preceding the interest payment date.

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

$270,000	1985	$ 860,000	1988	$1,100,000	1991
$720,000	1986	$ 925,000	1989	$1,200,000	1992
$780,000	1987	$1,025,000	1990	$1,175,000	1993

The Bonds will not be subject to payment in advance of their respective stated maturity dates, except under certain circumstances as described in the Loan Agreement and Indenture.

SECURITY AND PURPOSE

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture and shall not constitute a debt for which the faith and credit of the Authority will be pledged. The proceeds will be used to refund prior to their maturity the Authority's $2,500,000 Revenue Bonds, Series Two-D and $6,110,000 Refunding Revenue Bonds, Series 1982-1, both of which were issued on behalf of the College.

INSURANCE

The Authority and the College have made application to MBIA, FGIC and AMBAC for insurance on the Bonds; no decision has been made, however, as to whether such application, if approved by any of the named insurers, will be accepted by the Authority and the College. Accordingly, no assurance may be made that bond insurance will be obtained for the Bonds, or if approved by any insurer, will be accepted by the Authority and the College. The Issuer will choose one insurance company, if any, among those bids received, before the time set for sale. The College will pay the cost of the insurance premium. Information regarding the choice of insurer, if any, may be obtained from Springsted Incorporated, the Authority's financial advisor.

TYPE OF BID

Each bidder may choose to submit two (2) separate bids, one specifying acceptance of insurance, if offered, and the other bid without acceptance of insurance. The bidder is not required to submit two bids. Each sealed bid for not less than $7,934,115 and accrued interest on the total principal amount of the Bonds shall be filed on the bid form inserted in the Official Statement in duplicate with the Authority prior to the time set for the opening of bids. A signed copy or signed signature page of the Bond Purchase Agreement must accompany the bid forms. Also prior to the time set for bid opening, a certified or cashier's check in the amount of $80,550, payable to the order of the Authority, shall have been filed with the Authority or SPRINGSTED Incorporated, the Authority's Financial Advisor. No bid will be considered for which said check has not been filed. The check of the Purchaser will be retained by the Authority as liquidated damages in the event the Purchaser fails to comply with the accepted bid. The Authority will deposit the check of the Purchaser, the amount of which will be deducted at settlement. No bid shall be withdrawn after the time set for opening bids and prior to 3:00 P.M., Central Time. Rates offered by Bidders shall be in integral multiples of 5/100 or 1/8 of 1%. No rate for any maturity shall be more than 1% lower than any prior rate. Bonds of the same maturity shall bear a single rate from the date of the Bonds to the date of maturity.

AWARD

The Authority will make award among either the group of insured bids or the group of uninsured bids, as the Authority selects after bids are received. From the group so selected the Bonds will be awarded to the Bidder offering the lowest dollar interest cost to be determined by the deduction of the premium, if any, from, or the addition of any amount less than par, to, the total dollar interest on the Bonds from their date to their final scheduled maturity. The Authority's computation of the total net dollar interest cost of each bid, in accordance with customary practice, will be controlling.

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

TRUSTEE/REGISTRAR

The Trustee/Registrar shall be Norwest Bank, Minneapolis, N.A., Minneapolis, Minnesota. The College will pay for the services of the Trustee/Registrar.

CUSIP NUMBERS

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

SETTLEMENT

The Bonds will be delivered without cost to the Purchaser on or about May 7, 1985, and settlement, payment, and closing shall be controlled by and in accordance with the Bond Purchase Agreement.

OFFICIAL BID FORM

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

SALE DATE: April 9, 1985

RE: $8,055,000 Refunding Revenue Bonds, Series 1985-1 (College of St. Thomas)

Please check one of the following sentences:

_____ This bid **IS** conditioned upon the Authority's purchase of insurance guaranteeing the payment of principal and interest on the Bonds.

____ This bid **IS NOT** conditioned upon the Authority's purchase of insurance.

For the Bonds of this Issue which shall mature and bear interest at the annual rate, as follows, we offer a price of $__________________ (not less than $7,934,115) and accrued interest to the date of delivery.

_______% 1985	_______% 1988	_______% 1991
_______% 1986	_______% 1989	_______% 1992
_______% 1987	_______% 1990	_______% 1993

In making this offer we accept all of the terms and conditions of the Official Terms of Offering published in the Official Statement dated March 26, 1985 and the Bond Purchase Agreement, a signed copy or the signed signature page of which accompanies this bid form. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as inserted in the Official Statement and the Bond Purchase Agreement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

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

NET INTEREST COST: $ ____________________

NET EFFECTIVE RATE: ___________ %

Account Members

____
Account Manager

BY: ____________________________

Received good faith check for return to bidder as of the date of this offer. SPRINGSTED Incorporated by _______

. . . .

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

____
Executive Director

SCHEDULE OF BOND YEARS

$8,055,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

REFUNDING REVENUE BONDS, SERIES 1985-1

(COLLEGE OF ST. THOMAS)

YEAR	PRINCIPAL	BOND YEARS	CUMULATIVE BOND YEARS
1985	$ 270,000	45.0000	45.0000
1986	720,000	840.0000	885.0000
1987	780,000	1,690.0000	2,575.0000
1988	860,000	2,723.3333	5,298.3333
1989	925,000	3,854.1667	9,152.5000
1990	1,025,000	5,295.8333	14,448.3333
1991	1,100,000	6,783.3333	21,231.6666
1992	1,200,000	8,600.0000	29,831.6666
1993	1,175,000	9,595.8333	39,427.4999

Average Maturity: 4.89 Years

Bonds Dated: May 1, 1985

Interest Due: July 1, 1985 and each January 1 and July 1 to maturity

Principal Due: July 1, 1985 through 1993 inclusive

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