

NEW ISSUE

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

Standard & Poor's Rating: AAA  
Moody's Rating: MIG 1

*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 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 taxes measured by income) according to present federal and Minnesota laws, regulations, rulings and decisions.*

**\$5,980,000**  
**MINNESOTA HIGHER EDUCATION**  
**FACILITIES AUTHORITY**  
**FIRST MORTGAGE REVENUE BONDS, SERIES TWO-C**  
**(COLLEGE OF ST. THOMAS)**

Dated: November 20, 1980

Interest: May 20 and November 20, commencing  
May 20, 1981

Due: November 20, 1983

The Bonds shall be in the denomination of \$5,000 in coupon form registrable as to principal, or as to principal and interest, according to the terms of the Mortgage Trust Indenture, relative to the Bonds. Principal of and interest on the Bonds shall be payable at the corporate trust office of the First Trust Company of Saint Paul, St. Paul, Minnesota as Trustee. Bond proceeds shall be used primarily for the construction and equipping of a physical education and activities building and a physical plant headquarters and to make improvements to the existing physical education and athletic building, all for and on the campus of the College of St. Thomas.

The Bonds shall be special obligations of the Authority payable from payments made by or on behalf of the College pursuant to a Lease of the Project Facilities, as described herein, or out of other amounts pledged therefor under the Mortgage Trust Indenture, and, to the extent funds are otherwise unavailable, from amounts drawn by the Trustee under an Irrevocable Letter of Credit issued by The First National Bank of Saint Paul, St. Paul, Minnesota.

**\$5,980,000 7.95% Term Bonds to yield 7.50%**

**Due November 20, 1983**

**(Plus accrued interest from November 20, 1980)**

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 Bonds are being offered when, as and if issued by the Authority, subject to an approving legal opinion of Faegre & Benson, Minneapolis, Minnesota, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the College by its counsel, Moore, Costello & Hart, St. Paul, Minnesota and for the Underwriter by Kutak Rock & Huie, Omaha, Nebraska. It is expected that the Bonds will be available for delivery in Minneapolis, Minnesota, on or about December 23, 1980.



**Miller & Schroeder Municipals, Inc.**

The date of this Official Statement is December 17, 1980

No dealer, broker, salesman or other person has been authorized by the Minnesota Higher Education Facilities Authority, the College of St. Thomas or the Underwriter to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby by any person in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Minnesota Higher Education Facilities Authority or the College of St. Thomas since the date hereof.

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

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

**MEMBERS OF MINNESOTA  
HIGHER EDUCATION FACILITIES AUTHORITY**

Earl R. Herring, *Chairman*

Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota

Maxwell O. Ramsland, Jr., *Vice Chairman*

President, Ramsland & Vigen, Inc., Real Estate Appraisers, Duluth, Minnesota

Dr. Clyde R. Ingle, *Secretary*

Executive Director, Minnesota Higher Education Coordinating Board

Frederick J. Bentz

President, Bentz-Thompson & Associates, Inc., Architects, Minneapolis, Minnesota

Bernard J. Friel\*

Member, Briggs and Morgan Professional Association, Lawyers, St. Paul and Minneapolis, Minnesota

Leonard J. Rogge\*

Retired, formerly Vice President for Business Affairs, College of St. Thomas, St. Paul, Minnesota

Herbert M. Stellner, Jr.

Senior Vice President, Marquette Bank and Trust Company, Rochester, Minnesota

Dr. Joseph E. LaBelle, *Executive Director and Assistant Secretary.*

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\*Mr. Friel is a member of a professional association of which a trustee of the College of St. Thomas is also a member and which professional association is counsel to The First National Bank of Saint Paul. Mr. Rogge is retained by the College as a consultant. Neither Mr. Friel nor Mr. Rogge has participated, or will participate, in actions of the Authority related to the issuance of the Bonds described in this Official Statement.

## SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement, including the Definitions herein and the Exhibits hereto. The offering of the Bonds to potential investors is made only by means of this entire Official Statement, including the Definitions and Exhibits hereto. No person is authorized to detach this Summary Statement from the Official Statement or to otherwise use it without the entire Official Statement including the Definitions and Exhibits hereto.

### The Offering

The offering consists of \$5,980,000 principal amount of Minnesota Higher Education Facilities Authority, First Mortgage Revenue Bonds, Series Two-C (College of St. Thomas) dated November 20, 1980.

### Use of Proceeds

The proceeds of the Bonds including the accrued interest thereon will be used (1) to complete the construction and equipping of a new physical education and activities building and a new physical plant headquarters and to make improvements to the existing physical education and athletic building, all of which are located on the campus of the College of St. Thomas in St. Paul, Minnesota (\$2,442,809); (2) to reimburse the College for prior expenditures incurred in connection with such construction projects (\$2,200,770); (3) to fund interest on the Bonds for a period of approximately 12 months (\$471,275); and (4) to fund a debt service reserve fund (\$908,725).

### Security

*The Bonds will be special obligations of the Authority payable from payments made by or on behalf of the College of St. Thomas as required by the Lease or out of other amounts pledged therefor under the Indenture, and, to the extent funds are otherwise unavailable, from amounts drawn by the Trustee under an Irrevocable Letter of Credit issued by The First National Bank of Saint Paul, St. Paul, Minnesota. The Bonds will not represent a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.* The Bonds are secured by the obligation of the College under the Lease to make payments sufficient to repay the Bonds, by the Indenture which constitutes a first mortgage lien on the Leased Property and by the Letter of Credit. In addition, the College will, pursuant to a Guaranty Agreement, guaranty to the Trustee full and prompt payment of the interest on the Bonds and the entire principal amount when due.

### The Authority

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

### The College

The College of St. Thomas was founded in 1885 by Archbishop John Ireland as St. Thomas Aquinas Seminary. The College is now organized as a nonprofit Minnesota corporation which offers undergraduate and graduate degrees. The College's campus is located in St. Paul, Minnesota.

### The Project

The Project includes the construction and equipping of a new physical education and activities building and a new physical plant headquarters and the improvement of the existing physical education and athletic building which is known as O'Shaughnessy Hall. The buildings being constructed and improved and the equipment being acquired with Bond proceeds are included in the term Project Facilities.

### Definitions

Definitions of certain words and terms used in this Official Statement are set forth under the caption "DEFINITIONS OF CERTAIN TERMS" in this Official Statement.

**\$5,980,000**  
**MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY**  
**FIRST MORTGAGE REVENUE BONDS,**  
**SERIES TWO-C**  
**(COLLEGE OF ST. THOMAS)**

**INTRODUCTORY STATEMENT**

This Official Statement, including the cover page, Definitions and Exhibits, is furnished in connection with the offering of \$5,980,000 principal amount of First Mortgage Revenue Bonds, Series Two-C (College of St. Thomas) (the "Bonds") of the Minnesota Higher Education Facilities Authority (the "Authority").

The Bonds are being issued pursuant to the provisions of Sections 136A.25 to 136A.42 of the Minnesota Statutes (the "Act") and a Mortgage Trust Indenture (the "Indenture") dated as of November 20, 1980 between the Authority and First Trust Company of Saint Paul, St. Paul, Minnesota, as trustee (the "Trustee") to provide funds which will be used to construct and equip a new physical education and activities building and a new physical plant headquarters and to make improvements to the existing physical education and athletic building (collectively the "Project"). The Project Facilities, which include the buildings being constructed and improved (the "Project Buildings") and the equipment being acquired with Bond proceeds (the "Project Equipment"), are or will be part of the campus of the College of St. Thomas (the "College") in St. Paul, Minnesota. At or prior to the time of issuance of the Bonds the College will convey to the Authority the Project Facilities and the sites thereof and the Authority will pursuant to the Indenture grant to the Trustee a first mortgage upon and security interest in the Project Facilities and the sites thereof as security for the Bonds. The Authority will as lessor execute and deliver to the College a Lease dated as of November 20, 1980 (the "Lease") which shall be for a term expiring November 20, 1983, providing for payment of rent and containing repurchase options. Under the Lease the College will agree to make payments to the Trustee as needed to pay interest on the Bonds after crediting any amounts held in the Bond and Interest Sinking Fund Account and available to make such interest payments. In addition the College will agree to provide the Trustee with funds sufficient to repay the entire principal amount of the Bonds when due November 20, 1983. The College currently expects to provide such funds either from the proceeds of refunding bonds, and/or from contributions and operations and, if necessary, from its unrestricted investments. There can be no absolute assurance, however, that such funds will be available or be sufficient to repay such amounts.

The College has arranged for the issuance and delivery by The First National Bank of Saint Paul, St. Paul, Minnesota (the "Bank") of an irrevocable letter of credit (the "Letter of Credit") in favor of the Trustee under which the Trustee is authorized, in accordance with the terms and conditions set forth therein, to draw up to \$6,934,955, an amount equal to the aggregate principal amount of the Bonds plus approximately two years' interest thereon. See the caption "SECURITY FOR THE BONDS — Letter of Credit" herein.

This Official Statement contains descriptions of, among other things, the Bonds, the Lease, the Guaranty, the Indenture, the Authority and the College. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Indenture, the Lease and the Guaranty are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture. Until the issuance and delivery of the Bonds, copies of the Indenture, the Lease and the Guaranty and other documents herein described may be obtained from Miller & Schroeder Municipals, Inc. (the "Underwriter"). Copies of such documents will be available for inspection at the principal corporate trust office of the Trustee after delivery of the Bonds.

Definitions of certain words and terms used in this Official Statement are set forth under the caption "DEFINITIONS OF CERTAIN TERMS" in this Official Statement.

## THE BONDS

### Description

The Bonds are being issued in the denomination of \$5,000 in coupon form registrable as to principal, or as to principal and interest. The Bonds will be dated November 20, 1980 and will bear interest at the rate of 7.95% per annum from such date. Interest on the Bonds is payable semiannually on May 20 and November 20, commencing May 20, 1981. Principal of and interest on the Bonds is payable at the principal corporate trust office of the Trustee, except that interest on any Bonds which are registered as to both principal and interest shall be payable by check or draft mailed to the registered owners thereof.

### Redemption

The aggregate principal amount of the Bonds matures November 20, 1983. The Bonds are not subject to redemption prior to November 20, 1983, except in the event of damage, destruction or taking of the Project Facilities to the extent provided in the Indenture or in the event of certain governmental actions or changes as set forth in the Lease or in the event the interest on the Bonds becomes subject to Federal income taxes by reason of the application of the provisions of the Internal Revenue Code presently in effect and the regulations thereunder. In such events, the Bonds are subject to redemption at par and accrued interest on any interest payment date, as a whole, but not in part.

Notice of any redemption prior to maturity shall be given by or on behalf of the Authority by publication at least once not less than 30 nor more than 60 days before the redemption date in a financial journal printed in Minneapolis or St. Paul, Minnesota, or in New York, New York. A similar notice shall also be mailed not less than 30 days nor more than 60 days before the redemption date to the owners of any registered Bonds; but if notice of redemption is published, failure to mail such notice shall not affect the validity of the redemption proceedings. If all the Bonds being redeemed are registered, such notice of redemption need not be published but shall be sufficiently given if mailed to each registered owner of the Bonds. After notice of redemption has been given, the Bonds shall become due and payable on the redemption date. If redemption moneys are available for the payment of all of the Bonds called for redemption on the redemption date, the Bonds shall cease to draw interest after the redemption date, and any appurtenant coupons maturing subsequent thereto shall be void, and such Bonds shall not be deemed to be outstanding under the Indenture for any purpose, except that the holders thereof shall be entitled to receive payment of the redemption price and interest accrued thereon to the redemption date.

### Debt Service Schedule

The following table sets forth the debt service schedule for the Bonds.

**Debt Service Schedule**  
**Minnesota Higher Education Facilities Authority**  
**First Mortgage Revenue Bonds, Series Two-C**  
**(College of St. Thomas)**

<u>Year Ending November 20</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Debt Service</u>
1981	—		\$ 475,410	\$ 475,410
1982	—		475,410	475,410
1983	\$5,980,000	7.95%	475,410	6,455,410
	<u>\$5,980,000</u>		<u>\$1,426,230</u>	<u>\$7,406,230</u>

### Additional Bonds

The Indenture provides that the Authority may in its discretion issue additional bonds ("Additional Bonds") to provide funds to complete the Project or to refund all of the outstanding Bonds and any Additional Bonds which may have been issued under the Indenture. The Authority may also, with the consent of the holders of at least 65% of the Bonds and any Additional Bonds outstanding under the

Indenture, issue Additional Bonds to provide funds for improvements to or alterations, repairs or replacement of the Project Facilities. If Additional Bonds are issued, they shall be secured by the Indenture and the security held thereunder including the lien upon the Project Facilities.

### **SECURITY FOR THE BONDS**

*The Bonds will not represent a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.* The Bonds shall be special obligations of the Authority payable from payments made by or on behalf of the College of St. Thomas as required by the Lease or out of other amounts pledged therefor under the Indenture and to the extent otherwise unavailable under the Indenture, from amounts drawn by the Trustee under the Letter of Credit issued by The First National Bank of Saint Paul, St. Paul, Minnesota.

#### **Lease and Guaranty**

At the time the Bonds are issued the Authority will lease the Project Facilities and the sites thereof (collectively "the Leased Premises") and the fixtures, furnishings and equipment therein (the "Leased Equipment") to the College, and the College will agree pursuant to the terms of the Lease 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 interest on the Bonds. In addition the College will agree to provide the Trustee with funds sufficient to repay the entire principal amount of the Bonds when due November 20, 1983. The College currently expects that the funds needed to pay interest on the Bonds will be derived from operations. With respect to the amount needed to pay the principal amount, the College currently expects that such amount will be derived from refunding bonds and/or from contributions, and, if such funds are not available or adequate, from unrestricted investments. There can be no assurance, however, that funds from such sources will be available or sufficient to make the payments when due.

In addition to the agreement made by the College under the Lease, the College will, pursuant to a Guaranty Agreement dated as of November 20, 1980, guaranty directly to the Trustee the full and prompt payment of principal and interest on the Bonds.

#### **Indenture**

Under the Indenture, the Bonds are secured by (1) a first mortgage on and security interest in the Leased Premises and Leased Equipment (collectively the "Leased Property"), (2) an assignment by the Authority to the Trustee of all right, title and interest of the Authority in and to the Lease (except for certain Additional Rent payments representing the Authority's fees), (3) all moneys held by the Trustee in the accounts created under the Indenture, and (4) a security interest in all rights and interests granted to the Authority by the College under the Bond Purchase Agreement to secure the College's obligation to make payment under the Lease.

#### **Debt Service Reserve Account**

Pursuant to the Indenture a Debt Service Reserve Account (the "Reserve Account") will be established and held by the Trustee. The Reserve Account will be funded with \$908,725 of proceeds from the sale of the Bonds which will be invested as described under the caption "ACCOUNTS — Investment of Accounts." Whenever and to the extent moneys from other sources are unavailable to pay debt service on the Bonds when due, the Trustee may use funds in the Reserve Account for such purpose.

Under the General Bond Resolution of the Authority a General Bond Reserve Account is created, but which serves as security only for common fund bonds issued by the Authority. *The Bonds are being issued by the Authority as special series bonds and will not in any way be secured by nor payable from the General Bond Reserve Account of the Authority.*

### Letter of Credit

Concurrently with the issuance of the Bonds, the Bank will issue and deliver for the account of the College in favor of the Trustee the Letter of Credit under which the Trustee is authorized to draw, upon presentation of sight drafts accompanied by supporting documentation, in accordance with the terms and conditions set forth therein, up to \$6,934,955, an amount equal to the aggregate principal of the Bonds plus approximately two years' interest thereon. The Letter of Credit automatically terminates upon the earlier of (i) defeasance of the Bonds in accordance with the Indenture; or (ii) November 21, 1983. The Letter of Credit is transferable and assignable to a successor Trustee appointed in accordance with the Indenture.

Pursuant to the application and agreement for an irrevocable letter of credit submitted to the Bank by the College, the College will agree to reimburse the Bank for any amounts drawn under the Letter of Credit and to pay interest on any amounts paid by the Bank under the Letter of Credit, and the College will agree to pay or provide for payment of a commission on the Letter of Credit and to pay other charges incurred by the Bank in connection with the Letter of Credit. See the caption "USE OF PROCEEDS — Issuance Costs and Expenses."

### THE PROJECT

The Project includes the construction and equipping of a new physical education and activities building ("PE&A Building") which will be attached to the existing physical education and athletic building known as O'Shaughnessy Hall. The old Armory which was located on the site of the new PE&A Building has been razed and construction of the PE&A Building commenced in March, 1980. The PE&A Building will have 83,000 square feet of usable space and will include a multi-purpose area, arena, lobby, locker rooms and classrooms. Concurrently with the construction of the PE&A Building, renovations are being made to O'Shaughnessy Hall. The cost of construction and equipping the PE&A Building and renovating O'Shaughnessy Hall is estimated by the College to be approximately \$4.70 million of which approximately \$4.23 million will be provided from Bond proceeds. It is expected that the construction and renovations will be substantially completed and the PE&A Building ready for occupancy by May, 1981 and that it will be fully completed by July 15, 1981.

The other portion of the Project involves the construction and equipping of a new physical plant headquarters building. Construction of this building was completed and the building occupied in July, 1980 at a cost of approximately \$370,000.

### USE OF PROCEEDS

#### Summary of Source and Application of Funds

Set forth in the table below is a summary of the source and use of proceeds of the Bonds.

#### Sources

Principal of Bonds . . . . .	\$5,980,000
Accrued interest . . . . .	43,579
	<u>\$6,023,579</u>

#### Applications

Reimburse College for construction costs . . . . .	\$2,200,770
Complete the Project . . . . .	2,442,809
Fund the Reserve Account . . . . .	908,725
Pay interest on the Bonds . . . . .	471,275
	<u>\$6,023,579</u>



**Reimburse College**

The College has undertaken to commence the construction and equipping of the Project and has expended approximately \$2,650,000 in connection with the Project. Approximately \$2,200,770 of the Bond proceeds will be used to partially reimburse the College for such expenditures.

**Completion of the Project**

Approximately \$2,442,809 of the proceeds of the Bonds will be deposited into the Construction Account to be used to complete the construction and equipping of the new physical education and activities building and the renovations of O'Shaughnessy Hall. The College currently expects construction to be fully completed by July, 1981.

**Fund the Reserve Account**

The sum of \$908,725 of the proceeds of the Bonds will be used to fund the Reserve Account. See the caption "SECURITY FOR THE BONDS — Debt Service Reserve Account."

**Funded Interest**

The sum of \$471,275 of the proceeds of the Bonds will be deposited into the Bond and Interest Sinking Fund Account and used to pay interest on the Bonds for a period of approximately 12 months.

**Issuance Costs and Expenses**

The College has agreed to pay the Authority's initial and first annual fees and the fees of the Authority's financial consultant all of which are estimated to total approximately \$53,000. The Underwriter has agreed to immediately reimburse the College for the payment of such fees. The College has agreed to be responsible for the fees of its own counsel and subsequent annual fees of the Authority. All other costs and expenses associated with the issuance and sale of the Bonds and the Letter of Credit are the responsibility of the Underwriter. These costs and expenses include approximately \$45,000 in legal fees for Bond Counsel and Underwriter's Counsel, approximately \$32,000 in miscellaneous costs and expenses and approximately \$104,000 in commissions on the Letter of Credit (1/2% of the amount of the Letter of Credit per year), the commissions to be paid over a period of three years. The Bank and the College have agreed that the College will purchase certain securities from the Bank at a price approximately \$229,000 in excess of the price at which the Bank acquired such securities. The Underwriter and the Bank have agreed that such funds shall be applied by the Bank to pay on behalf of the Underwriter the costs and expenses described above, including the commission on the Letter of Credit, which costs and expenses are the responsibility of the Underwriter.

**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 Base Rent under the Lease or from operation or ownership of the Project Facilities are to be deposited. The accounts include a Construction Account, a Revenue Fund Account, a Bond and Interest Sinking Fund Account, a Debt Service Reserve Account, an Operation and Maintenance Account and a Redemption Account. From the proceeds of the Bonds deposits will be made to the Bond and Interest Sinking Fund Account, to the Reserve Account and to the Construction Account. Thereafter, amounts received by the Trustee from the College in payment of Basic Rent or from operation and ownership of the Project Facilities are to be initially deposited to the Revenue Account and used as described below. Earnings on all accounts are to be transferred to the Bond and Interest Sinking Fund Account and, to the extent needed, used to pay debt service on the Bonds.

*Construction Account.* There shall initially be deposited into the Construction Account the sum of \$4,643,579 of the proceeds from the sale of the Bonds. In addition the College will agree to make additional deposits to the Construction Account if needed to provide sufficient funds with which to pay all Project Costs. Upon receipt of proper documentation the Trustee will reimburse the College for prior expenditures in connection with the Project and will pay costs and expenses associated with

completion and equipping of the Project. When the Project Buildings have been completed and equipped and opened for use and occupancy and the Project Equipment has been installed, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account, or, to the extent not required to establish the necessary reserves in such accounts, then to the Redemption Account.

*Reserve Account.* There shall initially be deposited into the Reserve Account out of proceeds of the Bonds the sum of \$908,725 which shall be the amount required to be held therein and which amount shall be held by the Trustee as security for the Bonds.

*Bond and Interest Sinking Fund Account.* There shall initially be deposited into the Bond and Interest Sinking Fund Account the sum of \$471,275 which is to be used to pay interest on the Bonds for approximately one year. Additional deposits shall be made to the Bond and Interest Sinking Fund Account from earnings on the Reserve Account, the Construction Account and from Base Rent payments made by the College and originally deposited in the Revenue Fund Account as described below. 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.

*Revenue Fund Account.* After the initial deposits are made from Bond proceeds as described above, all funds received by the Trustee from the College (or from any other sources) as Base Rent and any amounts received from operation and ownership of the Project Facilities shall be deposited into the Revenue Fund Account. Amounts deposited into the Revenue Fund Account are to be expended and used, as required, in the following order of priority.

- First: To the Bond and Interest Sinking Fund Account
- Second: To the Reserve Account
- Third: To the Redemption Account

However, in the event the Authority or Trustee takes possession of the Project Facilities by reason of the College's default, the second priority will be to the Operation and Maintenance Account for payment of current expenses of the Project Facilities, and the Reserve Account and the Redemption Account would have third and fourth priority, respectively.

*Operation and Maintenance Account.* No payments will be made to this account so long as the College shall not be in default. But, in the event the Authority or Trustee assumes operation of the Project Facilities, revenues remaining after debt service will be paid into this account to meet operational costs.

*Redemption Account.* Any amounts received which are not otherwise committed will be paid into this 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.

#### **Investment of Accounts**

*Permitted Investments.* By the provisions of the Indenture the Trustee shall, upon request by the authorized College representative, invest moneys on deposit in the various accounts. Moneys on deposit in the Bond and Interest Sinking Fund Account, the Reserve Account and the Redemption Account may be invested in any of the following: (i) direct obligations of, or obligations fully guaranteed by, the United States of America, (ii) certificates of deposit or time deposit obligations of banks or trust companies, including the Trustee or any affiliate of the Trustee, secured by direct obligations of the United States or (iii) securities issued by the following agencies of the United States: Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Land Banks, Banks for Cooperatives and Federal National Mortgage Association. The Construction Account may be invested in (i) direct obligations of the United States, (ii) certificates of deposit or time deposit obligations of banks or trust companies, including the Trustee or any affiliate of the Trustee, secured by direct obligations of the

United States and (iii) securities issued by any of the agencies listed in category (iii) of the immediately preceding sentence. The investments of the Construction Account shall be payable in such amounts and at such times not later than the time or times when such monies will be needed to pay costs of the Project. Any investments of moneys in the Bond and Interest Sinking Fund Account shall be payable in such amounts and at such time or times when such moneys will be needed to pay interest and principal of the Bonds. The investment of the funds held by the Trustee shall be valued at the cost thereof plus accrued interest. Obligations purchased as investments of any account shall be deemed at all times to be a part of the respective account. Any interest and income accruing on and any profit realized from such investment shall be credited against Base Rent and the amounts to be deposited by the College under the Lease therefor, if the Lease is in effect, otherwise to the Bond and Interest Sinking Fund Account. All investments are limited by arbitrage provisions of the Internal Revenue Code and regulations thereunder.

*Directions to the Trustee.* The College will direct the Trustee to invest the Reserve Account in \$895,000 aggregate principal amount of United States Notes currently held by the Bank and maturing November 15, 1983, which notes are to be purchased by the Trustee from the Bank at 93.55% of the principal amount plus accrued interest. The College will direct the Trustee to invest the remainder of the Reserve Account in United States Treasury Notes/State and Local Government Series to be acquired at par. Under the Lease the College is permitted to direct the investment of the accounts held by the Trustee. The College has authorized the Bank to act as agent of the College in directing such investments, which authorization may subsequently be revoked. The College initially will direct the Trustee to invest Bond proceeds deposited into accounts other than the Reserve Account, which is to be invested as described above, in securities purchased from and selected by the Bank, provided such securities are permitted investments as described in the preceding paragraph.

#### **DEED, LEASE, INDENTURE AND GUARANTY**

At or prior to the time the Bonds are issued, the College will execute, deliver and record a warranty deed and bill of sale conveying the Project Facilities to the Authority.

At or prior to the time the Bonds are issued, the Authority as lessor and the College as lessee will enter into the Lease with repurchase options, for a lease term expiring at the maturity date of the Bonds, providing for rent payments sufficient to pay interest on the Bonds and the principal due in 1983. The Authority will also execute to the Trustee and record the Indenture mortgaging the Project Buildings and the sites thereof and granting a security interest in the Leased Equipment and also assigning the Authority's interest in the Lease (except for certain Additional Rent representing the Authority's annual fees) to secure the Bonds. Summaries of the Lease, the Indenture and the Guaranty are included in this Official Statement.

#### **THE AUTHORITY**

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 - 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State of Minnesota (the "State") in the construction and financing of projects. The Authority consists of six members appointed by the Governor with the advice and consent of the Senate and a seventh member who is the Executive Director of the Minnesota Higher Education Coordinating Board and is designated as the Secretary of the Authority. The members of the Authority are listed on page 3 of this Official Statement.

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

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 do not in any manner represent or constitute a debt or pledge of the faith or moral obligation of the State of Minnesota.*

By the provisions of Chapter 868, Laws of Minnesota, 1971 "... neither the Authority nor its agent shall be required to pay any taxes or assessments upon or in respect of a project or any property acquired or used by the Authority or its agent under the provisions of this act or upon the income therefrom ..."

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

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

A project for which bonds are issued by the Authority becomes the property of the Authority for as long as such bonds remain outstanding. Thereafter it may be subject to repurchase options. The project is leased by the Authority to the institution for operation. The revenues which are the primary security for the bonds are provided according to the terms of the lease between the Authority and the institution. Prior to delivery of an issue the Authority enters into a mortgage trust indenture with a trustee who administers the funds which are the security for the payment of the bonds.

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.

The Minnesota Supreme Court has 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 educational 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 any revenue 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. At the time of issuance, and usually from bond proceeds, the Authority is paid a percentage of the principal amount of the issue. Thereafter, commencing as of the date of issue, and payable in advance, the Authority receives an annual fee of a percentage of the original principal amount of each issue for its original term, regardless of whether the issue is prepaid, unless the Authority waives its right to such payment. With respect to the Bonds the Authority will receive an initial fee of \$20,930 and an annual fee of \$11,960.

## **THE COLLEGE**

The College of St. Thomas was founded in 1885 by Archbishop John Ireland as St. Thomas Aquinas Seminary and conferred its first baccalaureate degrees in 1910. The College now offers undergraduate and graduate degrees. The College is accredited by the North Central Association of Colleges and Secondary Schools.

Pursuant to Minnesota Statutes, all private nonprofit, post-secondary schools, as well as certain other schools operating in the State of Minnesota must annually register with the Minnesota Higher Education Coordinating Board. No school subject to such registration shall grant a degree without the approval of such board. The College is currently duly registered.

### **Governance**

The College is governed by a 37-member Board of Trustees. The Board elects its own members and each member serves a five-year term with no limit on the number of terms. The present Board

consists of 32 lay persons and five clergy. The President of the College, the Archbishop of Saint Paul and Minneapolis, Minnesota and the Vicar General of the Archdiocese of Saint Paul and Minneapolis, Minnesota are members of the Board of Trustees by virtue of their positions. The College President, the Rev. Msgr. Terrence J. Murphy, is the chief executive officer of the College.

The following is a list of the present members of the Board of Trustees of the College.

**Board of Trustees  
College of St. Thomas**

Chairman	Elizabeth A. Hidding†
Most Rev. John R. Roach, Archbishop	Executive Vice President & Treasurer
Archdiocese of Saint Paul & Minneapolis	Twin City Tile and Marble Co.
Saint Paul, Minnesota	Minneapolis, Minnesota
Peter M. Butler, President	Thomas E. Holloran, President & Chairman†
Butler Office, Inc.	Inter-Regional Financial Group, Inc.
Saint Paul, Minnesota	Minneapolis, Minnesota
Jerome J. Choromanski, President†	Harry Holtz, Chairman and Chief Executive
Crystal State Bank	Officer
Crystal, Minnesota	First Trust Company of Saint Paul
Thomas P. Coughlan, President	Saint Paul, Minnesota
Mankato Stone Company	Ronald H. Hubbs, Retired Chairman†
Mankato, Minnesota	The St. Paul Companies, Inc.
John F. Donovan, President†	Saint Paul, Minnesota
Donovan Construction Company	Anne Klein
Saint Paul, Minnesota	Wayzata, Minnesota
Rev. Msgr. Francis J. Fleming, Pastor	David A. Koch, President & Chief Executive
Church of St. Olaf	Officer†
Minneapolis, Minnesota	Graco, Inc.
Rev. Msgr. James H. Foran	Minneapolis, Minnesota
Retired Pastor	M. Joseph Lapensky, President
Leo C. Byrne Residence	Northwest Airlines, Inc.
Saint Paul, Minnesota	Minneapolis, Minnesota
Michael J. Galvin, Jr., Attorney	James Larkin, Attorney
Briggs and Morgan Professional Association	Larkin, Hoffman, Daly & Lindgren, Ltd.
Saint Paul, Minnesota	Minneapolis, Minnesota
Mary-Angela Harper, Executive Director	Robert D. Lund, Vice President
National Association of Boards of Education	General Motors Corporation
National Catholic Educational Association	General Manager (Chevrolet Motor Division)
Washington, D.C.	Detroit, Michigan
Rev. Msgr. Ambrose V. Hayden	John A. McHugh, Vice Chairman of Board†
Vicar General	Northwestern National Bank of Minneapolis
Archdiocese of Saint Paul & Minneapolis	Minneapolis, Minnesota
Saint Paul, Minnesota	Harry C. McNeely, Jr., President
Robert E. Hess	Industry Leasing, Inc.
Clerk of Federal Courts	Saint Paul, Minnesota
Saint Paul, Minnesota	Helen L. McNulty, Vice President
	Intercultural Communications, Inc.
	Minneapolis, Minnesota

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†Member, Executive Committee of the Board of Trustees.

Herbert F. Mischke, Underwriter  
Equitable Life Insurance of Iowa  
Saint Paul, Minnesota

Malcolm C. Moos  
President Emeritus, University of Minnesota  
Adelphi, Maryland

Frank C. Mullaney  
Business Consultant  
Minneapolis, Minnesota

Edward L. Murphy, Jr., Chairman of the  
Board & Chief Executive Officer  
Murphy Motor Freight Lines, Inc.  
Saint Paul, Minnesota

Rev. Msgr. Terrence J. Murphy, President†  
College of St. Thomas  
Saint Paul, Minnesota

Donald O'Shaughnessy, President  
Lario Oil and Gas Company  
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Board of Trustees  
Loyola University  
Chicago, Illinois

Gerald A. Rauenhorst, Chairman & Chief  
Executive Officer  
Rauenhorst Corporation  
Minneapolis, Minnesota

James J. Renier  
President, Control Systems  
Honeywell, Inc.  
Minneapolis, Minnesota

John W. Ryan, President  
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Guy Schoenecker, President & Chief  
Executive Officer†  
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Minneapolis, Minnesota

Robert E. Short, President†  
Admiral Merchants Motor Freight  
Saint Paul, Minnesota

William G. Stocks, Chairman & Chief  
Executive Officer  
Peavey Company  
Minneapolis, Minnesota

James A. Thwaites, President,  
International Operations  
3M Company  
Saint Paul, Minnesota

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†Member, Executive Committee of the Board of Trustees.

#### President

The Reverend Monsignor Terrence J. Murphy, President of the College, has held that position since 1966 and Monsignor Murphy 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, Monsignor Murphy was named a Domestic Prelate with the title of Right Reverend Monsignor by Pope Paul.

Monsignor Murphy is the author of *Censorship: Government and Obscenity* and has had various articles published in books, journals and magazines. Among his professional memberships and activities are:

- member of the Association of Catholic Colleges and Universities of the National Catholic Education Association (past chairman);
- member of the Minnesota Private College Council (past president);
- member of the Board of Trustees of Mount Saint Mary's College, Emmitsburg, Maryland;
- member of the Committee of Bishops and University Presidents, U.S. Catholic Conference;
- member of Board of Directors, Ministers Life and Casualty Union, Minneapolis, Minnesota;

- member of Board of Trustees, the Saint Paul Seminary, Saint Paul, Minnesota;
- member, Pastoral Council, Archdiocese of Saint Paul, Minnesota;
- member, Board of Consultors, Archdiocese of Saint Paul and Minneapolis;
- member, Board of Governors, International Federation of Catholic Colleges and Universities.

### Campus

The College campus is located in the west Summit Avenue area of St. Paul, Minnesota, between the downtown districts of St. Paul and Minneapolis, Minnesota. The campus has 18 major buildings.

### Student Body

The fall enrollment at the College for the current 1980-81 year is 5,281. Approximately 87.0% of the current freshman class of 722 are students from the State of Minnesota; 13.0% of the students are from other states and foreign countries. Although graduate programs were co-educational from their inception, the College admitted women to the undergraduate day program for the first time in the fall of 1977. Women comprise 39 percent of the present graduate and undergraduate student body.

### Enrollments

Table 1 below lists the enrollment at the College for the current and five most recent academic years.

**Table 1**  
**Historical Enrollment**  
**College of St. Thomas**

	<u>1975/76</u>	<u>1976/77</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>
Undergraduate . . . . .	2,223	2,392	2,686	2,962	3,183	3,470
Graduate . . . . .	983	1,258	1,453	1,520	1,601	1,811
Total . . . . .	<u>3,206</u>	<u>3,650</u>	<u>4,139</u>	<u>4,482</u>	<u>4,784</u>	<u>5,281</u>

The College projects that enrollment in the next five academic years will be as shown in Table 2.

**Table 2**  
**Projected Enrollment**  
**College of St. Thomas**

	<u>1981/82</u>	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/86</u>
Undergraduate . . . . .	3,525	3,580	3,585	3,590	3,595
Graduate . . . . .	1,790	1,790	1,795	1,745	1,745
Total . . . . .	<u>5,315</u>	<u>5,370</u>	<u>5,380</u>	<u>5,335</u>	<u>5,340</u>

### Academic Information

The College follows the four-one-four academic calendar, meaning that there are two four-month semesters during the school year, separated by a one-month interim term in January. During each semester the student's normal course load is four subjects; during the interim, concentration is on one subject.

In 1950 a graduate program in education was added. The College now 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 1980 enrollment in the graduate program in education is 712.

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 evening Master in Business Administration course of study has grown since 1974 to an enrollment of 1,060. The majority of the student body pursuing this degree are working adults. According to College records, two applications are received for every opening in this program.

A new graduate program in religious education currently has 39 students enrolled.

The College has several auxiliary programs developed for the education and training of the general community. They 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.

### **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 St. Paul-Minneapolis, Minnesota private college inter-library loan group; and MINITEX, which provides access to the University of Minnesota Libraries.

### **Housing**

Students at the College may live either at home or in one of the residence halls on campus. All students living on campus also must board on campus. The College residences have a current capacity of 990 students.

### **Fees**

For the 1980-81 academic year, a student living on campus will pay per semester:

Tuition (Normal Program) . . . . .	\$1,540
Board . . . . .	400
Room (Depending on Residence Hall) . . . . .	337-537
Student Activity Fee . . . . .	12
Accident Insurance . . . . .	13

Other fees may be charged, depending on the student's course of study.

### **Faculty and Staff**

The faculty-student ratio at the College is one to 19. 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.

For the fiscal year ended June 30, 1980, the College had a total audited payroll of \$7,554,215 (including contributed services).

### **Contributed Services**

The total \$7,554,215 audited payroll for the year ended June 30, 1980 included \$237,235 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 priests, less expenses and allowances. There are presently 24 persons, primarily diocesan priests, on the faculty and administrative staff of the College who contribute their services.



## Faculty

Table 3 lists the academic rank, number and average salary of the lay members of the College faculty for the 1980-81 academic year. In addition there are 18 priests on the full-time faculty of the College.

**Table 3**  
**Academic Rank and Average Salary**  
**of Members of the Lay Faculty**

<u>Academic Rank</u> <u>(Lay Faculty Only)</u>	<u>Number</u>	<u>Average Salary</u>
Professor . . . . .	18	\$28,691
Associate Professor . . . . .	37	22,860
Assistant Professor . . . . .	72	20,129
Instructor . . . . .	14	15,006
Total . . . . .	<u>141</u>	

Table 4 lists the degrees held by the full-time faculty members for the 1979-80 year.

**Table 4**  
**Degrees, Full-Time Faculty**

	<u>Number</u>
Doctor of Philosophy . . . . .	102
Master of Arts, Juris Doctorate, Certified Public Accountant . . . . .	45
Bachelor of Arts . . . . .	<u>5</u>
Total . . . . .	<u>152</u>

Table 5 shows the age groups of the members of the full-time faculty for the 1979-80 academic year.

**Table 5**  
**Age Range of Full-Time Faculty**

<u>Age</u>	<u>Number</u>
Under 30 . . . . .	3
30 - 34 . . . . .	25
35 - 39 . . . . .	33
40 - 44 . . . . .	25
45 - 49 . . . . .	20
50 - 54 . . . . .	18
55 - 59 . . . . .	13
60 - 64 . . . . .	11
65 and Over . . . . .	<u>4</u>
Total . . . . .	<u>152</u>

## 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 contributes 6% of salary and the employee contributes 4% to the fund. These monies are sent to TIAA-CREF monthly and are credited to an employee-owned account for the employee's future retirement. This is a defined contribution plan. There are, however, some College liabilities. The

College has a liability for service prior to 1959, the date when the plans were adopted and the College agreed that credit should be given for prior service. The amount of such prior service credit is paid by the College on behalf of the employee in monthly increments during the period between 1959 and the date of retirement. On June 30, 1980 the remaining prior-service-credit-liability of the College was \$21,437. The liability has been recognized in the form of a restricted fund. Cash funds have not been transferred into a separate account.

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.

#### **Unions**

The International Brotherhood of Teamsters Local 120 represents 40 employees who are on the custodial staff of the College. As of July 1, 1979 the College signed a two-year contract with Teamsters Local 120. In addition, three of the College's employees are represented by the Operating Engineers Local 36. The current agreement between the Operating Engineers Local 36 and the College expires August 31, 1981.

#### **Administrative Proceedings**

Charges of unfair discrimination have been filed against the College under the administrative procedures of the Minnesota Human Rights Act by a former employee of the College and by a student of the College. The employee, an assistant professor prior to non-renewal of her one-year contract, alleged discrimination based upon national origin. There has been no finding of discrimination, and the case is still pending, although the charging party is now deceased. A similar charge was filed by this employee with the Equal Employment Opportunity Commission ("EEOC") under the administrative procedures of the Civil Rights Act of 1964. The EEOC defers investigation of such charges until the state agency makes its determination. The student's charge alleges discrimination based upon race and national origin. There has been no finding of discrimination, and the case is still pending.

A charge of discrimination in employment has been filed against the College under the administrative procedures of the Civil Rights Act of 1964 by an employee of the College. The charging party, an assistant professor, alleges discrimination based upon sex and national origin. The charge is made by the charging party on behalf of herself and on behalf of female employees of and applicants to the College, and it could become a class action if not resolved within 180 days from mid-August, 1980. No finding of discrimination has been made, and the case is still pending.

## Financial Aid to Students

Table 6 lists the financial aid provided to students at the College for each of the last four academic years.

**Table 6**  
**Financial Aid to Students**

	1976/77	1977/78	1978/79	1979/80
Basic Educational Opportunity Grants* . . . . .	\$ 242,108	\$ 272,492	\$ 368,460	\$ 802,243
Supplemental Educational Opportunity Grants* . . . . .	249,587	296,091	320,897	321,771
Minnesota State Scholarships and Grants . . . . .	457,482	634,500	776,350	939,380
St. Thomas Scholarships and Grants . . . . .	842,859	845,840	734,697	520,467
St. Thomas Scholarships and Grants (from restricted funds) . . . . .	544,166	485,157	519,500	503,426
National Direct Student Loans* . . . . .	313,660	481,700	538,800	467,725
Federally-Insured Student Loans* . . . . .	112,250	25,600	10,850	4,800
Totals . . . . .	<u>\$2,762,112</u>	<u>\$3,041,380</u>	<u>\$3,269,554</u>	<u>\$3,559,812</u>

\*Federal programs.

## Catholic Publishing Division

The College owns the *Catholic Digest*, a national, monthly magazine with a circulation of approximately 550,000. 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 Division which had a net income of \$707,227 for fiscal year ended June 30, 1980. Financial information with respect to the Catholic Publishing Division is included in Exhibit A to this Official Statement.

## INDEBTEDNESS OF THE COLLEGE

### Long-Term Debt

The College has the following long-term debt (maturing beyond one year) outstanding:

(a) \$1,200,000 Dormitory Bonds of 1957, dated December 1, 1957 at 2 $\frac{7}{8}$ %; remaining principal is \$725,000 due 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 \$545,000 due January 1, 1981 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 due is \$925,000 due in annual installments on April 15, 1981 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 of 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 \$1,147,000 due October 15, 1981 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 a mortgage on the land and building.

Under the terms of the trust indenture, payments from the General Current Fund, of approximately \$60,000 per year are made until 2009 to the Bond Fund for interest and principal payments. The College received gifts from I.A. O'Shaughnessy that are functioning as a term endowment to provide for these payments.

(e) \$800,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series K, dated December 1, 1974, bearing annual interest ranging from 5.50% to 6.90%; remaining principal is \$650,000 due September 1, 1981 through 1994. The proceeds were used to construct the Faculty Residence Building. The bonds are secured by (i) a first mortgage lien on the land and 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 money for debt service.

(f) \$685,000 Minnesota Higher Education Facilities Authority Mortgage Revenue Bonds, Series U, dated January 1, 1978, bearing annual interest ranging from 4.40% to 5.90%; principal outstanding is \$675,000 due April 1, 1981 through 2000. The proceeds were used to construct an addition to Murray Hall. The bonds are secured by (i) a second mortgage lien on Murray Hall which will become a first mortgage lien after the 1959 Housing and Urban Development bonds 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, bearing annual interest ranging from 6.00% to 7.00%; principal outstanding is \$1,780,000 due April 1, 1981 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 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.

Total Principal Amount of Outstanding	
Long-Term Debt . . . . .	\$ 6,447,000
The Bonds . . . . .	5,980,000
Total . . . . .	<u>\$12,427,000</u>

#### Debt Amortization Schedule

Table 7 on the following page lists the annual principal and interest payments due on the long-term debt of the College described under the caption "INDEBTEDNESS OF THE COLLEGE — Long-Term Debt" above during the current and future fiscal years of the College. For the fiscal year ending June 30, 1981 the payments shown include all payments due during the year including those made in such year prior to the date of this Official Statement.

#### Additional Long-Term Debt

The College also has long-term debt outstanding in the principal amount of \$27,821 with respect to a residence acquired during the fiscal year ended June 30, 1980.

The College has recently entered into a contract for deed pursuant to which it will acquire certain real estate near the College campus. The College has by such agreement incurred long-term indebtedness in the principal amount of \$575,000. The contract bears interest at the rate of 10% per annum. The College is to make monthly payments of \$3,600 with the principal amount and accumulated interest due August 1, 1992.

**Table 7**  
**Debt Service Payments**  
**For Fiscal Years Ending June 30, 1981 - 2017**

Fiscal Year Ending June 30	\$1,200,000 Dormitory Bonds of 1957	\$1,300,000 Student Union Bonds of 1959	\$1,050,000 Dormitory Bonds of 1967	\$1,346,000 Academic Building Bonds of 1969	\$800,000 1st Mortgage Revenue Bonds Series K	\$685,000 Mortgage Revenue Bonds Series U	\$1,800,000 1st Mortgage Revenue Bonds Series X	\$5,980,000 First Mortgage Revenue Bonds Series Two-C	Total Debt Service
1981	\$ 50,412.51	\$ 70,525	\$ 42,750	\$ 59,785	\$ 72,752.50	\$ 52,360	\$ 123,020	\$ 237,705	\$ 709,310.01
1982	49,550.01	58,875	42,300	59,035	71,027.50	51,685	132,345	475,410	940,227.51
1983	53,615.63	69,725	41,850	59,270	74,077.50	50,995	121,085	475,410	946,028.13
1984	52,609.38	70,500	41,400	59,475	71,977.50	55,290	120,475	6,217,705	6,689,431.88
1985	51,603.13	68,700	40,950	59,650	69,877.50	54,340	129,865		474,985.63
1986	50,596.88	69,400	40,500	59,795	72,627.50	53,380	128,645		474,944.38
1987	49,590.63	70,025	40,050	58,925	70,227.50	57,400	127,425		473,643.13
1988	53,512.50	70,575	39,600	59,040	72,610.00	56,150	126,205		477,692.50
1989	52,362.50	36,050	44,150	59,125	69,775.00	54,875	154,985		471,322.50
1990	51,212.50		43,550	59,180	71,732.50	53,575	191,985		471,235.00
1991	50,062.50		42,950	59,205	73,292.50	57,250	196,585		479,345.00
1992	53,840.63		42,350	59,200	69,621.25	55,630	190,485		471,126.88
1993	52,546.88		41,750	59,165	70,695.00	58,980	194,285		477,421.88
1994	51,253.13		41,150	59,100	71,382.50	57,020	197,410		477,315.63
1995	49,959.38		40,550	59,005	62,070.00	55,025	209,850		476,459.38
1996	53,593.75		39,950	58,880		57,995	270,890		481,308.75
1997	52,156.25		39,350	59,710		55,635	267,450		474,301.25
1998	50,718.75		43,750	59,495		58,275	263,150		475,388.75
1999			43,000	59,250		55,620	298,200		456,070.00
2000			42,250	58,975		142,965			244,190.00
2001			41,500	59,655					101,155.00
2002			40,750	59,290					100,040.00
2003			40,000	58,895					98,895.00
2004			44,250	59,455					103,705.00
2005			43,350	58,970					102,320.00
2006			42,450	59,440					101,890.00
2007			41,550	58,865					100,415.00
2008			40,650	59,245					99,895.00
2009			39,750	58,580					98,330.00
2010			43,850	58,870					102,720.00
2011			42,800						42,800.00
2012			41,750						41,750.00
2013			40,700						40,700.00
2014			39,650						39,650.00
2015			43,600						43,600.00
2016			42,400						42,400.00
2017			41,200						41,200.00
	<u>\$929,196.94</u>	<u>\$584,375</u>	<u>\$1,544,350</u>	<u>\$1,776,530</u>	<u>\$1,063,746.25</u>	<u>\$1,194,445</u>	<u>\$3,444,340</u>	<u>\$7,406,230</u>	<u>\$17,943,213.19</u>

## FINANCIAL INFORMATION

### Financial Records

The College maintains its financial records on the basis of a Fiscal Year ending 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. Exhibit A hereto sets forth the financial statements of the College, including the Catholic Publishing Center Division for the years ended June 30, 1979 and 1980, which statements have been examined by Boulay, Heutmaker, Zibell & Co., certified public accountants.

### Statement of Income, Expenditures and Transfers

Table 8 sets forth the statements of current general income, current expenditures and transfers for the College for the Fiscal Years ended June 30, 1980, 1979, 1978, 1977 and 1976. This table should be read in conjunction with the financial statements which are included herein as Exhibit A.

**Table 8**  
**Statement of Current Income, Current Expenditures**  
**And Transfers (Unrestricted)**

	Fiscal Years Ended June 30,				
	1980	1979	1978	1977	1976
Current Income:					
Educational and General					
Tuition and Fees . . . . .	\$10,376,778	\$ 9,285,047	\$ 8,012,649	\$ 6,744,051	\$5,813,082
Income from Investments . . . . .	789,051	654,008	522,809	323,635	319,217
Gifts & Private Grants . . . . .	1,169,745	1,222,476	3,898,118	1,031,106	916,142
Other Sources . . . . .	369,514	340,415	304,350	275,551	257,788
Total Educational and General . . . . .	12,705,088	11,501,946	12,737,926	8,374,343	7,306,229
Auxiliary Enterprises . . . . .	2,588,989	2,312,057	1,959,403	1,699,091	1,524,451
Student Aid . . . . .	—	71,653	53,470	60,452	70,838
Total Current Income . . . . .	15,294,077	13,885,656	14,750,799	10,133,886	8,901,518
Current Expenditures and Mandatory Transfers:					
Educational and General					
General Administration . . . . .	2,523,719	2,052,545	1,896,930	1,542,353	1,347,580
Instructional & Departmental . . . . .	5,571,778	4,899,951	4,451,071	3,765,122	3,096,273
Organized Activities . . . . .	331,893	258,178	233,173	210,245	167,900
Libraries . . . . .	332,518	310,767	293,872	273,347	254,384
Student Services . . . . .	624,684	534,160	484,859	425,101	368,650
Operation & Plant Maintenance . . . . .	1,326,488	1,217,464	1,029,082	932,632	853,149
Mandatory Transfers for:					
Principal & Interest . . . . .	60,070	59,725	60,415	59,590	59,235
Loan Fund Matching Grants . . . . .	—	—	—	—	—
Total Educational and General . . . . .	10,771,150	9,332,790	8,449,402	7,208,390	6,147,171
Auxiliary Enterprises:					
Expenditures . . . . .	2,132,519	1,919,708	1,697,268	1,560,182	1,319,307
Mandatory Transfers for:					
Principal & Interest . . . . .	385,194	366,337	229,540	227,783	231,811
Renewals & Replacements . . . . .	28,887	36,178	49,602	35,992	41,558
Total Auxiliary Enterprises . . . . .	2,546,600	2,322,223	1,976,410	1,823,957	1,592,676
Student Aid . . . . .	556,521	882,622	941,943	869,648	902,262
Total Current Expenditures and Mandatory Transfers . . . . .	13,874,271	12,537,635	11,367,755	9,901,995	8,642,109
Transfers Among Funds — Additions (Deductions)					
Endowments and Non-Expendable Funds . . . . .	(2,488,403)	(305,886)	(3,195,931)	(79,535)	(174,664)
Student Loan Fund . . . . .	491,000	(36,751)	(2,430)	83,137	(103,947)
Plant Fund . . . . .	(1,160,153)	(1,365,000)	(715,000)	(547,000)	(309,643)
Restricted Current Funds — Net . . . . .	1,786,705	405,051	572,803	327,458	389,997
Total Transfers . . . . .	(1,370,851)	(1,302,586)	(3,340,558)	(215,940)	(198,257)
Excess of Income Over Expenditures and Transfers . . . . .	\$ 48,955	\$ 45,435	\$ 42,486	\$ 15,951	\$ 61,152

## **THE LEASE**

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

### **Term of Lease**

The Lease shall be for a term of three years expiring November 20, 1983.

### **Construction of the Project**

The Authority has authorized the College to make all contracts and to do all things necessary for the construction of the Project, and the College has agreed that it will, with all reasonable dispatch, cause the Project to be constructed and equipped in accordance with the plans on file with the Authority. Costs of the Project shall be paid from the Construction Account. See caption "ACCOUNTS — Construction Account."

### **Rental Payments**

Until the principal of and interest on the Bonds have been fully paid or provision for the payment thereof has been made in accordance with the Indenture, the College agrees to pay or provide for the payment of the following rental payments ("Base Rent"):

(a) At least 91 days prior to each May 20 and November 20 an amount equal to the interest due on such interest payment date, after crediting any amounts then held in the Bond and Interest Sinking Fund Account and available to make such interest payment; and

(b) At least 91 days prior to November 20, 1983 an amount sufficient, together with other funds then held by the Trustee and available to pay principal of the Bonds, to pay the entire principal amount of the Bonds.

There is reserved to the College the right to prepay all or any part of the Basic Rent payments. Such prepayments, if made, will not, however, permit the Authority to redeem Bonds prior to their maturity, except in certain events as described under the caption "THE BONDS — Redemption."

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

### **Use of Project Facilities**

The College agrees to use the Project Facilities as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. It agrees not to permit use of the Project Facilities in such a 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.

### **Net Lease**

The Lease is a net lease, and the Authority is not required, except from Bond proceeds, to make any expenditures in connection with the Lease or Leased Property or to make any repairs or to maintain the Leased Property.

### **Maintenance of Leased Property**

The College agrees that during the term of the Lease it will keep the Leased Property, including all appurtenances thereto and the equipment and machinery therein in good repair and good operating condition at its own cost, and upon the expiration or termination of the Lease, unless it shall have exercised its option to purchase the Leased Premises (see the caption "THE LEASE — Option to

Purchase Leased Property”), it will surrender the Leased Property to the Authority in as good condition as prevailed at the time the Lease was executed, loss by fire or other casualty covered by insurance, ordinary wear and tear, obsolescence and acts of God excepted.

#### **Alterations**

The College may remodel a Project Building or make alterations to the Leased Premises, the cost of which shall be paid by the College. If the alterations cost \$30,000 or more, prior approval of the Authority and a performance bond are required. Such additions or improvements shall be included under the terms of the Lease as part of the Leased Property.

#### **Liens**

Except for Permitted Encumbrances, the College will not permit any liens to be established or remain against the Leased Property, 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 Leased Property and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest so long as the lien of the Indenture will not be materially endangered and the Leased Property will not be subject to loss or forfeiture.

#### **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 Leased Property or any furnishings, equipment or other property installed or brought by the College therein or thereon, and all claims for rent, royalties, labor, materials, supplies, utilities and other charges incurred in the operation, maintenance, use, occupancy and upkeep of the Leased Property.

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 lien of the Indenture will be materially endangered thereby or the Leased Property will be subject to loss or forfeiture.

#### **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 Leased Property 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) boiler insurance covering any boilers servicing the Project, in a minimum amount of \$50,000;
- (c) public liability insurance in minimum amounts of \$300,000 for the death of or bodily injury to one person and \$1,000,000 for bodily injury or death for each occurrence in connection with the Leased Property and \$100,000 for property damage for any occurrence in connection with the Leased Property;
- (d) worker’s compensation coverage to the extent required by law.

#### **Damage, Destruction and Loss of Title**

If the Leased Property is destroyed or damaged or title to the Leased Property is taken under the exercise, or threat of the exercise, of the power of eminent domain, the College may, under certain conditions purchase the Leased Property (see the caption “THE LEASE — Option to Purchase the Leased Property”) and direct the Authority to call the Bonds; otherwise, the College shall use the Net Proceeds of the insurance or award to repair, rebuild or restore the Leased Property.



If the Net Proceeds are not sufficient to repair, replace or restore the Leased Property to substantially the same condition as before the damage, destruction or taking, unless certain conditions exist and the College elects to call the Bonds or purchase the Leased Property, it shall, nevertheless, repair or restore the Leased Property and pay the costs thereof in full.

#### **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 Leased Property 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.

#### **Institution to Maintain its Existence and Accreditation**

The College agrees that during the term of the Lease 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 merge into another institution or permit one or more other corporations to consolidate with or merge into it except upon the conditions provided in the Lease.

#### **Release of Certain Land**

The Lease grants to the College the option to purchase any unimproved part of the Leased Premises and permits the Authority, at the request of the College, to grant easements, licenses, rights-of-way and other rights or privileges in the nature of easements with respect to the Leased Premises or to release existing easements, licenses, rights-of-way and other rights or privileges.

#### **College to Maintain Furnishings and Movable Equipment**

The College is to provide and maintain all furnishings and movable equipment necessary to permit the full use, operation and occupancy of the Project Facilities for use as revenue producing educational facilities. All movable personal property installed by the College shall, however, become the property of the Authority, and be included under the terms of the Lease and be subject to the lien of the Indenture.

#### **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.

#### **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 maintain for the Authority and Trustee a list of names and addresses of last known Bondholders; and to observe all applicable State and Federal 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 Lease:

- (a) failure of the College to make timely payment of any rental payment and as a result the Bond and Interest Sinking Fund Account and the Reserve Account contain insufficient funds to pay principal of or interest on the Bonds then due or to become due within one month;
- (b) failure of the College to make timely payment, after two days' notice, of Base Rent or Additional Rent, or of Project operational expenses or other obligations of the College, or of any insurance premium pursuant to the Lease;
- (c) discontinuance or unreasonable delays in the construction and acquisition of the Project;
- (d) failure promptly to repair, replace or reconstruct the Project Facilities if such facilities are damaged or destroyed;
- (e) failure of the College, after 30 days' notice, punctually to perform any of the other covenants, conditions, agreements and provisions contained in the Lease; and
- (f) certain events of insolvency or bankruptcy relating to the College.

The provisions of subparagraphs (c), (d) and (e) above are subject to the 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 Authority.

**Remedies on Default**

Whenever any event of default shall have happened any one or more of the following steps may be taken:

- (a) the Authority or the Trustee may declare all or any installments of rent payable for the remainder of the term of the Lease to be immediately due and payable;
- (b) the Authority, the Trustee or a receiver may reenter and take possession of the Leased Property without terminating the Lease, holding the College liable for the difference in the net income derived from such possession and the rents and other amounts payable by the College under the Lease;
- (c) the Authority, the Trustee or a receiver may terminate the Lease, exclude the College from possession of the Leased Property and use its best efforts to again lease or sell the Leased Property in accordance with applicable law, but holding the College liable for all rent and other payments otherwise due under the Lease up to the effective date of such new leasing or sale; and
- (d) the Authority or Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the rent then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the College under the Lease.

Any amounts collected pursuant to action taken as described above shall be applied first to advances, expenses and payment of the Bonds (principal, interest and premium, if any) as provided in the Indenture and then to any Additional Rent payable to the Authority under the Lease, and any excess to the College.

**Option to Terminate**

The College shall have the option to cancel or terminate the Lease when all the Bonds shall have been paid and discharged under the provisions of the Indenture.

**Option to Purchase Leased Property**

The College has the option to purchase the Leased Property prior to the expiration of the term of the Lease and prior to the full payment of the Bonds, if any of the following have occurred:

(a) the Project Facilities have been damaged or destroyed (i) to such extent that they cannot be reasonably restored within a period of six months, or (ii) to such extent that the College is prevented from carrying on its normal use and operations for a period of six months, or (iii) to such extent that the cost of restoration would exceed by more than \$100,000 the Net Proceeds of insurance carried thereon;

(b) title to, or the temporary use for more than six months of all or substantially all of the Leased Property shall have been taken under the exercise of the power of eminent domain by any governmental authority; or

(c) as a result of any changes in the Minnesota or United States Constitutions or of legislative or administrative action or by final decree, judgment or order of any court or administrative body, the Lease becomes void or unenforceable, or if unreasonable burdens or excessive liabilities shall have been imposed upon the Authority or the College, with respect to the Leased Property.

The purchase price payable by the College, in its exercise of the option, shall be the sum of the following:

(1) An amount which, when added to the moneys held in the Bond and Interest Sinking Fund Account, Redemption Account and Reserve Account, will be sufficient to pay all outstanding Bonds, plus

(2) An amount equal to any Additional Rent, payable to the Authority and Trustee and any paying agent's fees and expenses under the Indenture, plus

(3) The sum of \$250.00 to the Authority:

**Option to Purchase after Bonds Paid**

The College has an option to purchase the Leased Property for \$500.00 at the expiration of the term of the Lease or at any prior time that full payment of the Bonds has been made.

**Amendments**

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

**THE GUARANTY**

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

**Guaranty to Trustee**

Pursuant to the Guaranty, the College unconditionally guarantees to the Trustee for the benefit of the holders of the Bonds and of the interest coupons appertaining thereto (a) the full and prompt payment of the principal of the Bonds when due, and (b) the full and prompt payment of the interest on the Bonds when due.

**Unconditional Agreement**

The obligations of the College under the Guaranty are absolute and unconditional and are to remain in full force and effect until the entire principal of and interest on the Bonds has been paid or funds sufficient for such payment shall have been deposited with the Trustee in trust for such purpose.

### **No Set-Offs**

The Guaranty states that no set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature which the College has or may have against the Authority or Trustee shall be available under the Guaranty to the College against the Trustee.

## **THE INDENTURE**

The following constitutes a summary of certain provisions of the Mortgage Trust 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 under the caption "DEFINITIONS OF CERTAIN TERMS."

### **Granting of Security Interests**

Pursuant to the Indenture, the Authority grants to the Trustee, as security for the Bondholders the following:

- (1) a mortgage upon the sites of the Project Facilities and all buildings, additions and improvements now or hereafter located thereon;
- (2) all right, title and interest of the Authority in the Leased Equipment;
- (3) all right, title and interest of the Authority as Lessor under the Lease including all Base Rent and all other sums due under the Lease (except the Authority's annual fee) and the security interest granted to the Authority by the College pursuant to the Bond Purchase Agreement to secure payment of Base Rent;
- (4) a lien and pledge of (i) the moneys and investments of accounts created under the Indenture, (ii) the net revenues and income of the Project, and (iii) all accounts, contract rights, general intangibles, moneys and instruments arising therefrom or relating thereto; and
- (5) any and all other property given to the Trustee by the Authority or the College or by anyone in behalf of them or with their written consent. The Trustee's interest as a beneficiary under the Letter of Credit is included as part of the Trust Estate under this clause.

### **Accounts**

Bond proceeds and revenues derived from the College under the Lease shall be deposited into accounts held by the Trustee as described under the caption "ACCOUNTS."

### **Repairs and Reconstruction**

In the event of any loss or damage to or destruction of any Project Building or Leased Equipment, or of any taking of less than all or substantially all the mortgaged property under the power of eminent domain, the Authority is to cause to be repaired, reconstructed or restored the damaged or destroyed portion thereof, and apply the net proceeds of the fire and extended coverage insurance or of any condemnation award solely for that purpose.

In the event the net proceeds of insurance or condemnation received by the Trustee, together with all other moneys legally available for such purpose, are insufficient to complete the repair, reconstruction or restoration of the damaged or destroyed property, such proceeds shall be deposited with and held by the Trustee as security for the Bonds and for the ratable benefit of the holders thereof; provided, however, that if the Authority and the College shall request and the holders of not less than 51% of the then outstanding Bonds and any Additional Bonds shall so agree in writing, the Trustee shall permit to be applied to such repair, reconstruction or restoration all securities or moneys in the Bond and Interest Sinking Fund Account, Reserve Account and Redemption Account held by it under the Indenture.

Any amounts held by the Trustee or by the Authority and remaining at the completion of, and payment for, such repair, reconstruction or restoration shall be deposited in the Bond and Interest Sinking Fund Account, Reserve Account, or Redemption Account, as appropriate.

In the event the College pursuant to its rights under the Lease, or the Authority, shall elect not to repair, reconstruct or restore the damaged or destroyed property, or in the event title to all or substantially all the Leased Property shall be taken under the power of eminent domain, all of the outstanding Bonds shall forthwith be retired and the insurance or condemnation 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.

#### **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 any 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 expense 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).

#### **Events of Default and Remedies**

*Events of Default.* The following are events of default under the Indenture:

- (a) failure to make payment of principal on the Bonds when due and payable;
- (b) failure to make payment of interest on any Bond when due and payable, or within 30 days thereafter;
- (c) damage to or destruction of a Project Building which shall not be promptly repaired, replaced or reconstructed;
- (d) 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, if the Lease is in effect, to the College;
- (e) any event of default on the part of the College as that term is defined in the Lease; and
- (f) certain events of insolvency or bankruptcy relating to the Authority.

*Remedies.* Upon the occurrence of an event of default, the Trustee may, and upon written request of the holders of 25% in aggregate principal amount of Bonds and any Additional Bonds outstanding, shall declare the principal of all Bonds and Additional Bonds then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable subject, however, to the right of the holders of a majority in aggregate principal amount of Bonds and any Additional Bonds then outstanding, by written notice to the Authority and to the Trustee, to annul such declaration and destroy its effect at any time if all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding and any Additional Bonds and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness shall be paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

In the case of the breach of any of the covenants or conditions of the Indenture or the Lease, 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 Lease as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care, including presentation of drafts requesting payment under the Letter of Credit if the College fails otherwise to provide for payment at the time and in the manner required by the Lease.

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 25% in aggregate principal amount of outstanding Bonds and any Additional 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 by the Bonds, to enforce the Letter of Credit, to foreclose the Indenture and sell the Trust Estate or any part thereof under the judgment or decree of a court of competent jurisdiction, 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, expenses and liabilities to be incurred therein or thereby.

If one or more of the events of default shall happen and be continuing, the Trustee may, with the consent of the Authority, pursuant to the request in writing by the owners of at least 25% of the aggregate principal amount of Bonds and any Additional Bonds outstanding, enter and take and hold possession of the mortgaged property, including the Project Facilities, or appoint a receiver therefor to use, manage and control the mortgaged property and conduct the business of the Authority with respect thereto in such manner as in its discretion it shall deem to be to the best advantage of the holders of the Bonds.

If one or more of the events of default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the holders of 25% or more in principal amount of the Bonds and any Additional Bonds then outstanding and upon being indemnified to its satisfaction therefor shall, apply to a court of competent jurisdiction for a judgment or judgments of foreclosure and, pursuant thereto, sell or cause to be sold to the highest and best bidder all and singular the mortgaged property and all rights, title, interest, claim and demand therein and thereto of the Authority. Such sale shall be made at public auction and at such place or places and at such time or times and upon such notice as the Trustee may be advised by counsel to be consistent with the laws applicable thereto, and upon such terms as the Trustee or the public officer conducting such sale may fix.

#### **Defeasance**

If the Authority shall:

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

(d) surrender to the Trustee for cancellation all Bonds and coupons, if any, thereto appertaining for which payment is not so provided, 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 the bearers and registered owners of the Bonds and coupons in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all Bonds and coupons for the payment of which cash or government obligations shall not have been deposited in accordance with the provisions of the Indenture, shall, upon receipt of a written request of the Authority and of a certificate of the Authority and an opinion of counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Authority, or its order, proper instruments acknowledging satisfaction of the Indenture and surrender to the Authority or its order, all cash and deposited securities, if any (except that held for the payment of the Bonds and coupons), 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 when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof and to pay all interest with respect thereto at the due date of such interest or to the date fixed for redemption, for the use and benefit of the holders thereof, then upon such deposit all such Bonds and appurtenant coupons 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 and coupons 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;

(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 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 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.

### UNDERWRITING

Under a bond purchase agreement (the "Bond Purchase Agreement") entered into by and between the Authority, the College and the Underwriter, the Bonds are being purchased for reoffering by the Underwriter. The Bond Purchase Agreement provides that the Underwriter will purchase all of the Bonds if any are purchased. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions contained in the Bond Purchase Agreement.

The Underwriter has agreed to purchase the Bonds at 100% of the principal amount thereof. The First National Bank of Saint Paul, the Bank issuing the Letter of Credit, is expected to purchase approximately half of the Bonds from the Underwriter at 100% of the principal amount for resale.

The Underwriter intends to offer the Bonds to the public initially at the offering price set forth on the cover page of this Official Statement, which may subsequently be changed without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower than the public offering prices.

As a result of selling the Bonds at a premium, the Underwriter and the Bank each expect to receive \$34,833 in excess of their respective purchase prices for the Bonds.

The College has agreed to indemnify the Underwriter and the Authority against certain civil liabilities, including certain liabilities under Federal securities laws.

### 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, St. Paul, Minnesota and for the Underwriter by Kutak Rock & Huie, Omaha, Nebraska.

### 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 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 Sections 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 corporation franchise taxes measured by income, including bank excise taxes, but no opinion is being expressed nor is any representation being made in that respect.



## **LITIGATION**

There is no threatened or pending litigation, of which the College is aware, affecting the validity of the Bonds or the College's ability to meet its financial obligations.

## **RATINGS**

Standard & Poor's Corporation has given the Bonds the rating of "AAA" and Moody's Investors Service, Inc. has given the Bonds the rating of "MIG 1." Such rating reflects only the views of such organizations, and an explanation of the significance of such ratings may be obtained from Standard & Poor's Corporation, 25 Broadway, New York, New York 10004 or at (212)248-2525 and from Moody's Investors Service Inc. at 99 Church Street, New York, New York 10007 or at (212) 553-0300. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, if in the judgment of such agencies circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Moody's Investor Service currently maintains a rating of "A" on the Authority's First Mortgage Revenue Bonds, Series K (College of St. Thomas) dated December 1, 1974, Mortgage Revenue Bonds, Series U (College of St. Thomas) dated January 1, 1978 and First Mortgage Revenue Bonds, Series X (College of St. Thomas) dated September 1, 1978, all of which were issued for projects of the College and are to be repaid primarily from payments made by the College.

## **EXPERTS**

The financial statements of the College, which are included as Exhibit A to this Official Statement, have been examined by Boulay, Heutmaker, Zibell & Co., independent certified public accountants, to the extent set forth in their report which appears in Exhibit A. Such financial statements have been included herein in reliance upon the report of Boulay, Heutmaker, Zibell & Co., and upon their authority as experts in accounting and auditing.

## **MISCELLANEOUS**

The College has furnished the information in this Official Statement and the Exhibits hereto relating to its operations and facilities including the information contained under the captions "THE PROJECT," "THE COLLEGE," "INDEBTEDNESS OF THE COLLEGE," "FINANCIAL INFORMATION," "LITIGATION" and "EXHIBIT A" and certain information under the captions "USE OF PROCEEDS" and "RATINGS." The Underwriter has furnished the information in this Official Statement with respect to the public offering prices of the Bonds and the information under the caption "UNDERWRITING," and The First National Bank of Saint Paul has provided the information contained in Exhibit B hereto.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

## DEFINITIONS OF CERTAIN TERMS

"Additional Bonds" means any bonds issued under the Indenture subsequent to the Bonds.

"Additional Rent" means the fees and expenses to be paid by or on behalf of the College to the Authority or the Trustee, for purposes other than the payment of principal and interest on the Bonds, and amounts paid by the College for the account of the Authority for real estate taxes, special assessments and governmental charges payable with respect to the Project Facilities.

"Authority" means the Minnesota Higher Education Facilities Authority.

"Bank" means The First National Bank of Saint Paul, St. Paul, Minnesota.

"Base Rent" means the amounts required to be paid by the College under the Lease to provide funds with which to pay principal and interest on the Bonds.

"Bond Purchase Agreement" means the agreement dated as of November 26, 1980, between the Authority, the College and the Underwriter pursuant to which the Bonds will be sold to the Underwriter and pursuant to which the College agrees to pledge certain security to the Authority.

"Bonds" mean the First Mortgage Revenue Bonds, Series Two-C (College of St. Thomas) to be issued by the Authority and dated November 20, 1980.

"Building Equipment" means the goods, equipment, furnishings, furniture, inventory, machinery or other tangible property owned by the College and located in the Project Buildings or elsewhere on the Leased Premises, acquired with funds other than Bond proceeds.

"College" means the College of St. Thomas.

"Project Costs" means the costs properly paid or payable in relation to the Project from the Construction Account.

"Guaranty" means the Guaranty Agreement dated as of November 20, 1980 between the College and the Trustee.

"Indenture" means the Mortgage Trust Indenture dated as of November 20, 1980 between the Authority and the Trustee and pursuant to which the Bonds are issued.

"Letter of Credit" means the letter of credit to be issued by the Bank at the request of the College which serves as security for the Bonds and may be drawn upon by the Trustee.

"Lease" means the Lease between the Authority and the College dated as of November 20, 1980 pursuant to which the Leased Property is leased to the College.

"Leased Equipment" means the Building Equipment and the Project Equipment.

"Leased Premises" means the Project Buildings and the sites thereof.

"Leased Property" means the Leased Equipment and the Leased Premises.

"Net Proceeds," when used with respect to any insurance or condemnation award, means the gross 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 gross proceeds.

"Permitted Encumbrances" means, as of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) the Lease and the Indenture, (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 Buildings or elsewhere on the Leased Premises, and (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 as do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Authority, or the College; and (v) certain other encumbrances described in the Indenture which include certain easements to the City of St. Paul, Minnesota for slopes, cuts and fills and for sewer purposes and in vacated streets and alleys for sewers and other utilities and which other encumbrances also include the reservation by the College of an easement in the Project sites to install and maintain utilities and services; with respect to access easements to the Project sites, a prior non-exclusive easement and a mortgage dated December 1, 1957 given by the College to the First Trust Company of Saint Paul in connection with the issuance by the College of dormitory bonds; a prior non-exclusive easement and a trust indenture dated April 1, 1967 by the College to the First Trust Company of Saint Paul in connection with the issuance by the College of additional dormitory bonds; and the title and rights of the Authority in an accessway which title and rights were previously conveyed to the Authority and mortgaged by the Authority to the First Trust Company of Saint Paul in connection with a 1978 financing and which is subject to a lease to the College.

“Project” means the construction and equipping of the new physical education and activities building, renovations of the existing physical education and athletic building, and construction and equipping of a new physical plant headquarters, all of which are or will be on the campus of the College.

“Project Building” means one or more of the buildings which have been or are to be constructed or improved as part of the Project.

“Project Equipment” means those items of goods, equipment, furnishings, furniture, inventory, machinery, or other tangible personal property to be acquired and installed in a Project Building or elsewhere on the Leased Premises with proceeds from the sale of the Bonds.

“Project Facilities” means the Project Buildings and the Project Equipment.

“Reserve Account” means the Debt Service Reserve Account created by the Indenture and held by the Trustee.

“Trust Estate” means all of the rights, interests and security given to the Trustee under the Indenture to be used as security for the Bonds.

“Trustee” means the First Trust Company of Saint Paul.

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**EXHIBIT A**

**College of St. Thomas  
St. Paul, Minnesota**

**Audited Financial Statements  
Years Ended June 30, 1979 and 1980**

**Boulay, Heutmaker, Zibell & Co.  
Certified Public Accountants**

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**BOULAY, HEUTMAKER, ZIBELL & CO.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

LEE HEUTMAKER, CPA  
DONALD F. ZIBELL, CPA  
JAMES M. MAKI, CPA  
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CERTIFIED PUBLIC ACCOUNTANTS

**ACCOUNTANTS' REPORT**

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

We have examined the balance sheets of the College of St. Thomas, a Minnesota nonprofit corporation at June 30, 1980 and 1979, and the related statements of income and expenditures and changes in fund balances for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial positions of the College of St. Thomas at June 30, 1980 and 1979, and the results of their operations and changes in Fund Balances for the years then ended in conformity with accounting principles, applied on a consistent basis after restatement to record The Catholic Publishing Center Division as a functioning Endowment Fund as further described in Note 2.

*Boulay, Heutmaker, Zibell & Co.*  
Certified Public Accountants

August 29, 1980

## BALANCE SHEET

EXHIBIT A

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



## BALANCE SHEET

EXHIBIT A

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, 1980

	Current Funds		Endowment Funds		Pooled Life Income Fund		Plant Funds		Total All Funds
	Unrestricted	Restricted (Exhibit C)	Loan Funds (Exhibit E)	Catholic Publishing Center (Exhibit F) (Note 2)	General Endowment (Exhibit G)	Unexpended (Exhibit H)	Unexpended (Exhibit I)	Sinking Funds (Exhibit K)	
Revenues and other additions:									
Educational and general revenues	\$12,705,088								\$12,705,088
Catholic Publishing Center revenues				\$5,169,290					5,169,290
Auxiliary enterprises revenues	2,588,989								2,588,989
Value of life insurance policies		\$1,542,468	\$ 2,833		\$ 218,797	\$22,426	\$ 79,178		22,426
Gifts, grants and bequests		3,382,628	81,000		251,164				1,843,276
Governmental appropriations		388,980	800	49,124				\$106,265	3,463,628
Investment income				169,081	22,831			6,165	796,333
Realized gains on investments			109,370						198,077
Interest on loans receivable									109,370
Expended for plant facilities (including \$246,002 charged to current funds expenditures)									
Retirement of indebtedness									
Total revenues and other additions	15,294,077	5,314,076	194,003	5,387,495	492,792	22,426	79,178	112,430	1,194,863
Expenditures and mandatory transfers									178,062
Educational and general expenditures	10,711,080	886,496							28,269,402
Catholic Publishing Center expenditures				4,680,268					
Auxiliary enterprises expenditures	2,132,519								11,597,576
Financial aid expenditures	556,521	2,662,584							4,680,268
Loan cancellations and costs			47,106						2,132,519
Expended for plant facilities									3,219,105
Retirement of indebtedness								550	47,656
Interest on indebtedness									948,173
Disposal of building									174,000
Mandatory transfers for:									299,330
Principal and interest	445,264								107,895
Renewals and replacements	28,887								
Total expenditures and mandatory transfers	13,874,271	3,549,080	47,106	4,680,268				(445,264)	
Excess (deficit) of revenues over expenditures and mandatory transfers	1,419,806	1,764,996	146,897	707,227	492,792	22,426	(868,995)	(28,887)	23,206,522
Transfers among funds - (deductions) additions									
Endowment Fund	(2,488,403)			(250,000)	2,738,403				
Plant Fund	(1,160,153)			(211,181)					
Restricted Fund	1,786,705	(1,786,705)							
Student Loan Fund	491,000		(491,000)						
Total transfers among funds	(1,370,851)	(1,786,705)	(491,000)	(461,181)	2,738,403				
Net increase (decrease) for the year	48,955	(21,709)	(344,103)	246,046	3,231,195	22,426	1,575,167	(203,833)	5,062,880
Fund balance at beginning of year	241,565	3,136,023	3,761,941	2,000,410	11,047,957	15,000	1,581,882	(91,132)	41,164,180
Fund balance at end of year	\$ 290,500	\$3,114,316	\$3,417,838	\$2,246,456	\$14,279,152	\$37,426	\$2,288,054	\$579,140	\$46,227,060

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

EXHIBIT B

## STATEMENT OF CHANGES IN GENERAL UNRESTRICTED CURRENT FUND

	Year Ended June 30	
	<u>1980</u>	<u>1979</u>
APPROPRIATED UNRESTRICTED CURRENT FUNDS		
Consisting of Pledged Net Revenues and Income		
Dormitory Bonds of 1957	\$ 8,750	\$ 8,750
Dormitory Bonds of 1967	12,104	12,104
Excess Funds from Dormitory Bonds of 1967 Directed to Reserve for Plan Improvement Transferred from Unappropriated Unrestricted Current Funds	<u>1</u>	<u>1</u>
BALANCE, JUNE 30	\$ <u>20,855</u>	\$ <u>20,855</u>
UNAPPROPRIATED UNRESTRICTED CURRENT FUNDS		
BALANCE, JULY 1	\$217,808	\$172,373
Excess of Current Income Over Current Expenditures and Transfers - Exhibit C	<u>48,955</u>	<u>45,435</u>
BALANCE, JUNE 30	\$ <u>266,763</u>	\$ <u>217,808</u>

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

COLLEGE OF ST. THOMAS

STATEMENT OF CURRENT INCOME, EXPENDITURES AND TRANSFERS

Year Ended June 30,						
INCOME	1980		Total	1979		Total
	Current General	Current Restricted		Current General	Current Restricted	
EDUCATIONAL AND GENERAL						
Student Tuition and Fees	\$10,376,778		\$10,376,778	\$ 9,285,047		\$ 9,285,047
Income from Investments	789,051	\$ 388,980	1,178,031	654,008	\$ 264,593	918,601
Gifts and Private Grants (Note 8)	1,169,745	1,542,468	2,712,213	1,222,476	1,243,029	2,465,505
Other Sources	369,514	436,554	806,068	340,415	226,798	567,213
Total Educational and General	12,705,088	2,368,002	15,073,090	11,501,946	1,734,420	13,236,366
AUXILIARY ENTERPRISES						
STUDENT AID	2,588,989		2,588,989	2,312,057		2,312,057
Total Current Income	15,294,077	2,946,074	2,946,074	71,653	2,160,696	2,232,349
		5,314,076	20,608,153	13,885,656	3,895,116	17,780,772
EXPENDITURES AND MANDATORY TRANSFERS						
EDUCATIONAL AND GENERAL						
General Administration	2,523,719	19,277	2,542,996	2,052,545	19,608	2,072,153
Instructional and Departmental	5,571,778	570,786	6,142,564	4,899,951	534,733	5,434,684
Organized Activities Relating to Educational Departments	331,893	285,591	617,484	258,178	248,771	506,949
Libraries	332,518	10,842	343,360	310,767	4,831	315,598
Student Services	624,684		624,684	534,160		534,160
Operation and Maintenance of Plant	1,326,488		1,326,488	1,217,464		1,217,464
Educational and General Expenditures	10,711,080	886,496	11,597,576	9,273,065	807,943	10,081,008
Mandatory Transfers for:						
Principal and Interest	60,070		60,070	59,725		59,725
Total Educational and General	10,771,150	886,496	11,657,646	9,332,790	807,943	10,140,733
AUXILIARY ENTERPRISES:						
Expenditures	2,132,519		2,132,519	1,919,708		1,919,708
Mandatory Transfers for:						
Principal and Interest	385,194		385,194	366,337		366,337
Renewals and Replacements	28,887		28,887	36,178		36,178
Total Auxiliary Enterprises	2,546,600		2,546,600	2,322,223		2,322,223
STUDENT AID						
Total Current Expenditures and Mandatory Transfers	556,521	2,662,584	3,219,105	882,622	2,012,892	2,895,514
	13,874,271	3,549,080	17,423,351	12,537,635	2,820,835	15,358,470
	1,419,806	1,764,996	3,184,802	1,348,021	1,074,281	2,422,302
TRANSFERS AMONG FUNDS - Additions (Deductions)						
Endowment Funds	(2,488,403)		(2,488,403)	181,004		181,004
Student Loan Fund	491,000		491,000	(36,751)		(36,751)
Plant Fund	(1,160,153)		(1,160,153)	(1,365,000)		(1,365,000)
Restricted Current Funds - Net	1,786,705	(1,786,705)		(81,839)	81,839	
Total Transfers Among Funds	(1,370,851)	(1,786,705)	(3,157,556)	(1,302,586)	81,839	(1,220,747)
EXCESS OF CURRENT INCOME OVER CURRENT EXPENDITURES AND TRANSFERS	\$ 48,955	(\$ 21,709)	\$ 27,246	\$ 45,435	\$1,156,120	\$ 1,201,555

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

COLLEGE OF ST. THOMAS  
STATEMENT OF CHANGES IN RESTRICTED CURRENT FUND BALANCES  
YEAR ENDED JUNE 30, 1980

	Balance June 30, 1979	Income Received	Grants and Gifts	Transfers In (Out)	Expenditures	Balance June 30, 1980
<b>FUNDS RESTRICTED FOR</b>						
Faculty Benefit	\$ 46,751	\$228,332	\$ 13,807	(\$ 178,948)	\$ 10,716	\$ 85,419
Administration	14,565		363,948		19,277	9,095
Instruction	157,186	9,084	16,928	115,614	560,070	85,762
Library	8,513	485	26,312	977	10,842	16,061
Plant Operations	58,503	20,907	1,508,473	(1,470)	12,093	92,159
Scholarships	371,256	130,172	1,437,601	(12,468)	1,490,233	507,200
Restricted Government Funds	25,156			(265,250)	1,172,351	
Program for Great Teaching	2,454,095	436,554	1,121,473	(1,445,160)	273,498	25,156
Other Specified Programs						2,293,464
<b>Totals</b>	<u>\$3,136,025</u>	<u>\$825,534</u>	<u>\$4,488,542</u>	<u>(\$1,786,705)</u>	<u>\$3,549,080</u>	<u>\$3,114,316</u>
<b>SUMMARY</b>						
Funds Restricted by Donors	\$2,127,054	\$691,904	\$4,486,478	(\$ 793,660)	\$3,542,279	\$2,969,469
Funds Functioning as Restricted	<u>1,008,971</u>	<u>133,630</u>	<u>2,064</u>	<u>(993,045)</u>	<u>6,801</u>	<u>144,847</u>
Funds (Dedicated by College)	<u>\$3,136,025</u>	<u>\$825,534</u>	<u>\$4,488,542</u>	<u>(\$1,786,705)</u>	<u>\$3,549,080</u>	<u>\$3,114,316</u>
<b>Totals</b>						
<b>Summary of Transfers</b>						
To General Current Fund				(\$2,027,956)		
From General Current Fund				<u>241,251</u>		
						<u>\$1,786,705</u>

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

COLLEGE OF ST. THOMAS

STATEMENT OF CHANGES IN STUDENT LOAN FUNDS

YEAR ENDED JUNE 30, 1980

	Minnesota State Foreign Student Loan	National Direct Student Loan	Federally Insured Student Loan	Total
FUND BALANCE, JULY 1, 1979	\$10,725	\$2,834,490	\$916,725	\$3,761,940
Additions:				
U.S. Government		81,000		81,000
College of St. Thomas - Regular		9,000		9,000
Gifts - Other	2,833			2,833
Interest Income - Loans		39,286	70,084	109,370
Interest Income - Investments			800	800
Total additions	<u>2,833</u> <u>13,558</u>	<u>129,286</u> <u>2,963,776</u>	<u>70,884</u> <u>987,609</u>	<u>203,003</u> <u>3,964,943</u>
Deductions:				
Transfer to other funds			500,000	500,000
Administrative Expenses		23,433		23,433
Interest Expense			200	200
Principal Cancelled		<u>23,472</u>		<u>23,472</u>
Total deductions		<u>46,905</u>	<u>500,200</u>	<u>547,105</u>
FUND BALANCE, JUNE 30, 1980	<u>\$13,558</u>	<u>\$2,916,871</u>	<u>\$487,409</u>	<u>\$3,417,838</u>

ADDITIONAL INFORMATION ON STUDENT LOANS

STUDENT LOANS OUTSTANDING JULY 1, 1979	\$10,725	\$2,773,119	\$520,987	\$3,304,831
New Loans During Year				
Collections	2,833	467,725	6,089	476,647
Cancellations		(314,982)	(102,948)	(417,930)
Net Increase (Decrease) in Student Loans	<u>2,833</u>	<u>(23,550)</u>	<u>(96,859)</u>	<u>(35,167)</u>
STUDENT LOANS OUTSTANDING JUNE 30, 1980	<u>\$13,558</u>	<u>\$2,902,312</u>	<u>\$424,128</u>	<u>\$3,339,998</u>

The College is reimbursed by the Federal Government for its 10% share of the principal and interest cancellations on the National Direct Student Loan Fund.

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

## COLLEGE OF ST. THOMAS

## EXHIBIT F

## ENDOWMENT FUND

## CATHOLIC PUBLISHING CENTER

## STATEMENT OF REVENUE, EXPENSES, TRANSFERS AND FUND BALANCE

	Year Ended June 30	
	<u>1980</u>	<u>1979</u>
REVENUE		
Catholic Digest Book Club income	\$1,875,907	\$1,683,858
Carillon Book Club income	77,686	92,483
Subscriptions	2,266,298	2,004,975
Advertising	487,999	413,935
List rentals	260,422	323,580
School magazine plan royalties	133,107	110,288
Medal program income	54,736	24,939
Other operating income	13,135	16,270
Total operating income	<u>5,169,290</u>	<u>4,670,328</u>
OPERATING EXPENSES		
Catholic Digest Book Club expense	1,593,609	1,509,485
Carillon Book Club expense	61,208	129,794
Paper and printing	755,491	672,268
Fulfillment	542,195	486,940
Distribution	321,684	269,939
Promotion	587,369	465,543
Editorial	185,087	160,745
Advertising procurement	104,149	91,365
Medal program expense	1,140	12,498
Occupancy	137,014	120,108
Administrative	391,322	334,205
Total operating expenses	<u>4,680,268</u>	<u>4,252,890</u>
NET REVENUES FROM OPERATIONS	489,022	417,438
OTHER INCOME		
Gain on sale of land and building	169,081	
Interest income - net	49,124	25,089
Total other income	<u>218,205</u>	<u>25,089</u>
NET INCOME	707,227	442,527
TRANSFERS	<u>(461,181)</u>	<u>(486,890)</u>
INCREASE (DECREASE) IN FUND BALANCE FOR THE YEAR	246,046	(44,363)
FUND BALANCE, BEGINNING OF YEAR	<u>2,000,410</u>	<u>2,044,503</u>
FUND BALANCE, END OF YEAR	<u>\$2,246,456</u>	<u>\$2,000,140</u>

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

COLLEGE OF ST. THOMAS  
STATEMENT OF CHANGES IN GENERAL ENDOWMENT FUNDS  
YEAR ENDED JUNE 30, 1980

	Original Principal June 30, 1979	Increases and Gifts	Original Principal June 30, 1980	Accumulated Gains (losses) Beginning of Period	During Period	End of Period	Net Investment June 30, 1980
<b>GENERAL UNRESTRICTED ENDOWMENTS</b>							
May T. Hill Trust	\$ 634,369		\$ 634,369	(\$ 70,023)	\$ 5,434	(\$ 64,589)	\$ 569,780
Other General Endowments	5,530,920	\$ 251,885	5,782,805	(40,766)	15,004	(25,762)	5,757,043
Total Unrestricted	<u>\$ 6,165,289</u>	<u>251,885</u>	<u>6,417,174</u>	<u>(110,789)</u>	<u>20,438</u>	<u>(90,351)</u>	<u>6,326,823</u>
<b>RESTRICTED ENDOWMENTS</b>							
Faculty Salaries	2,607,310		2,607,310	73,055	86,523	159,578	2,766,888
Scholarships and Student Aid	1,436,946	173,797	1,610,743	(142,919)	5,545	(137,374)	1,473,369
Other Special Purposes	1,084,684	2,785,121	3,869,805	(65,619)	(92,114)	(157,733)	3,712,072
Total Restricted	<u>5,128,940</u>	<u>2,958,918</u>	<u>8,087,858</u>	<u>(135,483)</u>	<u>(46)</u>	<u>(135,529)</u>	<u>7,952,329</u>
Totals	<u>\$11,294,229</u>	<u>\$3,210,803</u>	<u>\$14,505,032</u>	<u>(\$246,272)</u>	<u>\$20,392</u>	<u>(\$225,880)</u>	<u>\$14,279,152</u>
<b>SUMMARY</b>							
Endowment Funds	\$ 2,867,407	\$ 263,797	\$ 3,131,204	(\$220,305)	\$14,319	(\$205,986)	\$ 2,925,218
Funds Functioning as Endowment	<u>8,426,822</u>	<u>2,947,006</u>	<u>11,373,828</u>	<u>(25,967)</u>	<u>6,073</u>	<u>(19,894)</u>	<u>11,353,934</u>
Totals	<u>\$11,294,229</u>	<u>\$3,210,803</u>	<u>\$14,505,032</u>	<u>(\$246,272)</u>	<u>\$20,392</u>	<u>(\$225,880)</u>	<u>\$14,279,152</u>

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



## COLLEGE OF ST. THOMAS

EXHIBIT H

## STATEMENT OF CHANGES IN POOLED LIFE INCOME FUND

YEAR ENDED JUNE 30, 1980

BALANCE, BEGINNING OF YEAR	\$15,000
ADDITIONS DURING YEAR	
Capitalization of the cash surrender value of life insurance policies donated to the College (Note 7)	<u>22,426</u>
BALANCE, END OF YEAR	<u>\$37,426</u>

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

## STATEMENT OF CHANGES IN UNEXPENDED PLANT FUND

	Year Ended June 30	
	1980	1979
FUND BALANCE, BEGINNING OF YEAR	\$ 1,581,882	\$ 877,645
CHANGES DURING YEAR - Increase (Decrease)		
Gifts for Chapel	262,218	127,047
Gifts for Aquinas Elevator	25,000	25,000
Gifts - Miscellaneous	3,141	5,562
Transfer from Sinking Fund	203,833	
Transfer from General Current Fund	1,160,153	1,365,000
Transfers to Invested Plant Fund	(948,173)	(818,372)
FUND BALANCE, END OF YEAR	<u>\$ 2,288,054</u>	<u>\$ 1,581,882</u>

## STATEMENT OF CHANGES IN INVESTMENT IN PLANT FUND

EXHIBIT J

	Year Ended June 30	
	1980	1979
FUND BALANCE, BEGINNING OF YEAR	\$18,709,148	\$17,330,915
INCREASES (DECREASES) DURING THE YEAR		
Transfer from Sinking Fund for Debt Retirement	174,000	143,000
Capital Outlay from General Current Funds for:		
Library Books and Periodicals	102,367	95,383
Building Improvements and Added Equipment	143,635	206,293
Retirement of Debt on 44 North Cleveland	255	
Retirement of Debt on Christ Child	3,807	
	<u>250,064</u>	<u>301,676</u>
From Unexpended Plant Fund for:		
Furnishings for Educational and General Buildings	28,347	37,736
Furnishings for Auxiliary Building	134,048	3,757
Furnishings for Other Buildings	11,912	7,480
New Organ for Music Department		24,600
Computer	33,931	206,042
New Stadium Lights		15,300
Remodeling Educational and General Buildings	68,867	214,049
Remodeling Auxiliary Buildings	340,064	95,986
Remodeling Other Buildings	129,478	60,372
Grounds Improvements		5,860
Stadium Seating	24,180	
Purchase of 2091 Grand Avenue	63,594	
Purchase of 44 North Cleveland	102,924	
Purchase of William Mitchell Building		64,000
Purchase of New Residence Hall		69,000
Retirement of Debt on Christ Child		14,190
Utilities Distribution System	10,828	
	<u>948,173</u>	<u>818,372</u>
Other Increases (Decreases)		
Equipment and Books Purchased with Restricted Funds	688	31,269
Gifts from Others - William Mitchell		76,666
Gifts - other		7,250
Disposal of Armory	(107,895)	
	<u>(107,207)</u>	<u>115,185</u>
FUND BALANCE, END OF YEAR	<u>\$19,974,178</u>	<u>\$18,709,148</u>

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

## COLLEGE OF ST. THOMAS

Year Ended June 30
1980

(1) Earnings are from loan proceeds for replacement and repair reserve of \$70,000.

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

COLLEGE OF ST. THOMAS

STATEMENT OF INVESTMENTS AND INVESTMENT TRANSACTIONS

YEAR ENDED JUNE 30, 1980

	Market Value June 30, 1979	Additions (Reductions) at Cost	Gain (Loss) Realized Unrealized	Market Value June 30, 1980	Net Investment Income	Cost of Investment June 30, 1980
<b>ENDOWMENT INVESTMENTS ADMINISTERED BY</b>						
American National Bank and Trust Company						
Bremer Fund	\$ 300,037		\$ 13,829	\$ 313,866	\$ 24,833	\$ 282,791
Butler Faculty Fund	348,624	\$ 6,829	15,176	370,629	22,584	369,699
First Trust Company of St. Paul			(6,933)	497,589	37,893	534,047
John Gregory Murray Fund	504,522		(25,003)	599,414	45,677	458,712
Ford Fund	624,417		68,504	766,612	49,636	569,780
Mary T. Hill Fund	698,108		296,274	4,320,457	223,593	3,532,621
General Endowment Fund (Partially Pledged)	3,956,583	67,600	110,758	3,756,726	249,446	3,642,139
I. A. O'Shaughnessy Fund	3,424,514	221,454	18,357	518,357	13,809	500,000
Minnesota Mining and Manufacturing Fund	80,000	420,000	39,341	270,046	8,002	218,655
Common Fund Inc.	228,267	2,438				
Northwestern National Bank - St. Paul			(67,752)	669,505	75,579	773,270
I. A. O'Shaughnessy Fund	735,926	1,331	(15,000)	73,000	10,000	100,000
College of St. Thomas -			(16,156)	104,000		104,000
Wasie Fund	88,000			64,000	8,168	105,300
Arizona Land	104,000					
Butler Family Gift	80,156	(420,000)				
Minnesota Mining and Manufacturing Fund	420,000			163,041	11,443	163,041
Schoenecker Fund	163,041			2,693,790	254,862	2,693,790
Long-term Debt Fund	156,050	2,693,790		702,571	49,124	702,571
Catholic Publishing Center	11,912,245	546,521		15,883,603	1,084,649	14,750,416
		3,539,963	431,395			
<b>SINKING FUND INVESTMENTS AND BOND RESERVE</b>						
ADMINISTERED BY						
First Trust Company of St. Paul	665,112	(97,297)	11,374	579,189	105,715	579,140
Minnesota Higher Education Facilities Authority						
and First Trust Company of St. Paul (Note 6)	362,995	11,593		374,588	20,000	361,000
	1,028,107	(85,704)	11,374	953,777	125,715	940,140
<b>PLANT FUND INVESTMENTS ADMINISTERED BY</b>						
College of St. Thomas	250,000	(250,000)			28,577	
First Trust Company of St. Paul	53,165	6,254		59,419	6,254	59,419
	303,165	(243,746)		59,419	34,831	59,419
<b>LOAN FUND INVESTMENTS</b>						
Administered by the College	15,000			15,000	800	15,000
<b>POOLED LIFE INCOME INVESTMENTS</b>						
Administered by the College	14,233	22,426	(473)	36,186	113	37,426
<b>RESTRICTED CURRENT AND GENERAL CURRENT INVESTMENTS</b>						
Administered by the College	4,906,486	(1,051,893)	(192)	3,854,401	608,641	3,971,296
	\$18,179,236	\$2,181,046	\$442,104	\$20,802,386	\$1,854,749	\$19,773,697

EXHIBIT L

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

COLLEGE OF ST. THOMAS  
NOTES TO FINANCIAL STATEMENTS

June 30, 1980 and 1979

1. SUMMARY OF ACCOUNTING POLICIES

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

Accrual Basis

The financial statements of College of St. Thomas have been prepared on the accrual basis except for depreciation accounting as explained in Note 3 of these financial statements. 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 a statement of revenues and expenses.

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

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Institution, the accounts of the Institution 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.

Inventories

In accordance with accounting practices generally followed by educational institutions, the College records only auxiliary enterprises and stores inventories. Other inventories and supplies on hand at June 30, 1980 as determined by the College, but not recorded on the financial statements, are as follows:

COLLEGE OF ST. THOMAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1980 and 1979

1. SUMMARY OF ACCOUNTING POLICIES - Continued

Inventories - Continued

	<u>June 30</u>	
	<u>1980</u>	<u>1979</u>
Science Laboratory	\$340,000	\$320,000
Duplicating Supplies	21,441	12,975
Carpenter Shop	20,473	19,905
Electric Shop	6,870	9,199
Heating Plant	8,202	7,778
Dormitory Linen	55,000	50,000
Other Miscellaneous Supplies	<u>35,000</u>	<u>32,000</u>
Totals	<u>\$486,986</u>	<u>\$451,857</u>

The Catholic Publishing Center Division

Accounting policies and other financial disclosures relating to the Catholic Publishing Center Division can be found in separate audited financial statements of the Division for the year ended June 30, 1980.

2. CATHOLIC PUBLISHING CENTER - ENDOWMENT

In fiscal 1980, the College transferred The Catholic Publishing Center Division from its Restricted Fund Group to the Endowment Fund Group. In addition, the operations of the Division are reported, in summarized form, as part of Endowment Fund operations. Financial statements previously reported for the year ended June 30, 1979 have been restated to reflect this change.

The Division was originally acquired in 1964 under a gift purchase arrangement. The gift portion of the arrangement resulted in recording of a gift in the amount of \$749,349 in the Restricted Fund. Upon transfer to the Endowment Fund in 1980, the purchase portion of the arrangement of \$625,000 (paid by the Division) and the accumulated deficit of the Division of \$197,967 has been added to the original gift value established to arrive at the fair market value of assets over net book value at date of acquisition of \$1,572,316. The latter amount has been shown as an asset of the Endowment Fund, associated with the original acquisition of the Division, in the accompanying balance sheet.

In past years, permanent cash transfers from the Division to the College were recorded as income of the Restricted Fund as the funds were physically transferred. For 1980 and in the future such transfers of cash will be shown as transfers among funds as presented in the statement of changes in fund balances.

COLLEGE OF ST. THOMAS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1980 and 1979

3. INVESTMENTS

Investments owned by the College at June 30, 1980 consist of the following:

	<u>Carrying Value</u>	<u>Market Value</u>
Cash	\$ 47,572	\$ 47,572
Corporate Stock	5,611,122	7,052,199
Corporate Bonds	5,251,064	4,761,146
Certificate of Deposit	2,599,725	2,599,725
Government Securities	6,112,632	6,190,162
Other	<u>151,582</u>	<u>151,582</u>
Total Investments	<u>\$19,773,697</u>	<u>\$20,802,386</u>

4. PROPERTY AND DEPRECIATION

The College's physical plant and equipment is recorded at cost at date of acquisition or at fair value at date of donation in the case of gifts. Depreciation on physical plant and equipment is not recognized in the financial statements.

COLLEGE OF ST. THOMAS  
NOTES TO FINANCIAL STATEMENTS

June 30, 1980 and 1979

5. CONSTRUCTION IN PROGRESS - PLANT FUND

The following projects are under construction or in the planning stage at June 30, 1980:

<u>Project</u>	<u>Estimated Total Cost</u>	<u>Construction in Progress June 30, 1980</u>	<u>To Be Financed By</u>
Chapel Renovation	\$ 813,385	\$ 795,397	\$ 552,204 Private Gifts (1) 211,181 Sale of House (2) 50,000 Current Funds <u>813,385</u>
Boiler Plant Conversion	280,000	276,743	280,000 Current Funds
Physical Education Building	4,398,000	996,782	4,230,000 (3) 168,000 Current Funds <u>4,398,000</u>
Plant Headquarters Building	349,500	228,569	349,500 (3)
Additions to: Aquinas Hall	125,774	68,925	50,000 Private Gifts (4) 75,774 Current Funds <u>125,774</u>
Dowling Hall	311,000	27,257	311,000 Current Funds
Other Housing	26,000	18,879	26,000 Current Funds
Ground Improvements	151,951	42,962	5,000 Private Gifts 146,951 Current Funds <u>151,951</u>
Murray Hall Remodeling	<u>50,000</u>	<u>          </u>	<u>50,000</u> Current Funds
	<u>\$6,505,610</u>	<u>\$2,455,514</u>	<u>\$6,505,610</u>

- (1) Collections to date have been \$324,098. The General Current Fund has advanced \$205,000 as a temporary loan until a sufficient amount of private gifts have been received.
- (2) Land and building donated to the College from the estate of Monsignor Patrick Ryan, was sold on July 26, 1979. The selling price of \$226,250 less selling expenses of \$15,229 provided the College with \$211,181 which was used to finance the chapel renovation. This transaction was recorded on the Catholic Publishing Centers accounts in the Endowment Fund. The \$211,181 was transferred to the Plant Fund.



COLLEGE OF ST. THOMAS

NOTES TO FINANCIAL STATEMENTS

June 30, 1980 and 1979

5. CONSTRUCTION IN PROGRESS - PLANT FUND - Continued

(3) The permanent funding of this project has not been finalized. The temporary financing of the project is being furnished by current funds. In order to provide the land needed for the construction of the new Physical Education Building, the Armory was razed and the corresponding book value of \$107,895 was removed from the financial statements of the College.

(4) Gift has been received by College.

The New Residence Hall (John Paul II) was completed during the year ended June 30, 1979 at a cost of \$1,868,000. The cost and the related debt of \$1,780,000 (Note 5) are recorded in the invested in plant section of the Plant Fund. The additional funds needed were obtained from transfers from General Current Funds.

6. LONG-TERM DEBT

The College has the following long-term obligations collateralized by trust indentures covering land, buildings, and equipment that the College has recorded in the Plant Fund. Revenues from Ireland, Dowling, Brady, Faculty Residence and the John Paul II dormitory as well as from Murray Hall student union and dormitory are pledged as additional collateral on these buildings.

The College is obligated to make annual payments to the bond sinking funds for the retirement of these debts. These arrangements also call for maintenance and replacement of sinking funds with annual payments to be made to these sinking funds by the College. Below is a brief summary of the debt and annual payments due to the sinking funds in fiscal year 1981.

	<u>Approximate Payments For Fiscal 1981</u>	
	<u>Principal and Interest</u>	<u>Equipment and Building Repairs and Replacement</u>
Bonds payable to the United States Government, secured by Ireland and Dowling dormitories. Interest rate is 2 7/8%; final payment due in 1997	\$ 50,000	\$20,000
Bonds payable to the United States Government, secured by Brady Hall dormitory. Interest rate is 3%; final payment due in 2017	43,000	7,750
Bonds payable to the United States Government, secured by Murray Hall student union. Interest rate is 3%; final payment due in 1989	<u>71,000</u>	<u>15,000</u>
Totals, carried forward	\$164,000	\$42,750

COLLEGE OF ST. THOMAS  
NOTES TO FINANCIAL STATEMENTS

June 30, 1980 and 1979

6. LONG-TERM DEBT - Continued

	<u>Approximate Payments For Fiscal 1981</u>	
	<u>Principal and Interest</u>	<u>Equipment and Building Repairs and Replacement</u>
Totals, brought forward	\$164,000	\$42,750
Bonds payable to the United States Government, secured by the O'Shaughnessy Educational Center. Interest rate is 3%; final payment is due in 2009	60,000	(1)
The College recovers this payment from the term endowment income created from the gift of I. A. O'Shaughnessy.		
(1) The College has pledged \$60,000 of funds functioning as Endowment Funds for a debt service reserve fund on this indenture.		
First mortgage Series K Bonds due to the Minnesota Higher Education Facilities Authority, secured by the Faculty Residence Building. Interest rate is 6.5%; final payment due 1994	73,000	(2)
The sale and leaseback of the property has been treated as a loan agreement for accounting purposes.		
The College has received certain gifts that are in Restricted Current Funds to provide for payment of the bonds.		
(2) \$70,000 from the proceeds of the bonds sale were set up in several Bond Reserve Funds. Administered by outside trustees.		
Totals, carried forward	\$297,000	\$42,750

COLLEGE OF ST. THOMAS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1980 and 1979

6. LONG-TERM DEBT - Continued

	<u>Approximate Payments for Fiscal 1981</u>	
	<u>Principal and Interest</u>	<u>Equipment and Building Repairs and Replacement</u>
Totals, brought forward	\$297,000	\$42,750
Mortgage Revenue Bond, Series U due to the Minnesota Higher Education Facilities Authority secured by the Murray Hall Dormitory. Interest rate is 5.82%; final payment due in 2000	52,000	(3)
The sale and leaseback of the property has been treated as a loan agreement for accounting purposes.		
(3) \$81,000 from the proceeds of the bonds sale were set up in various Bond and Maintenance Reserve Funds administered by outside trustees.		
First Mortgage Revenue Bonds, Series X due to the Minnesota Higher Education Facilities Authority, secured by the New Residence Hall (John Paul II). Interest rate is 6.47% final payment due in 2001	135,000	(4)
The sale and leaseback of the property has been treated as a loan agreement for accounting purposes.		
\$112,000 has been deposited in the Debt Service Reserve Account for payment of principal and interest. This amount shall be maintained at all times and administered by outside trustees.		
(4) \$70,000 has been deposited in the Repair and Replacement Reserve Account. This amount must be maintained at all times and administered by outside trustees.		
Total annual payments	<u>\$484,000</u>	<u>\$42,750</u>

COLLEGE OF ST. THOMAS  
NOTES TO FINANCIAL STATEMENTS

June 30, 1980 and 1979

6. LONG-TERM DEBT - Continued

Other Long-Term Debt

During the 1980 fiscal year the College assumed the existing mortgage on the house purchased at 44 North Cleveland. The amount of principal owed on the mortgage at June 30, 1980 of \$28,083, is recorded in the Invested section of the Plant Funds.

7. POOLED LIFE INCOME FUNDS

The College received gifts of \$15,000 that are being accounted for in a fund group called Pooled Life Income Funds. The College is acting as a trustee for this fund and will periodically pay the income earned on the assets included in this fund to designated beneficiaries. The College will receive the assets at a time specified in the agreements, at which time these assets will be pooled with other life income funds for investment purposes.

In 1980 the College capitalized the amount of the cash surrender value of life insurance policies donated to the College. The College has been named as the beneficiary and will receive the benefits 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 Pooled Life Income Fund.

8. CAPITAL CAMPAIGN

The College is entering the third year of a five year Capital Campaign to raise \$14,400,000. As of June 30, 1980 the College had received \$11,564,695 in pledges of which \$4,779,035 had been received which includes the I. A. O'Shaughnessy gift of \$2,760,000. The amounts received have been recorded in the following funds: Plant Funds \$251,999; Restricted Funds \$1,177,036; and Endowment Funds \$3,350,000.

## **EXHIBIT B**

### **Description of The First National Bank of Saint Paul**

**DESCRIPTION OF THE FIRST NATIONAL BANK  
OF SAINT PAUL**

The First National Bank of Saint Paul, St. Paul, Minnesota (the "Bank") is a national banking organization organized under the laws of the United States. The Bank, which is located in downtown St. Paul, Minnesota, provides commercial banking services and correspondent bank services to a seven-county metropolitan area which includes the cities of St. Paul and Minneapolis, Minnesota. At December 31, 1979 the Bank reported total assets of \$2.61 billion, total deposits of \$1.70 billion, net loans of \$1.16 billion and shareholders' equity of \$0.15 billion. At September 30, 1980 the Bank reported to the Comptroller of the Currency that the Bank had total assets of \$2.84 billion, total deposits of \$1.40 billion, net loans of \$1.22 billion and shareholders equity of \$0.16 billion. Additional information with respect to the Bank including copies of its Annual Report can be obtained from:

Roger R. Palmer  
Senior Vice President/Comptroller  
The First National Bank of Saint Paul  
332 Minnesota Street  
St. Paul, Minnesota 55101

The First National Bank of Saint Paul, St. Paul, Minnesota, which is the bank issuing the Letter of Credit described in this Official Statement and the First Trust Company of Saint Paul, St. Paul, Minnesota, which is Trustee for the Bondholders as described in this Official Statement, are both wholly-owned subsidiaries of the First Bank System, Inc., a regional bank holding company headquartered in Minneapolis-St. Paul, Minnesota.

**EXHIBIT C**

**Series Resolution**

**Minnesota Higher Education  
Facilities Authority  
First Mortgage Revenue Bonds  
Series Two-C  
(College of St. Thomas)**

**Adopted November 4, 1980**

## **SERIES RESOLUTION**

The following is a summary of the Series Resolution (the "Resolution") adopted by the Minnesota Higher Education Facilities Authority which resolution authorizes issuance of the Authority's First Mortgage Revenue Bonds, Series Two-C (College of St. Thomas) and sets forth certain terms relating to such Bonds.

### **Authorization of Bonds**

Pursuant to the Resolution the Authority authorizes the negotiated sale and issuance of not to exceed \$6,500,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Two-C (College of St. Thomas), as proposed by the College, subject to the following:

- a) The College and the Underwriter shall prepare and submit a form of Bond Purchase Agreement, Letter of Credit and Preliminary Official Statement to the Authority, to Springsted Incorporated, financial consultants to the Authority, and Messrs. Faegre & Benson, bond counsel, for review and approval.
- b) Faegre & Benson shall prepare forms of Deed, Lease, Mortgage Trust Indenture and Guaranty Agreement and present such forms to the Authority, the College and the Underwriter for review and approval.
- c) When all such documents are in form and substance satisfactory to the College, the Underwriter, and the Executive Director of the Authority, with the advice of Springsted Incorporated and Faegre & Benson, the Chairman or the Executive Director of the Authority, acting individually or together, are authorized to approve the principal amount of and the interest rate for the Bonds, as may be agreed to by the College and the Underwriter, provided that the principal amount of Bonds does not exceed the lesser of \$6,500,000 and the amount needed to provide \$4,600,000 for the Construction Account, \$908,725 for the Debt Service Reserve Account plus one year's capitalized interest on the Bonds and that the interest rate shall not exceed 75% of the prime rate at that date quoted by The First National Bank of Saint Paul; and the Chairman and Executive Director shall then be authorized to accept, execute, and deliver on behalf of the Authority the form of Bond Purchase Agreement when duly executed and tendered by the College and the Underwriter.

### **Execution and Delivery of Documents**

Upon execution and delivery of the Bond Purchase Agreement by the parties thereto, the officers of the Authority, acting alone or with one or more other officers of the Authority, are authorized to accept the executed Deed from the College, to execute and deliver the forms of Lease and Indenture, and to execute all such other documents and certificates as may be required or contemplated by the Bond Purchase Agreement, the Lease and the Indenture in the forms approved by the Authority, with the advice of Springsted Incorporated and Faegre & Benson, which approval shall be conclusively evidenced by the execution and delivery thereof.

### **Form of Bonds**

The Bonds are to be in substantially the form set forth in the Indenture, and when printed shall be executed, sealed and delivered by the facsimile signatures of the Chairman or Vice Chairman and Secretary or Assistant Secretary of the Authority and submitted to the Trustee for authentication, all as more fully provided in the Indenture.



**Deposit of Proceeds**

The proceeds of the Bonds are to be deposited in the following accounts:

Into the Series Two-C (College of St. Thomas) Debt Service Reserve Account to be kept and used by the Trustee under the Indenture as a debt service reserve — \$908,725

Into the Series Two-C (College of St. Thomas) Bond and Interest Sinking Fund Account, to be kept and used by the Trustee under the Indenture, all accrued interest on the Bonds plus such additional proceeds of the Bonds as may be needed to provide capitalized interest equal to interest on the Bonds for one year — (one year's capitalized interest)

All other proceeds of the Bonds shall be deposited into the Construction Account to be used and paid out by the Trustee for payment of the Project costs in accordance with the Indenture and Lease.

**Surety Bonds**

As required by the Act, the officers of the Authority authorized to sign checks or otherwise handle funds of the Authority shall furnish a surety bond, executed by a surety company authorized to transact business in the State of Minnesota as surety and file the same in the office of the Secretary of State of Minnesota, subject to approval of the Attorney General, prior to delivery of the Bonds.

**Title Opinion**

In the Resolution the Authority finds and determines that the opinion of Moore, Costello & Hart, of St. Paul, Minnesota, may be accepted to evidence title to the Project site, and title insurance shall not be required but may be furnished in lieu of said title opinion.

**Special Series Obligations**

The Bonds shall be issued as special series obligations as provided in the General Bond Resolution adopted by the Authority on October 31, 1972 and shall not be secured by the General Bond Reserve Account.

**No Obligation to Provide Additional Financing**

By the adoption of the Resolution, the issuance and sale of the Bonds, or the execution of the Bond Purchase Agreement, the Lease, the Indenture or any other document authorized by the Resolution, the Authority does not undertake and shall have no obligation to issue refunding bonds or any additional obligations of any kind to provide long term or additional financing for the Project, or to refinance the Bonds. The Authority shall have the discretion to approve or refuse to approve any application which may be submitted by the College to provide long term or additional financing for the Project, or to refund the Bonds; provided that the Authority shall have the right in its discretion to issue additional bonds to provide additional or long term financing for the Project, or to refund the Bonds, and the Bond Purchase Agreement shall so provide.





