

NEW ISSUES

Standard & Poor's Rating: AAA†
(AMBAC INSURED)

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

\$2,500,000

**MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REVENUE BONDS, SERIES TWO-D
(COLLEGE OF ST. THOMAS)
("Series Two-D Bonds")**

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

and

\$6,110,000

**MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY
REFUNDING REVENUE BONDS, SERIES 1982-1
(COLLEGE OF ST. THOMAS)
("Refunding Bonds")**

Dated: July 1, 1982

Interest: January 1 and July 1, commencing January 1, 1983

The Series Two-D Bonds shall be due July 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
1984	\$160,000	8.50%	1989	\$250,000*	10.00%
1985	\$175,000	9.00%	1990	\$275,000*	10.25%
1986	\$190,000	9.25%	1991	\$305,000*	10.50%
1987	\$210,000	9.50%	1992	\$335,000*	10.75%
1988	\$230,000	9.75%	1993	\$370,000*	11.00%

The Refunding Bonds shall be due July 1 as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
1984	\$395,000	8.50%	1989	\$610,000*	10.00%
1985	\$425,000	9.00%	1990	\$675,000*	10.25%
1986	\$470,000	9.25%	1991	\$740,000*	10.50%
1987	\$505,000	9.50%	1992	\$820,000*	10.75%
1988	\$560,000	9.75%	1993	\$910,000*	11.00%

Price of all Bonds 100% plus accrued interest

**Subject to optional redemption in inverse order of stated maturity on July 1, 1988 and any interest payment date thereafter at a price of 103 prior to July 1, 1989, 102 July 1, 1989 to June 30, 1990, 101 July 1, 1990 to June 30, 1991 and par thereafter, and accrued interest. All Bonds are also subject to redemption at par on any interest payment date in whole but not in part in certain circumstances.*

The Series Two-D Bonds and the Refunding Bonds, herein referred to collectively as the "Bonds," are in the denomination of \$5,000 in coupon form registrable as to principal, or as to principal and interest. Principal and interest will be payable at the principal corporate trust office of First National Bank of Minneapolis, in Minneapolis, Minnesota.

The Bonds shall be special obligations of the Minnesota Higher Education Facilities Authority, issued under two separate Indentures of Trust between the Authority and First National Bank of Minneapolis, as Trustee, payable from payments made by or on behalf of the College of St. Thomas pursuant to two separate Leases between the Authority and the College or out of other amounts pledged therefor under the Indentures, as described herein. The College will also guarantee payment of the principal of and interest on the Bonds by two separate Guaranty Agreements between the College and the Trustee.

The Bonds shall be insured as to principal and interest under two separate policies of insurance issued by American Municipal Bond Assurance Corporation.

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 and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of certain matters by Bond Counsel, Faegre & Benson, Minneapolis, Minnesota. Certain legal matters will be passed upon for the College by its counsel, Moore, Costello & Hart, Saint Paul, Minnesota and for the Underwriters by Dorsey & Whitney, Minneapolis, Minnesota. It is expected that the Bonds will be available for delivery in Minneapolis, Minnesota, on or about August 30, 1982.

DAIN BOSWORTH INCORPORATED**VAN KAMPEN MERRITT INC.**

†See "RATING."

Certain events, transactions and documents referred to herein may not have been completed as of the date of this Official Statement but will be completed on or before Bond Closing.

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

References in this Official Statement to laws, rules, regulations, agreements, and any other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Copies of the Leases, Indentures, and Guaranty Agreements will be furnished upon request to the Authority.

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

In connection with this offering, the Underwriters may over-allot or effect transactions that 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. Although the Underwriters anticipate that they will maintain a secondary market for the Bonds, there is no assurance that such a market will develop or, if developed, will be maintained.

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OFFICIAL STATEMENT
OF
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the College of St. Thomas (the "College") in connection with the sale of the Authority's \$2,500,000 aggregate principal amount Revenue Bonds, Series Two-D (the "Series Two-D Bonds") and its \$6,110,000 aggregate principal amount Refunding Revenue Bonds, Series 1982-1 (the "Refunding Bonds"). The Series Two-D Bonds and the Refunding Bonds are herein referred to collectively as the "Bonds".

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

The Series Two-D Bonds are issued by the Authority to provide funds which will be used primarily for the 1982 Project. See "THE PROJECTS - The 1982 Project."

The Refunding Bonds are issued by the Authority to refund in advance of maturity the \$5,980,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Two-C (College of St. Thomas), due November 20, 1983, (the "Series Two-C Bonds"), the proceeds of which were used primarily for the 1980 Project. See "THE PROJECTS - The 1980 Project."

The College has heretofore conveyed to the Authority the site of the 1980 Project. At or prior to Bond Closing the College will convey to the Authority the site of the 1982 Project. By two separate Leases (individually, "Lease"; together, the "Leases"), the Authority will then lease the 1980 Project and the 1982 Project (individually, "Project"; together, the "Projects") to the College.

Pursuant to each of the Leases the payments by the College shall be in a sufficient amount to pay the principal of and interest on the related series of Bonds as the same shall become due.

The Bonds will be issued pursuant to two separate Indentures of Trust (individually, "Indenture"; together, the "Indentures") between the Authority and First National Bank of Minneapolis, as Trustee (the "Trustee"). By two separate Guaranty Agreements (individually, "Guaranty Agreement"; together, the "Guaranty Agreements"), between the College and the Trustee, the College unconditionally guarantees prompt and full payment of the principal, premium (if any), and interest on the Bonds. In addition, the Bonds shall be insured by American Municipal Bond Assurance Corporation ("AMBAC") as to both principal and interest.

The foregoing introductory statement is only a summary stated in general terms. See the following pages and Appendices of this Official Statement for more specific explanations.

DEFINITIONS OF CERTAIN TERMS

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

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

Additional Rent: 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 of 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.

Base Rent: The amounts required to be paid by the College under a Lease to provide funds with which to pay principal and interest on the Bonds and to maintain funds in the Debt Service Reserve Account equal to the debt service reserve requirement.

Bond and Interest Sinking Fund Account: The account established under an Indenture into which the Authority and Trustee shall deposit certain moneys for the payment of Debt Service of the series.

Bond Closing: Delivery of the Bonds and payment therefor.

Bond Purchase Agreement: The Agreement dated as of August 6, 1982, among the Authority, the College and the Underwriters, pursuant to which the Bonds will be sold to the Underwriters, and pursuant to which the College agrees to pledge certain security to the Authority.

Building Equipment: The goods, equipment, furnishings, furniture, inventory, machinery or other tangible property owned by the College, located in a Project Building or elsewhere on the Leased Premises, and acquired with funds other than proceeds of the Bonds or bonds refunded by the Bonds.

Construction Account: The Account established under the Series Two-D Indenture for deposit of certain Bond proceeds to be applied to payment of Project Costs.

Current Expenses: The necessary current operating expenses, maintenance charges, expenses of reasonable upkeep and repair, cost of insurance premiums allocable to the Leased Property and all other cash expenditures incident to and necessarily incurred by reason of operation of the Leased Property.

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

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

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

Leased Equipment: The Building Equipment and the Project Equipment under a Lease.

Leased Premises: The Project Buildings and the sites thereof under a Lease.

Leased Property: The Leased Equipment and the Leased Premises.

Net Proceeds: When used with respect to any insurance or condemnation award, 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.

Operation and Maintenance Account: The account established by the Indenture for payment of Current Expenses of the Project.

Permitted Encumbrances: As of any particular time, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) the Lease and 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, (iv) such minor defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as normally exist with respect to properties similar in character to the Project Facilities and do not in the aggregate, in the opinion of independent counsel, materially impair the property affected thereby for the purposes for which it was acquired or is held by the Authority or the College and (v) certain other encumbrances described in the Indentures.

Project: The 1980 Project or the 1982 Project.

Project Building: One or more of the buildings which have been or are to be constructed or improved as part of a Project.

Project Costs: The costs properly paid or payable in relation to the 1982 Project from the Construction Account for the Series Two-D Bonds.

Project Equipment: 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 or bonds refunded by the Bonds.

Project Facilities: The Project Buildings and the Project Equipment under a Lease or Indenture.

Redemption Account: The account established by the Indenture for deposit of (i) Revenues and Income and balances in the Revenue Fund Account not required to be deposited in other accounts, (ii) all funds received from the sale of Leased Property or Project Equipment, (iii) excess insurance proceeds, and (iv) excess proceeds of any taking or condemnation by eminent domain. Moneys in the Redemption Account shall be used (i) to create and maintain the required balance in the Bond and Interest Sinking Fund Account, (ii) to create and maintain the debt service reserve requirement in the Debt Service Reserve Account, and (iii) to redeem or prepay outstanding Bonds or to purchase outstanding Bonds at prices not exceeding the redemption price applicable on the next interest payment date on which the Bonds are redeemable.

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

Refunding Series Guaranty Agreement: The Guaranty Agreement dated July 1, 1982 between the College and the Trustee relating to the Refunding Bonds, and any amendments thereto.

Refunding Series Indenture: The Trust Indenture dated July 1, 1982 between the Authority and the Trustee relating to the Refunding Bonds, and any amendments thereto.

Refunding Series Lease: The Lease dated July 1, 1982 between the Authority and the College relating to the Refunding Bonds, and any amendments thereto.

Revenue Fund Account: The account established by the Indenture to which shall be credited as received Base Rent and other income and revenue arising from operation of Leased Property.

Revenues and Income: Rentals, charges, and other income and revenue arising from the operation or ownership of Leased Property.

Series Two-C Indenture: The Trust Indenture dated November 20, 1980 between the Authority and First Trust Company of Saint Paul, as Trustee, relating to the Series Two-C Bonds, and any amendments thereto.

Series Two-C Lease: The Lease dated November 20, 1980 between the Authority and the College relating to the 1980 Project and the Series Two-C Bonds, and any amendments thereto.

Series Two-D Guaranty Agreement: The Guaranty Agreement dated July 1, 1982 between the College and the Trustee relating to the Series Two-D Bonds, and any amendments thereto.

Series Two-D Indenture: The Trust Indenture dated July 1, 1982 between the Authority and the Trustee relating to the Series Two-D Bonds, and any amendments thereto.

Series Two-D Lease: The Lease dated July 1, 1982 between the Authority and the College relating to the 1982 Project and the Series Two-D Bonds, and any amendments thereto.

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

THE BONDS

The Bonds of each series will be dated July 1, 1982 and will mature July 1, 1984 through 1993 in the amounts set forth on the cover page of this Official Statement. The Bonds will bear interest at the basic rates per annum set forth on the cover page. If a determination is made that interest on the Bonds is subject to federal income taxation by reason of application of the provisions of the Internal Revenue Code as in effect at the dates of the Leases and Indentures and regulations thereunder, the Bonds shall also bear additional interest at an additional rate equal to the basic rate, for an aggregate interest rate two times the basic rate, from the date of taxability. (See "THE LEASES - Federal Income Tax Status.") The Bonds will be in coupon form, in the denomination of \$5,000 each. Interest will be payable January 1 and July 1, commencing January 1, 1983. Except as to bonds registered as to both principal and interest, principal and basic interest will be payable at the office of the Trustee. Any additional interest payable to holders of registered bonds shall be payable by mail, and any additional interest payable with respect to coupon Bonds shall be payable to the holders of such bonds in such manner as the Trustee deems appropriate.

The Bonds may be registered with the Trustee as to principal, or as to principal and interest. Interest on a Bond registered as to principal and interest shall be paid by check or draft of the Trustee mailed to the registered owner at his address set forth on the registration books maintained by the Trustee.

All Bonds of each series maturing after July 1, 1988 are subject to redemption and prepayment at the option of the Authority, in whole or in part and if in part in inverse order of stated maturity, on July 1, 1988 and any interest payment date thereafter at the following prices (expressed as a percentage of the principal amount) plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Price</u>
July 1, 1988 to June 30, 1989	103%
July 1, 1989 to June 30, 1990	102%
July 1, 1990 to June 30, 1991	101%
July 1, 1991 and thereafter	100%

All Bonds of each series are also subject to redemption at par and accrued interest on any interest payment date, as a whole but not in part in case (i) the College exercises its option to purchase the Project in certain cases of damage, destruction, taking or change of law or interest on the Bonds shall be determined to be includable in the gross income of the holders for federal income tax purposes (see "THE LEASES - Option to Purchase Leased Property"), or (ii) the College shall merge with or consolidate into or transfer substantially all of its assets to another nonprofit or public institution of higher education and as a result thereof the then rating of the Bonds shall be withdrawn or lowered and the Trustee elects or is required to call the Bonds (see "THE LEASES - Institution to Maintain its Existence and Accreditation"); all as required by the Indentures and the Leases.

Notice of redemption shall be given by publication at least twice not less than 30 nor more than 60 days before the redemption date. A similar notice shall be mailed by the Trustee to the holders of Bonds registered as to principal or as to principal and interest.

Bonds of one series may be redeemed as hereinbefore discussed, whether by optional or mandatory redemption, without regard to the Bonds of the other series.

ADDITIONAL BONDS

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

ESTIMATED USES OF FUNDS

Series Two-D Bonds

Construction	\$1,605,000.00	
Furnishings	300,000.00	
Land Acquisition	<u>76,250.00</u>	
		\$1,981,250
Costs of Issuance:		
AMBAC Insurance	\$ 43,756.00	
Underwriter Discount	61,250.00	
Debt Service Reserve	365,000.00	
Other Costs of Issuance	<u>48,744.00</u>	
		<u>518,750</u>
Total		<u><u>\$2,500,000</u></u>

Refunding Bonds

Purchase of Securities to Defeas		
Series Two-C Bonds	\$5,739,805.00	
Costs of Issuance:		
AMBAC Insurance	106,956.75	
Underwriter Discount	149,695.00	
Other Costs of Issuance	<u>113,543.25</u>	
Total		<u><u>\$6,110,000</u></u>

SUMMARY OF SECURITY FOR THE BONDS

Each series of Bonds will be special obligations of the Authority payable from payments made by or on behalf of the College as required by the Lease for the series or out of other amounts pledged therefor under the Indenture for the series.

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

The College will agree pursuant to the terms of each 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 the principal of and interest on the related series of Bonds.

In addition, the College, pursuant to each Guaranty Agreement, will guarantee directly to the Trustee the full and prompt payment of principal and interest on the related series of Bonds.

The Authority by the Indentures will assign its interests in the Leases (except for the Authority's annual fee and rights to reimbursement and indemnification) to the Trustee for the benefit of the holders of the related series of Bonds.

Each series of the Bonds is separately secured. Security for the Series Two-D Bonds does not extend to the Refunding Bonds and security for the Refunding Bonds does not extend to the Series Two-D Bonds. An event of default with respect to one series of Bonds is not an event of default with respect to the other series of Bonds, although the same circumstances could create an event of default with respect to both series of Bonds.

The Bonds are not secured by any mortgage lien on or security interest in any land, buildings or equipment.

Bond Insurance

AMBAC has committed to issue, effective as of the date on which the Bonds are issued, two separate policies of insurance guaranteeing the payment when due of principal of and interest on the Bonds. The insurance extends for the life of the Bonds and cannot be cancelled by AMBAC.

Reference is made to the form of policy attached as Appendix II for a description of the bondholders' rights thereunder. The following is necessarily a general description of the policy and, in all cases, the specific provisions of the policy govern.

In the event any portion of a payment of principal of and interest on the Bonds is not made when due, a claim may be submitted to AMBAC for payment of such amount. AMBAC is obligated to make payment of such unpaid amounts within ten days following submission of a claim.

Payment will be made by AMBAC to United States Trust Company of New York (the "Insurance Trustee"), as Insurance Trustee, and will be conditioned on receipt by the Insurance Trustee of the Bonds and coupons for which AMBAC makes a claim payment. Upon disbursement of such payment by the Insurance Trustee,

AMBAC will become the owner of the surrendered Bonds and coupons and will be fully subrogated to all the bondholder's rights to payment. The policy does not cover failure to pay principal, except on its stated maturity date, without regard to redemption, acceleration or other advancement of maturity, and does not cover failure to pay interest except when the stated date for its payment has been reached. The policy will not insure against nonpayment of principal or interest caused by the insolvency or negligence of any paying agent or the Insurance Trustee.

AMBAC is a New York domiciled insurance company, regulated by the Insurance Department of the State of New York (the "Insurance Department"), and licensed to do business in various states, with a total policyholders' surplus (unaudited) of \$50,249,948 as of December 31, 1981. The Insurance Department has promulgated regulations specially designed for insurers of municipal bonds, which, among other things, limit the insurer as to exposure on both a single risk and total risk basis. AMBAC is a wholly-owned subsidiary of MGIC Investment Corporation, a financial holding company which is a wholly owned subsidiary of Baldwin-United Corporation, a financial services company.

Appendix II of this Official Statement is a specimen AMBAC policy.

The information relating to AMBAC contained herein has been furnished by AMBAC. Financial information with respect to AMBAC is available upon request to AMBAC, at its corporate headquarters, 1 State Street Plaza, New York, New York 10001. No representation is made as to the accuracy or adequacy of information contained herein concerning AMBAC or as to the absence of material adverse changes in such information subsequent to the date hereof.

ACCOUNTS

Summary

Each Indenture provides for the creation of certain trust accounts into which the proceeds from the sale of the related series of Bonds and revenues received as Base Rent under the related Lease or from operation or ownership of the related Project Facilities are to be deposited. These accounts include 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. In addition, the Series Two-D Indenture provides for a Construction Account, and the Refunding Series Indenture provides for a Refunding Account. From the proceeds of the Series Two-D Bonds, deposits will be made to the Bond and Interest Sinking Fund Account, to the Debt Service Reserve Account and to the Construction Account. From the proceeds of the Refunding Bonds, deposits will be made to the Bond and Interest Sinking Fund Account and to the Refunding Account; at Bond Closing, \$893,800 will be transferred by the indenture trustee out of the debt service reserve account under the Series Two-C Indenture to the Trustee for deposit in the Debt Service Reserve Account under the Refunding Series Indenture. Thereafter, amounts received by the Trustee from the College in payment of Base Rent or from operation and ownership of the Project Facilities are to be initially deposited to the Revenue Fund Account and used as hereinafter described. Earnings on all accounts are to be transferred to the respective Bond and Interest Sinking Fund Accounts and, to the extent needed, used to pay the debt service on the Bonds.

Construction Account

There shall initially be deposited in the Construction Account for the Series Two-D Bonds the sum of \$2,073,750 of the proceeds from the sale of the Series Two-D 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 for the 1982 Project. 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 Building has 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 Debt Service Reserve Account, or, to the extent not required to establish the necessary reserves in such accounts, then to the Redemption Account under the Series Two-D Indenture.

Refunding Account

There shall initially be deposited into the Refunding Account for the Refunding Bonds the sum of \$5,960,305 of the proceeds from the sale of the Refunding Bonds. Of this amount, \$5,739,805 will be invested in direct obligations of the United States of America in such face amount, bearing interest at such rates and payable at such times as will, together with investment of amounts transferred from the debt reserve account for the Series Two-C Bonds mentioned below, equaling \$5,805,500, and such other contributions from the College as may be required, provide for the full payment of the principal of and interest on the Series Two-C Bonds when due. The Series Two-C Bonds are outstanding in the principal amount of \$5,980,000, mature on November 20, 1983 and bear interest at the rate of 7.95% per annum payable semi-annually on May 20 and November 20. The investments will be in United States Treasury Notes, State and Local Government Series, limited as to yield, to comply with the Arbitrage Regulations under Section 103(c) of the Internal Revenue Code of 1954, as amended. At Bond Closing such investments and cash in the amount of \$5,805,500 will be delivered to the indenture trustee under the Series Two-C Indenture in order to defease the lien of that Indenture. The balance of the moneys in the Refunding Account will be used to pay or reimburse the expenses of refunding the Series Two-C Bonds and issuing the Refunding Bonds, including the premium charged by AMBAC for municipal bond insurance with respect to the Refunding Bonds.

Debt Service Reserve Accounts

There shall initially be deposited to the credit of the Debt Service Reserve Account under the Series Two-D Indenture \$365,000 from the proceeds of the Series Two-D Bonds, pledged to secure debt service on the Series Two-D Bonds and any Additional Bonds. At Bond Closing \$893,800 in funds and investments will be transferred by the indenture trustee out of the debt service reserve account under the Series Two-C Indenture to the Trustee for deposit in the Debt Service Reserve Account under the Refunding Series Indenture, pledged to secure debt service on the Refunding Bonds and any Additional Bonds. The amounts of \$365,000 and \$893,800 are the debt service reserve requirements under the Series Two-D Indenture and Refunding Series Indenture, respectively, which the College is obligated to maintain under the respective Leases. In the event there is not a sufficient amount in the Bond and Interest Sinking Fund Account to pay principal of, premium or interest on the related series of Bonds and any Additional Bonds when due, the Trustee shall apply the moneys in the Debt Service Reserve Account

for that series of Bonds and any Additional Bonds for that purpose and sell any investments at the best price obtainable to provide money for that purpose.

Bond and Interest Sinking Fund Accounts

There shall initially be deposited into the Bond and Interest Sinking Fund Account accrued interest (if any) paid at Bond Closing with respect to the Series Two-D Bonds and Refunding Bonds respectively, which is to be used to pay part of the interest on the related series of Bonds on the first interest payment date. Additional deposits shall be made to the Bond and Interest Sinking Fund Account from earnings on other Accounts established under the Indenture and from 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 related series of Bonds as and when such principal and interest shall become due and payable and for those purposes only.

Revenue Fund Accounts

After the initial deposits are made from Bond proceeds and at Bond Closing as hereinafter described, 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 Debt Service 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 under the Lease, the second priority will be to the Operation and Maintenance Account for payment of current expenses of the Project Facilities, and the Debt Service Reserve Account and the Redemption Account will have third and fourth priority, respectively.

Operation and Maintenance Accounts

No payments will be made to this account so long as the College shall not be in default under the Lease. 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 Accounts

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 of the related series. No specific amounts are required.

General Bond Reserve Account

Pursuant to its General Bond Resolution adopted October 31, 1972, the Authority has established and maintains a General Bond Reserve Account. In general, the General Bond Reserve Account secures bonds of the Authority for which a deposit is made to the General Bond Reserve Account in compliance with the General Bond Resolution ("common fund bonds"). As of June 30, 1982, the General Bond Reserve Account secured all bonds issued by the Authority except the Series Two-C Bonds and had a balance of \$2,172,538.99, par value, in investments and cash. Under the General Bond Resolution, General Bond Reserve Account moneys may be invested in direct obligations of the United States of America, certificates of deposit or time deposits secured by direct obligations of the United States of America, and such other securities as are eligible for investment of public funds of the State or municipalities of the State. Investment earnings accumulate in the General Bond Reserve Account until needed to make advances to pay debt service on common fund bonds or rebated to the lessee institution as hereinafter described. Investments must be limited if needed to comply with the Arbitrage Regulations under Section 103(c) of the Internal Revenue Code. Under the General Bond Resolution, whenever the principal of or interest on any common fund bonds shall become due and there is not enough money or investments on deposit with the indenture trustee for the bond series for payment of such principal and interest, the Authority pledges that it will advance to the indenture trustee from the General Bond Reserve Account amounts sufficient to pay such principal and interest. The Authority is permitted to make an advance from the General Bond Reserve Account prior to a due date to prevent a default and is permitted, but not required, to pay principal due by reason of a call for redemption, acceleration upon event of default or any other reason. Advances from the General Bond Reserve Account bear interest at the rate of 8.00% per annum until repaid by the lessee institution or from moneys received by the indenture trustee as part of the trust estate. Whenever all principal of and interest on a bond series has been paid or provided for, the lessee institution is entitled to a rebate of the contribution to the General Bond Reserve Account made for that series of bonds and a pro rata share of the earnings of the General Bond Reserve Account for the period of the deposit, less a pro rata share of any unreimbursed advances made to pay common fund bonds; thereafter, the lessee institution is entitled to receive a proportionate share of any collections of advances made and charged against the subaccount of the lessee institution. Under the General Bond Resolution, bonds of the Authority may be secured by the General Bond Reserve Account only if certain conditions are met. Among other conditions, a contribution must be made to the General Bond Reserve Account of not less than 20% of the probable average annual principal and interest debt service requirements for the bond series, and a first mortgage lien on the project facilities financed by the bond series must be granted by the Authority to the indenture trustee for the bond series. Since no mortgage lien is granted to the Trustee to secure the Series Two-D Bonds or the Refunding Bonds, the Series Two-D Bonds and the Refunding Bonds are not secured by the General Bond Reserve Account. The General Bond Resolution permits the Authority, in its discretion, to issue bonds ("special series bonds") not secured by the General Bond Reserve Account. To comply with the Authority's policy that all permanent bond series be issued as common fund bonds rather than special series bonds, or if that is not possible that an equivalent arrangement be made, the College has agreed to deposit in the General Bond Reserve Account from general funds of the College the amount of \$284,120.75, which is estimated to be 20% of the probable average annual principal and interest debt service requirement of the Bonds, to be used to pay principal of and interest on common fund bonds (not including the Bonds) when due if necessary to meet a deficiency of other cash and investments in the General

Bond Reserve Account. A subaccount in the College's name in the General Bond Reserve Account will be credited in the amounts of the deposit and of a pro rata share of the earnings in the General Bond Reserve Account and charged with the amount of any advance from the General Bond Reserve Account to pay principal of or interest on common fund bonds when due, provided that charges to meet payment of common fund bonds and interest thereon shall be made against the subaccount only if all the cash and investments in the General Bond Reserve Account credited to subaccounts established in connection with common fund bonds have first been exhausted. When the Bonds (and any Additional Bonds) and interest thereon have been paid, or payment is provided for in accordance with the Indenture, the Authority will rebate to the College the amount of the deposit and the pro rata share of the earnings of the General Bond Reserve Account for the period of the deposit, less the amount of any advances for want of other cash and investments of the General Bond Reserve Account to pay principal of and interest on common fund bonds when due. Any subsequent collections of advances from the General Bond Reserve Account to pay common fund bonds will be rebated to the College if the Bonds and interest thereon have been paid or payment provided for proportionately with other lessee institutions whose subaccounts in the General Bond Reserve Account have been charged for the advances. The General Bond Resolution may be amended in certain respects without the consent of the holders of common fund bonds (or the Bonds) and in certain respects only with the consent of the holders of 65% of each series of the outstanding common fund bonds (not including the Bonds).

Permitted Investments

By the provisions of the Indenture the Trustee shall, upon request by the College representative, invest moneys on deposit in the various accounts. Moneys on deposit in the Bond and Interest Sinking Fund Account, the Debt Service 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 Refunding Account under the Refunding Series Indenture may only be invested in direct obligations of the United States of America. See "ACCOUNTS -Refunding Account." The Construction Account under the Series Two-D Indenture 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 second 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 moneys will be needed to pay costs of the 1982 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 and any Additional Bonds. Obligations purchased as investments of any account shall be deemed at all times to be a part of the respective account. Except for the investments of the Refunding Account to be transferred to the indenture trustee for the Series Two-C Indenture to pay the Series Two-C Bonds, 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.

THE PROJECTS

The 1982 Project

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

The 1980 Project

Proceeds of the Refunding Bonds will be used primarily to refund in advance of maturity the Series Two-C Bonds, due November 20, 1983. The Series Two-C Bonds will be discharged but the principal thereof will not be paid prior to maturity. There will be delivered at Bond Closing to the indenture trustee for the Series Two-C Bonds to hold in trust under the Series Two-C Indenture cash and/or direct obligations of the United States of America which with investment earnings thereof will provide sufficient sums for payment of the interest on and the principal of the Series Two-C Bonds as the same become due.

Proceeds of the Series Two-C Bonds are being used by the College for the construction and equipping of a 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 on the Saint Paul campus of the College.

THE AUTHORITY

The Minnesota Higher Education Facilities Authority was created by Chapter 868, Laws of Minnesota, 1971 (Sections 136A.25 through 136A.42, Minnesota Statutes), for the purpose of assisting institutions of higher education within the State in the construction and financing of projects. The Authority consists of 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.

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

Originally the Authority was given power to issue revenue bonds in a total amount not to exceed \$45 million. The 1973 Legislature increased this limit to an aggregate of \$62 million of principal outstanding at any time. In 1978 the amount was increased to \$100 million. With the Bonds the Authority has had 33 issues totaling \$84,055,000. Bonds issued by the Authority can be payable only from the rentals, revenues and other income, charges and moneys pledged for their payments. *The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.*

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

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

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. The Authority with respect to all bond issues, except the Bonds, has entered into a mortgage trust indenture with a trustee who administers the funds which, together with land, buildings or other pledged properties, are security for the payment of the bonds, except the funds of the General Bond Reserve Account which are under the exclusive supervision of the Authority.

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

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

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

The Authority is financed solely from fees paid by the institutions. At the time of issuance, and usually from bond proceeds, the Authority is paid a percentage, currently .35%, of the principal amount of the issue. Thereafter, commencing as of the date of issue and payable at the beginning of each year thereafter during the life of the bonds, the Authority receives an annual fee, currently .2%, of the original principal amount of the issue for its original term, regardless of whether the issue is prepaid, unless the Authority waives its rights to such payment.

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

As a general policy, the Authority requires that the proceeds of each issue include a sum equal to approximately one year's debt service, after deduction of any interest subsidy grants, for the creation of debt service reserves. Of this sum, 80% is deposited with the trustee in a series reserve account; the remaining 20% is deposited by the Authority in the General Bond Reserve Account pledged to the payment of all bonds issued by the Authority for which such deposit has been made. Although the College will make contributions to the General Bond Reserve Account with respect to the Bonds the Bonds will not be secured by the General Bond Reserve Account. See "ACCOUNTS - General Bond Reserve Account."

Members of the Authority

<u>Member</u>	<u>Principal Activity</u>
Maxwell O. Ramsland, Jr., Chairman	President, Ramsland & Vigen, Inc., Real Estate Appraisers, Duluth
Herbert M. Stellner, Jr., Vice Chairman	Senior Vice President, Marquette Bank and Trust Company, Rochester
Dr. Clyde R. Ingle, Secretary	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul
Frederick J. Bentz	President, Bentz-Thompson & Associates, Inc., Architects, Minneapolis
Earl R. Herring	Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota
Peter H. Seed	Member, Briggs and Morgan Professional Association, Lawyers, Saint Paul and Minneapolis
Leonard J. Rogge*	Retired, formerly Vice President for Business Affairs, College of St. Thomas, Saint Paul

** Mr. Rogge is retained by the College as a consultant. Mr. Rogge has not participated nor will he participate in actions of the Authority relative to the Bonds.*

THE COLLEGE

The College of St. Thomas, a Minnesota not-for-profit corporation, was founded in 1885 by Archbishop John Ireland as St. Thomas Aquinas Seminary. The College became a four year institution of higher education in 1908 and conferred its first baccalaureate degrees in 1910. The College currently offers a broad range of academic programs leading to undergraduate and graduate degrees. The College

does not discriminate on the basis of race, creed, color, national origin, sex, age, or physical disability in the employment of faculty or staff, the admission or treatment of students, or in the operation of its educational programs and activities. As permitted by applicable statutes and regulations, the College reserves the right to consider sex as one factor in its undergraduate admissions policy in order to effect a desired balance in the proportionate representation of the sexes in the student body.

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

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

Governance

The College is governed by a 40-member Board of Trustees (currently there is one vacancy). The Board elects its own members and each member serves a five-year term with no limit on the number of terms, except that one member is nominated by the College Alumni Association and elected by the Board of Trustees for a three-year term. The present Board consists of 33 lay persons and six clergy. The President of the College, the Archbishop of Saint Paul and Minneapolis and the Vicar General of the Archdiocese of Saint Paul and Minneapolis are ex officio members of the Board of Trustees. The Archbishop and Vicar General are also the Chairman and Vice Chairman, respectively, by virtue of their positions.

Following is a list of the members of the Board of Trustees of the College and their business or professional affiliation, as of July 1, 1982:

<u>Trustee</u>	<u>Principal Activity</u>
Most Rev. John R. Roach, Chairman	Archbishop, Archdiocese of Saint Paul and Minneapolis
Rev. Msgr. Ambrose V. Hayden, Vice Chairman	Vicar General, Archdiocese of Saint Paul and Minneapolis
W. James Armstrong	President, Northwestern National Bank of Minneapolis
Jerome J. Choromanski*	President & Chairman of the Board, Crystal State Bank, Crystal, Minnesota
Thomas P. Coughlan	President, Mankato Stone Company, Mankato, Minnesota
Rev. Dennis Dease	Spiritual Director, The Saint Paul Seminary, Saint Paul
John F. Donovan*	President, Donovan Companies, Inc., Saint Paul

TrusteePrincipal Activity

Rev. Msgr Francis J. Fleming	Pastor, Church of St. Olaf, Minneapolis
Rev. Msgr. James H. Foran	Retired Pastor, Leo C. Byrne Residence, Saint Paul
Mary-Angela Harper	Executive Director, National Association of Boards of Education, National Catholic Educational Association, Washington, D.C.
Robert E. Hess	Clerk of Federal Courts, Saint Paul
Elizabeth A. Hidding*	Executive Vice President & Treasurer, Twin City Tile and Marble Co., Minneapolis
Thomas E. Holloran*	Chairman & Chief Executive Officer, Inter-Regional Financial Group, Inc., Minneapolis (1)
Harry L. Holtz	Chairman, First Trust Company of Saint Paul
Ronald M. Hubbs*	Retired Chairman, The St. Paul Companies, Inc., Saint Paul
Anne L. Klein	Wayzata, Minnesota
David A. Koch*	President & Chief Executive Officer, Graco, Inc., Minneapolis
Thomas P. Krebsbach	President, Midway Chevrolet, Saint Paul
M. Joseph Lapensky	President, Northwest Airlines, Inc., Minneapolis
James Larkin	Attorney, Larkin, Hoffman, Daly & Lindgren, Ltd., Bloomington, Minnesota
Robert D. Lund	Vice President, General Motors Corpo- ration, Detroit
Thomas F. Madison	Vice President & Chief Executive Officer, Northwestern Bell, Minneapolis
John A. McHugh*	Attorney, Larkin, Hoffman, Daly & Lindgren, Ltd., Minneapolis
Harry G. McNeely, Jr.	President, Industry Financial Corporation, Saint Paul
Helen L. McNulty	Vice President, Intercultural Communi- cations, Inc., Minneapolis

TrusteePrincipal Activity

Herbert F. Mischke	Underwriter, Equitable Life Insurance of Iowa, Saint Paul
Frank C. Mullaney	Business Consultant, Minneapolis
Edward L. Murphy, Jr.	Chairman of the Board & Chief Executive Officer, Murphy Motor Freight Lines, Inc., Saint Paul
Rev. Msgr. Terrence J. Murphy*	President, College of St. Thomas
Donald O'Shaughnessy	President, Lario Oil and Gas Company, Midland, Texas
William J. Quinn	Chairman, Board of Trustees, Loyola University, Chicago
Gerald A. Rauenhorst	Chairman, Chief Executive Officer and controlling shareholder, Opus Corporation, formerly Rauenhorst Corporation, Minneapolis (2)
William S. Reiling	President, Towle Real Estate Company, Minneapolis
James J. Renier	President, Control Systems, Honeywell, Inc., Minneapolis
John W. Ryan	President, Indiana University, Bloomington, Indiana
Guy Schoenecker*	President & Chief Executive Officer, Business Incentives, Inc., Minneapolis
Robert E. Short*	President, Admiral Merchants Motor Freight, Saint Paul
William G. Stocks	Chairman & Chief Executive Officer, Peavey Company, Minneapolis
James A. Thwaits	President, International Operations and Corporate Staff Services, 3M Company, Saint Paul

* Member of the Executive Committee of the Board of Trustees, which is empowered to the extent determined by the Trustees and as permitted by law to act on behalf of the Board between Board meetings.

- (1) Dain Bosworth Incorporated, one of the Underwriters, is a wholly owned subsidiary of Inter-Regional Financial Group, Inc.
- (2) Opus Corporation, formerly Rauenhorst Corporation, is the general contractor for the 1982 Project and was one of two general contractors for the 1980 Project.

Administration

The principal officers of the College are as follows:

President

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

Provost and Vice President for Academic Affairs

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

Vice President for Administration

Donald J. Leyden is Vice President for Administration, a position he has held since 1975. He has also held the following positions at the College: Director of Public Relations, Alumni Director, Associate Director of the Management Center and Executive Assistant to the President. He received his B.A. degree from the College of St. Thomas.

Vice President for Development

James A. Keenan, Jr. has been Vice President for Development since 1971. From 1969 to 1971 he was Director of Development. He received his B.A. degree from Holy Cross College and received a J.D. from Georgetown University.

Business Manager

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

Campus

As of June 1, 1982 the campus had the following major facilities most of which are located on the Saint Paul campus of approximately 45 acres:

<u>Facility</u>	<u>Use</u>	<u>Acquired</u>	<u>Residential Capacity</u>	<u>6-30-81 Book Value (1)</u>	<u>Insurable Value (2)</u>	<u>Insured Contents</u>
1. Albertus Magnus Hall	Classes, Offices and Labs	1946		\$ 1,247,600	\$ 5,852,482	\$ 771,413
2. Aquinas Hall	Classes & Offices	1931		832,346	3,536,920	526,364
3. O'Shaughnessy Library	Library & Audio Visual Department	1958		1,557,939	4,445,257	1,934,947
4. Chiuminatto Hall	Classes & Studios	1943		23,313	330,116	65,625
5. O'Shaughnessy Educational Center (4)	Learning Center & Classes	1969		3,550,904	7,441,172	304,138
6. Catholic Digest Building	Editorial Offices	1905		54,172	404,253	20,625
7. Alumni House	Development Offices	1962		34,109	119,398	13,910
8. Christ Child Building	Classes & Offices	1976		1,616,268	1,590,829	82,104
9. McNeely Building	Classes & Offices	1977		396,915	1,231,109	129,951
10. Chapel	Religious Services	1917		202,111	2,225,493	91,056
11. Stadium	Athletics	1946		594,095	1,530,195	20,218
12. Foley Theater	Theater, Classes & Offices	1914		177,201	950,040	141,145
13. O'Shaughnessy Hall (3)	Athletics, Classes & Offices	1939		541,742	3,105,389	108,227
14. Dowling Hall (4)	Student Residence	1957	333	1,243,802	3,789,858	144,169
15. Ireland Hall (4)	Student Residence	1912	299	1,013,554	2,790,688	147,993
16. Murray Hall and Murray Residence (3) (4)	Student Center	1959		2,862,133	6,526,935	500,397
17. Brady Hall (4)	Residence Hall	1977	91			
	Student Residence	1967	111	1,180,422	2,961,174	70,679
	Health Center					
	Conference Rooms					
	Offices					
18. John Paul II Residence Hall (3)	Student Residence	1978	144	1,559,802	1,626,970	111,718
19. Faculty Residence (3)	Faculty Residence	1973	23 apts.	716,442	1,025,320	59,904

<u>Facility</u>	<u>Use</u>	<u>Acquired</u>	<u>Residential Capacity</u>	<u>6-30-81 Book Value (1)</u>	<u>Insurable Value (2)</u>	<u>Insured Contents</u>
20. 2084 Grand Avenue	Student Residence	1980	6	\$ 48,930	\$ 49,875	\$
21. 2080 Grand Avenue	Student Residence	1976	6	20,000	41,669	688
22. 2091 Grand Avenue	Offices	1980		63,594	59,785	
23. 2093 Grand Avenue	Student Residence	1977	4	25,300	55,775	688
24. 2057 Portland Avenue	Offices	1977		43,000	77,474	
25. 44 North Cleveland	Offices	1979		127,500	135,673	
26. Heating Plant	Steam Generation	1939		347,635	1,721,023	140,220
27. Garages	Car & Equipment Storage	1917-1957 1965-1976 1977-1979		69,757	250,282	77
28. IACI Building	Offices	1946		26,554	16,468	13,013
29. Utilities Distribution	Distribution of Utilities	1946-1959		421,117	1,239,528	
30. Grounds Improvement	Walks, Parking, Etc.			369,492	284,703	
31. Other Plant Equipment	Maintenance					76,254
			Total	\$20,967,749	\$55,415,853	\$5,475,523

In addition to the foregoing as of June 30, 1981 the College had work in progress for the 1980 Project of \$360,292 for its physical plant building and \$5,406,691 for its physical education and activities building, and also had work in progress for its Grand Avenue apartments (consisting of two buildings which provide residency for approximately 90 students) of \$883,526. There is a contract for deed on the Grand Avenue apartments. As of June 30, 1982 the foregoing four buildings were occupied and used by the College.

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

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

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

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

Library

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

Catholic Publishing Center

The College owns the Catholic Digest, a national, monthly magazine with a circulation of approximately 630,000. Although the magazine has some original articles, its principal content consists of reprints. It has income from advertising in addition to subscriptions. The College operates the magazine within its Catholic Publishing Center, a division of the College, which had a net income of \$571,859 for fiscal year ended June 30, 1981. Financial information with respect to the Catholic Publishing Center is included in Appendix I to this Official Statement.

Academic Information

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

Since 1950 the College has had a graduate program in education. The College grants the Master of Arts and the Education Specialist degrees. Concentrations are available in school administration, counseling, developmental and remedial reading, community education, special education, teacher preparation and in curricular enrichment programs in elementary and secondary education. Fall 1981 enrollment in the graduate program in education was 676.

In 1974 the College added the Master in Business Administration degree to its graduate programs. Courses offered in this program are taught in the evening. The program has grown since 1974 to an enrollment of 1,216 as of Fall 1981. The majority of the student body pursuing this degree are working adults.

A graduate program in religious education started in 1977 had 40 students enrolled as of the Fall of 1981; it offers a Master of Arts degree.

The College has several non degree-granting programs developed for the education and training of the general community. These include: the Management Center, offering formal courses, seminars and conferences to business, government and public institutions; the Center for Economic Education, to pursue the improvement

of the quality and quantity of economics taught in the schools; the Center for Senior Citizens Education; and the Community Education Center to provide assistance to school districts and to assist in the expansion of the community education concept at State and national levels.

Faculty and Staff

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

As of Fall 1981 the College employed 169 full-time and 141 part-time faculty. Total employees number approximately 650.

The total audited payroll of \$8,992,391 for the fiscal year ended June 30, 1981 included \$276,986 of contributed services, net of expenses. A contributed service is defined as the salary the College would expect to pay a comparably qualified lay person for services performed by religious, less expenses, allowances and cash salary. As of June 30, 1981 there were 22 persons, primarily diocesan priests, on the faculty and administrative staff of the College who contribute their services. The average age of such persons was 52.5 years.

The following table lists the academic rank, number and average salary of the lay members of the College faculty for the 1981/82 academic year. In addition there are 17 priests on the full-time faculty.

	<u>Number</u>	<u>Average Salary</u>
Professor	14	\$31,987
Associate Professor	41	26,320
Assistant Professor	79	22,048
Instructor	<u>18</u>	17,219
Total	<u>152</u>	

The following table lists the degrees and professional designations held by the full-time faculty members for the 1981/82 year.

	<u>Number</u>
Doctorate	107
Master of Arts, Juris Doctorate, Certified Public Accountant	58
Bachelor of Arts	<u>4</u>
Total	<u>169</u>

Student Body

The Fall term enrollment at the College for the 1981/82 academic year was 5,630; with a full-time equivalent ("FTE") enrollment of 4,558. Approximately 85% of the 1981/82 freshman class of 815 were students from the State of Minnesota; this ratio has been relatively stable and is expected by the College to remain so.

The College's undergraduate day program admitted women for the first time in the Fall of 1977. Graduate programs have been coeducational since their inception. Women comprise approximately 40% of the total graduate and undergraduate student body.

Enrollments

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

<u>Program</u>	<u>1977/78</u>	<u>1978/79</u>	<u>1979/80</u>	<u>1980/81</u>	<u>1981/82</u>
Undergraduate Day	2,527	2,747	2,908	3,163	3,390
New College*	<u>159</u>	<u>215</u>	<u>275</u>	<u>307</u>	<u>308</u>
Total Undergraduate	<u>2,686</u>	<u>2,962</u>	<u>3,183</u>	<u>3,470</u>	<u>3,698</u>
Graduate Education	767	727	648	712	676
Graduate Business	651	761	919	1,060	1,216
Graduate Religious Education	<u>35</u>	<u>32</u>	<u>34</u>	<u>39</u>	<u>40</u>
Total Graduate	<u>1,453</u>	<u>1,520</u>	<u>1,601</u>	<u>1,811</u>	<u>1,932</u>
Total Enrollment	<u>4,139</u>	<u>4,482</u>	<u>4,784</u>	<u>5,281</u>	<u>5,630</u>
FTE Enrollment	3,335	3,613	3,864	4,236	4,558

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

<u>Program</u>	<u>1982/83</u>	<u>1983/84</u>	<u>1984/85</u>	<u>1985/85</u>	<u>1986/87</u>
Undergraduate Day	3,330	3,300	3,300	3,190	3,170
New College*	<u>350</u>	<u>375</u>	<u>400</u>	<u>425</u>	<u>450</u>
Total Undergraduate	<u>3,680</u>	<u>3,675</u>	<u>3,700</u>	<u>3,615</u>	<u>3,620</u>
Graudate Education	650	650	650	650	650
Graduate Business	1,250	1,300	1,300	1,250	1,250
Graduate Religious Education	<u>40</u>	<u>45</u>	<u>45</u>	<u>45</u>	<u>45</u>
Total Graduate	<u>1,940</u>	<u>1,995</u>	<u>1,995</u>	<u>1,945</u>	<u>1,945</u>
Total Enrollment	<u>5,620</u>	<u>5,670</u>	<u>5,695</u>	<u>5,560</u>	<u>5,565</u>

* An evening degree-granting program for adults.

Housing

Students may live either off campus or in one of the residence halls on campus. All students living on campus also must board on campus. As of Fall 1982 the College will have 11 student residences with a capacity for 1,179. Approximately 32% of the undergraduate student population for the academic year 1981/82 resided on campus.

Tuition and Fees

The College meets the cost of educational programs primarily through tuition and fees. The following table lists the tuition charged full-time students in the College's major programs for the academic years beginning in the Fall, 1978 through 1981, and the tuition schedule for the academic year beginning in the Fall of 1982.

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Undergraduate (full-time)	\$2,560	\$2,760	\$3,080	\$3,520	\$4,160
Graduate education and religious education per credit	75	75	80	90	110
Graduate School of Business per credit	80	80	90	105	130

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

The following table lists total revenue derived from tuition and fees for the fiscal years ended June 30, 1977 through 1981 and an estimate of such revenue for the fiscal year ended June 30, 1982.

<u>Year</u>	<u>Tuition and Fees</u>
1977	\$ 6,744,051
1978	8,012,649
1979	9,285,047
1980	10,376,778
1981	12,360,293
1982*	14,306,000*

* *Estimated.*

Financial Aid

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

The following table sets forth a five year summary of financial aid information for the College. It shows the growth in the number of students receiving financial aid in all forms and the changes that have occurred in each type of program. The projection for the fiscal year ended June 30, 1983 shows some significant shifts in funding - notably increased dependence on College sources. Projections beyond the fiscal year ended June 30, 1983 are difficult to make because of the uncertainties at both the federal and State level. In anticipation of further dependence on the College, the Board of Trustees has designated \$2,375,000 in increased endowment for student financial aid as a result of a recently concluded capital fund drive.

FINANCIAL AID BY TYPE

Year Ended June 30	Number of Students*	College of St. Thomas	Restricted Funds	Basic Education Opportunity Grants	Supplemental Education Opportunity Grants	State of Minnesota Scholarship & Grant Program	National Direct Student Loan	Guaranteed Student Loan	Work**	Total
1977	1,948	\$ 740,643	\$581,407	\$242,108	\$249,587	\$ 457,702	\$313,660	\$ 200,400	\$228,993	\$3,014,500
1978	2,252	845,840	485,147	273,367	296,041	634,510	481,700	652,370	311,497	3,980,472
1979	2,366	734,697	519,500	367,293	320,897	776,350	538,800	918,016	280,551	4,456,104
1980	2,637	520,467	503,426	799,917	321,807	939,380	467,725	1,764,272	330,392	5,647,386
1981	3,032	659,452	532,424	604,969	322,475	1,232,560	554,956	3,308,903	423,681	7,639,420
1982(Estimated)***	3,297	897,718	625,572	547,902	355,200	1,212,933	572,665	4,244,699	500,000	8,956,689
1983(Projected)****	3,200	1,100,000	650,000	510,000	248,683	1,000,000	400,000	4,250,000	550,000	8,708,683

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

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

*** 1982 amounts are estimated.

**** 1983 amounts are rough projections (except for Supplemental Education Opportunity Grants, which is the amount of the College's tentative allocation).

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

Awards of financial aid, excluding competitive scholarships, are granted on the basis of need up to the maximum allowed by the various programs and can be substituted for each other in the establishment of a student's financial aid package. No assurance can be given that federal and State student financial aid will continue to be funded at current levels.

Financial Records

The College maintains its financial records on the basis of a fiscal year ended June 30. The College uses a fund accounting system and the financial statements of the College are prepared on the accrual basis except for depreciation accounting as explained in the notes to the College's financial statements. Appendix I sets forth the financial statements of the College, including the Catholic Publishing Center Division, for the years ended June 30, 1980 and 1981, which statements have been examined by Boulay, Heutmaker, Zibell & Co., certified public accountants.

Statement of Income, Expenditures and Transfers

The following table sets forth the statements of current general (unrestricted) income, current expenditures and transfers for the College for the fiscal years ended June 30, 1977 through 1981. This table should be read in conjunction with the financial statements which are Appendix I.

STATEMENT OF CURRENT INCOME, CURRENT EXPENDITURES AND TRANSFERS
(UNRESTRICTED)

	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Current Income					
Educational and General:					
Tuition and Fees	\$ 6,744,051	\$ 8,012,649	\$ 9,285,047	\$10,376,778	\$12,360,293
Income from Investments	323,635	522,809	654,008	789,051	781,696
Gifts and Private Grants	1,031,106	3,898,118	1,222,476	1,169,745	1,278,538
Other Sources	275,551	304,350	340,415	369,514	415,861
Total Educational and General	8,374,343	12,737,926	11,501,946	12,705,088	14,836,388
Auxiliary Enterprises	1,699,091	1,959,403	2,312,057	2,588,989	3,026,316
Student Aid	60,452	53,470	71,653		
Total Current Income	10,133,886	14,750,799	13,885,656	15,294,077	17,862,704
Current Expenditures & Mandatory Transfers					
Educational and General:					
General Administration	1,542,353	1,896,930	2,052,545	2,523,719	2,947,766
Instructional and Departmental	3,765,122	4,451,071	4,899,951	5,571,778	6,605,284
Organized Activities	210,245	233,173	258,178	331,893	379,228
Libraries	273,347	293,872	310,767	332,518	414,544
Student Services	425,101	484,859	534,160	624,684	790,589
Operation and Plant Maintenance	932,632	1,029,082	1,217,464	1,326,488	1,596,973
Mandatory Transfers for:					
Principal and Interest	59,590	60,415	59,725	60,070	60,335
Total Educational and General	7,208,390	8,449,402	9,332,790	10,771,150	12,794,719
Auxiliary Enterprises:					
Expenditures	1,560,182	1,697,268	1,919,708	2,132,519	2,472,846
Mandatory Transfers for:					
Principal and Interest	227,783	229,540	366,337	385,194	421,439
Renewals and Replacements	35,992	49,602	36,178	28,887	45,297
Total Auxiliary Enterprises	1,823,957	1,976,410	2,322,223	2,546,600	2,939,582
Student Aid	869,648	941,943	882,622	556,521	697,795
Total Current Expenditures & Mandatory Transfers	9,901,995	11,367,755	12,537,635	13,874,271	16,432,096
Total Current Income Less Total Current Expenditures & Mandatory Transfers	231,891	3,383,044	1,348,021	1,419,806	1,430,608
Transfers Among Funds - Additions (Deductions)					
Endowments and Non-Expendable Funds	(79,535)	(3,195,931)	(305,886)	(2,488,403)	(1,324,015)
Student Loan Fund	83,137	(2,430)	(36,751)	491,000	327,748
Plant Fund	(547,000)	(715,000)	(1,365,000)	(1,160,153)	(1,362,110)
Restricted Current Funds - Net	327,458	572,803	405,051	1,786,705	967,092
Total Transfers	(215,940)	(3,340,558)	(1,302,586)	(1,370,851)	(1,391,285)
Excess of Income Over Expenditures & Transfers	\$ 15,951	\$ 42,486	\$ 45,435	\$ 48,955	\$ 39,323

Gifts, Grants and Bequests

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

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

In September, 1977 the College embarked upon the largest fund-raising campaign in its 95 year history. This campaign, entitled "Priorities for the '80's," resulted in gifts (including pledges) in the amount of \$20,075,814, surpassing the College's original goal of \$14,403,000 by approximately 39%. A major purpose of this campaign, which officially ended in December, 1981, was to increase endowment funds for both restricted and unrestricted purposes. Approximately \$7,319,000 was raised for endowment through the campaign. As of June 30, 1981 \$6,597,294 had been received of the \$14,124,403 of pledges made as of that date.

The College does not currently have plans for any major fund-raising campaign in the near future.

The following table sets forth the amounts of gifts, grants and bequests received by the College for the fiscal years ended June 30, 1977 through 1981.

<u>Fiscal Year</u>	<u>Current General</u>	<u>Current Restricted</u>	<u>Total</u>
1977	\$1,031,106	\$ 671,598	\$ 1,702,704
1978	3,898,118	640,901	4,539,019
1979	1,222,476	1,729,919	2,952,395
1980	1,169,745	1,542,468	2,712,213
1981	<u>1,278,538</u>	<u>2,313,239</u>	<u>3,591,777</u>
Totals	<u>\$8,599,983</u>	<u>\$6,898,125</u>	<u>\$15,498,108</u>

Endowment Funds

The College's Endowment Funds include (i) general endowment funds which are subject to the restrictions of gift instruments requiring that the principal be maintained in perpetuity and that only the income be utilized, either for donor-specified purposes or for general College purposes; (ii) funds functioning as endowments which represent expendable funds received which, by decision of the Board of Trustees of the College, have been retained and invested for the future benefit of the College, but which can be utilized, if and when the need arises, for current operating and capital expenditure purposes at the discretion of the Board of Trustees; (iii) funds functioning as a term endowment which represents a gift to the College, the income of which, by decision of the Board of Trustees, is used to retire specified indebtedness, and following such retirement, or before that time at the discretion of the Board, the fund principal and income can be utilized for current operating and capital expenditures; and (iv) funds restricted as to both principal and interest for purposes of the Catholic Publishing Center. The following table is a recapitulation of balances of endowment funds and funds functioning as endowments for the fiscal years 1977 through 1981 and for fiscal year 1982 through March 31:

BALANCES OF ENDOWMENT FUNDS AND FUNDS FUNCTIONING AS ENDOWMENTS

	For Fiscal Year Ended June 30					March 31 (Unaudited)
	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
Endowments	\$1,984,867	\$ 1,987,479	\$ 2,647,102	\$ 2,925,218	\$ 3,226,343	\$ 3,520,239
Funds Functioning as Term Endowments	930,057	930,057	864,635	773,270	769,445	784,306
Funds Functioning as Endowments	4,100,775	7,314,956	7,536,220	12,827,120*	14,911,434*	15,008,836*
Total	<u>\$7,015,699</u>	<u>\$10,232,492</u>	<u>\$11,047,957</u>	<u>\$16,525,608*</u>	<u>\$18,907,222*</u>	<u>\$19,313,381*</u>
Market Value of Investments Endowment Funds and Funds Functioning as Endowment Funds**	\$7,279,964	\$10,437,864	\$11,791,304	\$15,883,603	\$18,777,463	\$17,967,956

* Includes Catholic Publishing Center of \$2,246,456 in 1980, \$1,430,135 in 1981, \$1,430,135 (estimated) in 1982.

** Does not include Catholic Publishing Center Endowment.

Long-Term Debt

The College had the following long-term debt (maturing beyond one year) outstanding as of July 1, 1982, exclusive of the Bonds:

- (a) \$1,200,000 Dormitory Bonds of 1957, dated December 1, 1957, at 2-7/8%; remaining principal is \$665,000 due in annual installments through 1997; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct Dowling Hall (student dormitory). The bonds are secured by (i) a first mortgage lien on Ireland and Dowling Halls, (ii) net revenues of the operations of these buildings, and (iii) the full faith and credit of the College.
- (b) \$1,300,000 Student Union Bonds of 1959, dated January 1, 1959, at 3%; remaining principal is \$435,000 due in annual installments through 1989; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct the Student Union (Murray Hall). The bonds are secured by (i) a first mortgage on the facility, (ii) net operating revenues of the Student Union, (iii) Student Union fees, and (iv) the full faith and credit of the College.
- (c) \$1,050,000 Dormitory Bonds of 1967, dated April 1, 1967, at 3%; remaining principal is \$895,000 due in annual installments through 2017; purchased by the U.S. Department of Housing and Urban Development; proceeds were used to construct Brady Hall (student dormitory). The bonds are secured by (i) a first mortgage lien on Brady Hall, (ii) net revenues from the operation of the building, and (iii) the full faith and credit of the College.
- (d) \$1,346,000 Academic Building Bonds of 1969, dated June 1, 1969, at 3%; remaining principal is \$1,122,000 due in annual installments through 2009; purchased by the U.S. Department of Health, Education and Welfare; the proceeds were used to finance in part the construction of the O'Shaughnessy Education Center. The bonds are secured by (i) a first mortgage lien on O'Shaughnessy Education Center, and (ii) the full faith and credit of the College. The College received gifts from I.A. O'Shaughnessy that are functioning as a term endowment to provide principal and interest.
- (e) \$800,000 Minnesota Higher Education Facilities Authority (the "Authority") First Mortgage Revenue Bonds, Series K, dated December 1, 1974, at various rates from 5.50% to 6.90%; remaining principal is \$620,000 due in annual installments through 1994. The proceeds were used to construct the Faculty Residence Building. The bonds are secured by (i) a first mortgage lien on the Faculty Residence Building, (ii) the net revenues of the facilities, (iii) a Debt Service Reserve Account of \$56,000, (iv) the Authority's General Bond Reserve Account, (v) the full faith and credit of the College, and (vi) a pledge by the College to charge tuition fees and other fees and charges sufficient to provide debt service.
- (f) \$685,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series U, dated January 1, 1978, at various interest rates from 4.40% to 5.90%; remaining principal is \$645,000 due in annual installments through 2000. The proceeds were used to construct an addition to Murray Hall. The bonds are secured by a second mortgage lien which will become a first mortgage lien after the Student Union bonds of 1959 described in subparagraph (b) above are retired, (ii) the guarantee of the

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

- (g) \$1,800,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series X, dated September 1, 1978, at various interest rates from 6.00% to 7.00%; principal outstanding is \$1,750,000 due in annual installments through 1999. The proceeds were used to construct John Paul II Residence Hall. The bonds are secured by (i) a first mortgage lien on the John Paul II Residence Hall, (ii) the guarantee of the College, (iii) the net revenues of the facility, (iv) a debt service reserve account of \$112,000, and (v) the Authority's General Bond Reserve Account.
- (h) A \$577,150 contract for deed at 10%; \$20,000 was paid August 1, 1981, principal payments will be due \$20,000 in 1982, \$10,000 in 1983 and \$100,000 in 1984. In addition, monthly interest installments of \$3,600 will be paid until August 1, 1992 and a final payment of \$532,265.67 will be due August 1, 1992. The contract is for the purchase of the Grand Avenue apartments.
- (i) \$5,980,000 Minnesota Higher Education Facilities Authority First Mortgage Revenue Bonds, Series Two-C, dated November 20, 1980, at 7.95%; remaining principal is \$5,980,000 due November 20, 1983. The proceeds were used to construct the 1980 Project. The bonds of this issue are the Series Two-C Bonds to be refunded by Refunding Bonds.

Debt Amortization Schedule

The table on the following page lists the annual principal and interest payments due for the foregoing described long-term debt of the College plus the Debt Service for the Series Two-D Bonds and the Refunding Bonds.

DEBT SERVICE PAYMENTS - FOR FISCAL YEARS ENDED JUNE 30, 1982 - 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 1st Mortgage Revenue Bonds Series U	\$1,800,000 1st Mortgage Revenue Bonds Series X	Contract for Deed	\$2,500,000 Series Two-D Bonds	\$6,110,000 Refunding Bonds	Total Debt Service
1983	\$ 53,615.63	\$ 69,725	\$ 41,850	\$ 59,270	\$ 74,077.50	\$ 50,995	\$ 121,085	\$ 63,200.00	\$ 251,235.00	\$ 614,012.50	\$ 1,399,055.63
1984	52,609.38	70,500	41,400	59,475	71,977.50	55,290	120,475	53,200.00	411,235.00	1,009,012.50	1,945,164.38
1985	51,603.13	68,700	40,950	59,650	69,877.50	54,340	129,865	143,200.00	412,625.00	1,005,437.50	2,036,248.13
1986	50,596.88	69,400	40,500	59,795	72,627.50	53,380	128,645	43,200.00	411,875.00	1,012,187.50	1,942,206.88
1987	49,590.63	70,025	40,050	58,925	70,227.50	57,400	127,425	43,200.00	414,300.00	1,003,712.50	1,934,855.63
1988	53,512.50	70,575	39,600	59,040	72,610.00	56,150	126,205	43,200.00	414,350.00	1,010,737.50	1,945,980.00
1989	52,362.50	36,050	44,150	59,125	69,775.00	54,875	154,985	43,200.00	411,925.00	1,006,137.50	1,932,585.00
1990	51,212.50		43,550	59,180	71,732.50	53,575	191,985	43,200.00	411,925.00	1,010,137.50	1,936,497.50
1991	50,062.50		42,950	59,205	73,292.50	57,250	196,585	43,200.00	413,737.50	1,005,950.00	1,942,232.50
1992	53,840.63		42,350	59,200	69,621.25	55,630	190,485	43,200.00	411,712.50	1,008,250.00	1,934,289.38
1993	52,546.88		41,750	59,165	70,695.00	58,980	194,285	575,465.67	410,700.00	1,010,100.00	2,473,687.55
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								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
	\$829,234.42	\$454,975	\$1,459,300	\$1,657,710	\$919,966.25	\$1,090,400	\$3,188,975	\$1,137,465.67	\$4,375,600.00	\$10,695,675.00	\$25,809,301.34

Pensions

The College has three retirement programs for its employees.

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

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

Unions

The International Brotherhood of Teamsters Local 120 represents 45 employees who are on the custodial/grounds/housekeeping staff of the College. As of July 1, 1981 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, 1982.

Litigation

A charge alleging unfair discrimination on the basis of race and national origin was filed with the Minnesota Department of Human Rights (the "Department") against the College in 1980 by a student. The charge is denied by the College. To date there has been no finding in the case, and it is still pending.

A charge alleging unfair discrimination on the basis of sex and national origin was filed against the College in 1977 by a former faculty member with the Department as well as the Equal Employment Opportunity Commission (the "EEOC"). The charge is denied by the College. The charge has been processed by the Department pursuant to a Worksharing Agreement between the Department and the EEOC. In June of 1979, the Department made a determination that probable cause exists to credit the allegation that an unfair discriminatory practice had been committed. Attempts to resolve the case through conciliation failed, and the Department recommended to the Minnesota Commissioner of Human Rights that a complaint against the College be issued. The charging party died in December of 1979, and the complaint was not issued. The Department notified the College's legal counsel on July 7, 1982, that the Department was initiating an administrative closure process, after the completion of which the Department's case will be closed. The EEOC notified the College's legal counsel on July 9, 1982, that the EEOC will accord substantial weight to final action taken by the Department in reviewing final action to be taken by the EEOC, provided the charge was processed in accordance with EEOC requirements. There can be no absolute assurance at this time that the case will be closed by the Department or by the EEOC. If the case is

closed by the Department and the EEOC, the heirs and representative of the estate of the charging party may have the right to commence a civil action against the College based upon the alleged discrimination.

LEASES, INDENTURES AND GUARANTY AGREEMENTS

The Series Two-D Lease, Series Two-D Indenture and Series Two-D Guaranty Agreement are similar to the Refunding Series Lease, Refunding Series Indenture and Refunding Series Guaranty Agreement, and the descriptions of the Leases, the Guaranty Agreements and Indentures provided herein apply to both Leases, both Guaranty Agreements and both Indentures except where otherwise specifically indicated. However, a default under the Series Two-D Lease, the Series Two-D Indenture or the Series Two-D Guaranty Agreement, or with respect to the Series Two-D Bonds is not necessarily a default under the Refunding Series Lease, the Refunding Series Indenture or the Refunding Series Guaranty Agreement, or with respect to the Refunding Bonds, and vice versa; and the security provided for the Series Two-D Bonds does not secure the Refunding Series Bonds and the security provided for the Refunding Bonds does not secure the Series Two-D Bonds. See "SUMMARY OF SECURITY FOR THE BONDS" and "ACCOUNTS."

THE LEASES

The following is a summary of certain provisions of the Series Two-D Lease and the Refunding Series Lease (the "Leases"). This summary does not purport to be complete and reference is made to the full text of each Lease for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS."

Term of Leases

The Leases shall be for a term of 11 years expiring July 1, 1993.

Refunding of Series Two-C Bonds

In the Refunding Series Lease, the College agrees that it will pay the principal of and interest on the Series Two-C Bonds and all costs relating to the issuance of the Refunding Bonds and paying the Series Two-C Bonds to the extent such payments and costs are not met from proceeds of the Refunding Bonds in the Refunding Account.

Construction of the Project

In the Series Two-D Lease, the Authority has authorized the College to make all contracts and do all things necessary for the construction of the 1982 Project; the College has agreed that it will, with all reasonable dispatch, cause such Project to be constructed and equipped in accordance with the plans on file with the Authority; costs of such Project shall be paid from the Construction Account. See "ACCOUNTS - Construction Account." In the Refunding Series Lease, the College has agreed that it will comply with the similar provisions in the Series Two-C Lease with respect to the 1980 Project.

Rental Payments

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

- (a) At least 15 days prior to each January 1 and July 1, an amount equal to the interest due on such interest payment date, after crediting any accrued interest then held in the Bond and Interest Sinking Fund Account and available to make such interest payment;
- (b) At least 15 days prior to July 1, 1984 and July 1 in each year thereafter an amount sufficient, together with other available funds then held by the Trustee, to pay the principal amount of the Bonds (and any Additional Bonds) maturing on such dates; and
- (c) Amounts needed to maintain the funds and investments in the respective Debt Service Reserve Accounts at least equal to the debt service requirements as described under "ACCOUNTS - Debt Service Reserve Accounts."

There is reserved to the College the right to prepay all or any part of the Base Rent payments described in (a) and (b). 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 BONDS."

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 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

Each 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 terms 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 LEASES - 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 each Project, in a minimum amount of \$50,000;

- (c) public liability insurance in minimum amounts of \$5,000,000 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.

Damages, 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 LEASES - 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 or 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 consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or transfer all or substantially all of its assets to another institution except upon the conditions provided in the Lease. The conditions are: (i) if the surviving, resulting or transferee corporation, as the case may be, is other than the College, such surviving, resulting or transferee corporation shall assume in writing all of the obligations of the College in the Lease, and shall be either a state university or college or a nonprofit corporation and a nonprofit institution of higher

education under the laws of Minnesota, eligible to be a participating nonprofit institution under the Act, and complies and will comply with the provisions of the Lease against discrimination and requiring that the institution be nonsectarian; (ii) the College shall furnish to the Trustee an opinion of bond counsel that such consolidation, merger or transfer shall have no effect on the tax-exempt nature of the interest on the Bonds under Section 103 of the Internal Revenue Code of 1954, as amended, and regulations thereunder; (iii) if the Bonds are rated by a nationally recognized rating agency immediately prior to such merger, consolidation and transfer and if such rating is withdrawn or reduced by any such rating agency as a result of the merger, consolidation or transfer, the Trustee may, and upon request of the holders of 51% or more in outstanding principal amount of the Bonds (and any Additional Bonds) shall, call the Bonds (and any Additional Bonds) for redemption and prior payment on the next interest payment date for which notice of redemption can be given under the Indenture, and the surviving, resulting or transferee institution shall purchase the Leased Property and the Authority shall sell the Leased Property.

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.

Federal Income Tax Status

The College and the Authority agree that it is the intention of the parties that interest paid on the Bonds will not be included in the gross income of the recipients of said interest by reason of application of the provisions of the Internal Revenue Code as in effect at the date of the Lease and regulations thereunder. The College agrees to provide such certificates, opinions of counsel and other evidence as may be necessary or requested by the Authority or the Trustee to establish the exemption of the Bonds and the absence of arbitrage expectation under the Code and to file the information or statements with the Internal Revenue Service required to establish or preserve such exemption.

In the event a determination of taxability is made that the Bonds are subject to federal income taxation under the provisions of the Internal Revenue Code as in

effect at the date of the Lease and regulations thereunder, the Bonds shall be subject to redemption at the option of the College on the next practicable and each succeeding interest payment date following the determination of taxability, and the Bonds shall bear additional interest from the date of taxability to the dates of payment of the Bonds at an additional rate equal to the basic rate, for an aggregate rate of interest two times the basic rate, payable by the College as additional Base Rent. Additional interest, if any, is payable semiannually on January 1 and July 1, commencing the first interest payment date following the determination of taxability, provided that no Bond shall bear additional interest during any period for which the statute of limitations is a bar to the assertion or collection of a federal income tax deficiency from the holder. Additional interest from the date of taxability to the first interest payment date following the determination of taxability shall be payable to the holders of the Bonds (or with respect to Bonds paid or redeemed after the date of taxability, to the persons who were the holders at the respective dates of payment and redemption) on the first interest payment date following the determination of taxability.

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

Additional Debt

After issuance of the Bonds, the College agrees that it will not incur or permit to remain outstanding additional Funded Debt unless, after giving effect thereto, the aggregate outstanding Funded Debt shall not exceed 50% of the value of the College's assets. After June 30, 1983 the College agrees that it will not incur or permit Current Debt to remain outstanding unless the College has had no Current Debt outstanding for a period of at least 30 consecutive days during the preceding 12 calendar months.

Notwithstanding the foregoing, the College shall not incur or permit to remain outstanding any Funded Debt nor shall it guarantee any indebtedness (other than its own Current Debt) unless, after giving effect to such Funded Debt or guarantee of indebtedness (other than its own Current Debt):

- (A) The amount of assets set forth under the categories "Cash" and "Investments" in the most recently completed Audited Balance Sheet of the College, on a basis consistent with the Audited Financial Statements for the Year Ended June 30, 1981, shall equal or exceed $66\frac{2}{3}\%$ of the sum of (i) the principal amount of all Funded Debt then to be outstanding, and (ii) all indebtedness guaranteed by the College (other than its own Current Debt); and
- (B) The College's independent certified public accountants shall verify that the average annual Net Revenues Available for Debt Service for the past two (2) fiscal years, immediately preceding the fiscal year in which such Funded Debt is incurred or guarantee of indebtedness is

made, has been equal to or in excess of 110% of the Maximum Annual Debt Service to be due in any future fiscal year;

provided the provisions of this paragraph shall not apply to any Funded Debt (or indebtedness guaranteed by the College) or any portion thereof which is secured by an irrevocable letter of credit issued by a bank with a minimum "A" rating from Standard & Poor's Corporation.

For these purposes: (a) "Funded Debt" means indebtedness for borrowed money or incurred in connection with the acquisition of assets plus the capitalized value of the liability of capitalized leases, in each case having a final maturity of or extendible to a date more than one year from the date of creation of such indebtedness, excluding any current liabilities, indebtedness of any fund of the College to any other fund of the College, and any indebtedness for payment of which the College has deposited moneys in trust or escrow. (b) "Current Debt" means indebtedness for borrowed money payable on demand or within one year (not extendible to a date more than one year) from the date of creation of such indebtedness, excluding the current portion of Funded Debt, indebtedness of any fund of the College to another fund of the College, and any indebtedness for payment of which the College has deposited moneys in trust or escrow. (c) The "value of the College's assets" means the total of (i) assets, including restricted fund assets but excluding amounts receivable by one fund of the College from another fund of the College, as reflected on the balance sheet of the College as of the end of its most recently ended fiscal year, as examined by the College's independent certified public accountants and prepared in accordance with generally accepted accounting principles, plus (ii) the net proceeds of the new Funded Debt. (d) "Net Revenues Available for Debt Service" means all current general income of the College plus net transfers from Current Restricted Funds to Current General Funds less all current general expenditures and mandatory transfers (except for mandatory transfers for principal, interest or sinking fund payments), all as reported in the Audited Financial Statements of the College. (e) "Maximum Annual Debt Service" means the maximum amount of principal, interest and sinking fund payments due on all Funded Debt in any one fiscal year and payments due in any one fiscal year on indebtedness (other than its own Current Debt) guaranteed by the College with respect to which the principal debtor is in default.

Tuition Deposit

The College covenants to deposit with the Trustee all Tuition as received by the College on and after June 20 and December 20 of each year, commencing December 20, 1982, within two (2) business days after receipt thereof by the College, if, and only if, there are not on such dates funds already on deposit in the Bond and Interest Sinking Fund Account and available to the Trustee for the purpose of making the payments of principal of, premium (if any) and interest on the Bonds due on January 1 or July 1, immediately following such December 20 or June 20, as the case may be.

For purposes of this provision, "Tuition" shall mean moneys received by the College from any sources on account of academic instruction or services whether or not termed tuition and whether or not consisting of partial or total financial aid, but excluding moneys received by the College for room and board and student union fees.

No security interest or lien however, is created with respect to the College's tuition prior to the time the College deposits tuition moneys with the Trustee in accordance with the foregoing covenants.

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 contains insufficient funds to pay principal of or interest on the Bonds (and any Additional Bonds) then due or to become due within 15 days;
- (b) failure of the College to make timely payment, after five 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.

No default in the performance of certain covenants affecting or which may affect the tax-exempt status of the Bonds shall become an event of default, provided that the Authority or the Trustee shall be entitled to injunctive relief or specific performance of any covenant, if allowed by the court, to preserve the tax-exempt status of the Bonds.

The Refunding Series Lease also provides that it shall be an event of default if principal of or interest on the Series Two-C Bonds is not paid when due. The provisions of subparagraphs (c) and (d) above are subject to force majeure and the provisions of subparagraphs (d) and (e) are subject to the further limitation that if the default can be remedied but not within a period of 30 days after notice and if the College has taken all action reasonably possible to remedy such default within such 30-day period, the default shall not become an event of default for so long as the College shall diligently proceed to remedy the default and in accordance with any directions or limitations of time made by the Authority.

Remedies on Default

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

- (a) the Authority or the Trustee may declare all of 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 of the series (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 of the series (and any Additional 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 of the series (and any Additional 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; 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.
- (d) a determination of taxability is made that interest on the Bonds is subject to federal income taxes by reason of the application of the provisions of the Internal Revenue Code presently in effect and regulations thereunder. (See "THE LEASES - Federal Income Tax Status.")

The purchase price payable by the College, upon 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, Debt Service Reserve Account and Redemption Account, will be sufficient to pay all outstanding Bonds of the series (and any Additional 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 of the series (and any Additional 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 of the series or Additional Bonds under the related Indenture are outstanding, the Lease may not be amended without the prior written consent of the Trustee.

THE GUARANTY AGREEMENTS

The following constitutes a summary of the Guaranty Agreement for the Series Two-D Bonds and the Guaranty Agreement for the Refunding Bonds (the "Guaranty Agreements"). This summary does not purport to be complete and reference is made to the full text of each Guaranty Agreement for a complete recital of its terms. Certain words and terms used in this summary are defined in "DEFINITIONS OF CERTAIN TERMS."

Guaranty to Trustee

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

Unconditional Agreement

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

No Set-Offs

Each Guaranty Agreement states that no set-off, counter-claim, 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 Agreement to the College against the Trustee.

THE INDENTURES

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

Granting Clauses

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

- (1) all right, title and interest of the Authority as Lessor under the related Lease including all Base Rent and all other sums due under the Lease (except the Authority's annual fee and rights to indemnity and reimbursement) and the security interest (except in the Leased Equipment) granted to the Authority by the College pursuant to the Bond Purchase Agreement to secure payment of Base Rent;
- (2) a first lien on and pledge of (i) the moneys and investments in the accounts covenanted to be paid and maintained under the Indentures, (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 all proceeds and products of and accessions to and thereof; and
- (3) any and all other property of every name and nature from time to time conveyed, mortgaged, assigned or transferred, or in which a

security interest is granted, by the Authority or the College or by anyone in behalf of them or with their written consent, to the Trustee.

No mortgage lien on or security interest in any land, buildings or equipment is granted to the Trustee.

Accounts

Bond proceeds and revenues derived from the College under the Lease shall be deposited into accounts held by the Trustee as described in "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 Leased 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 of the series (and any Additional 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 of the series and any Additional Bonds under the Indenture 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 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, Debt Service 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 of the series shall forthwith be retired and the insurance or condemnation proceeds shall be applied for that purpose. In such event all of such 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 and Additional Bonds issued under the Indenture, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts created by the Indenture and exercise and performance of the powers and duties of the Trustee under the Indenture, and the cost and expenses incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee).

Events of Default and Remedies

Events of Default

The following are events of default under each Indenture:

- (a) failure to make payment of principal on the Bonds (and any Additional Bonds) outstanding under the particular Indenture when due and payable;
- (b) failure to make payment of interest on any such Bond (or Additional Bond) when due and payable, or within 30 days thereafter;
- (c) damage to or destruction of a Project Building included in the Indenture 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 related Lease is in effect, to the College;
- (e) any event of default on the part of the College as that term is defined under the related Lease;
- (f) any sale, mortgage or other act by the Authority to assign or encumber all or any of the Leased Property contrary to the provisions of the Lease or Indenture;
- (g) establishment or enforcement of any lien or encumbrance by court decree against the Authority's title to or interest in any Project Building or site thereof described in the Indenture; and
- (h) 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 of the series and any Additional Bonds outstanding under the Indenture, shall declare the principal of all such 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 of the series and any such 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 of the series outstanding and any such 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 related 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 related Lease as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care.

Upon the happening and continuance of an event of default, the Trustee may, and shall upon the written request of the holders of not less than 25% in aggregate principal amount of outstanding Bonds of the series and any Additional Bonds under the Indenture, proceed forthwith by suit or suits at law or in equity or by any other appropriate remedy to enforce payment of the bonds, to enforce application to such payment of the funds, investments, revenues and income appropriated thereto by the Indenture and the Bonds, and to enforce any such other appropriate legal or equitable remedy as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or any of the rights of the Bondholders. Notwithstanding the foregoing, the Trustee is not required to proceed upon any such written request of the Bondholders unless the Bondholders shall have offered to the Trustee security and indemnity satisfactory to it against the costs, 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 of the series and any Additional Bonds outstanding under the Indenture, enter and take and hold possession of the Leased Property, including the Project Facilities, or appoint a receiver therefor to use, manage and control the Leased 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 such Bonds.

Since no mortgage lien or security interest is granted by either Indenture with respect to any land, buildings or equipment, the Trustee has no right to sell in a foreclosure sale the Authority's interest in any land, buildings or equipment.

Defeasance

If the Authority shall:

- (a) pay or cause to be paid the principal of and interest on the Bonds of the series and any Additional Bonds under the Indenture 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 with the Trustee at, or at any time before, maturity an amount either in cash or direct obligations of the United States in such aggregate face amount, bearing interest at such rates, and maturing on such dates sufficient to pay the entire amount due or to become due 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 such outstanding Bonds, and in any case, deposit with the Trustee before the date on which such Bonds are to be redeemed, the entire amount of the redemption price, including interest accrued and to accrue, and premium, if any, either in cash or direct obligations of the United States of America in such aggregate face amount, bearing interest at such rates and maturing at such dates as shall be sufficient to provide for the payment of the redemption price on the date such Bonds are to be redeemed and on any interest payment dates, or

- (d) surrender to the Trustee for cancellation all Bonds and 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 such Bonds and coupons in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon cancellation of all such 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, 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 (and Additional Bonds) when the same become due, either at maturity or otherwise, or 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 of the series and any Additional Bonds under the Indenture;
- (b) To add to the covenants and agreements of the Authority or to surrender any right or power reserved to or conferred upon the Authority;

- (c) To evidence the succession of any other department, agency, body or corporation to the Authority;
- (d) To cure any ambiguity or to correct or supplement any defective or inconsistent provision contained in the Indenture or to make such other provisions in regard to matters or questions arising under the Indenture as the Authority may deem necessary or desirable and which shall not be inconsistent with the provisions of the Indenture and which shall not impair the security of the same; and
- (e) To provide for Additional Bonds.

In addition and subject to the provisions set forth below, the holders of not less than 65% in aggregate principal amount of the Bonds of the series and any Additional Bonds under the Indenture then outstanding and AMBAC shall have the right to consent to and approve such supplemental indentures as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding in any particular, any of the terms or provisions of the Indenture or in any supplemental indenture; provided, however that such provision shall not be construed as permitting without the consent of the holders of all such Bonds and Additional Bonds outstanding and AMBAC (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.

ABSENCE OF LITIGATION

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

ARBITRAGE

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

FINANCIAL STATEMENTS

The College's audited financial statements for the periods ended June 30, 1981 and 1980 are Appendix I.

LEGAL MATTERS

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Faegre & Benson, Minneapolis, Minnesota, Bond Counsel, whose approving opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the College by Moore, Costello & Hart, Saint Paul, Minnesota and for the Underwriters by Dorsey & Whitney, Minneapolis, Minnesota. At Bond Closing Moore, Costello & Hart will deliver title opinions as to the Authority's title to the Project Buildings and sites thereof being subject only to Permitted Encumbrances.

TAX EXEMPTION

In the opinion of Faegre & Benson, Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities and the interest to be paid on said Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes (other than Minnesota corporate franchise and bank excise taxes measured by income) according to present federal and Minnesota laws, regulations, rulings and decisions. Under the provisions of Section 136A.39, Minnesota Statutes, any bonds issued by the Authority under the provisions of Section 136A.25 to 136A.42, Minnesota Statutes, their transfer and the income therefrom, including any profit made on the sale thereof, shall be exempt from taxation of every kind by the State and its municipalities and other political subdivisions of the State. Under some interpretations of this provision, interest income from the Bonds received by corporations and banks may be exempt from State of Minnesota 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.

RATING

The Authority, the College and the Underwriters have been advised that Standard & Poor's Corporation ("S & P") assigns its "AAA" rating to bond issues insured by AMBAC, a subsidiary of MGIC Investment Corporation which is a subsidiary of Baldwin-United Corporation. See "SUMMARY OF SECURITY FOR THE BONDS - Bond Insurance."

Such rating reflects only the views of S & P and any explanation of the significance of the rating may only be obtained from S & P. There is no assurance that such rating will be maintained for any given period of time or that it may not be

changed by S & P if, in its judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the market price of bonds insured by AMBAC.

UNDERWRITING

The Underwriters, for whom Dain Bosworth Incorporated and Van Kampen Merritt Inc. are acting as Representatives, have agreed to purchase the Bonds at an aggregate purchase price of \$8,399,055 plus accrued interest to the date of delivery, pursuant to a Bond Purchase Agreement entered into among the Authority, the College, and the Underwriters. The Underwriters reserve the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriters and any other dealers or other underwriters who are parties to the Bond Purchase Agreement are collectively referred to as the "Underwriters."

The College has agreed to indemnify the Underwriters and the Authority against certain liabilities relating to the Official Statement, including liabilities under the Securities Act of 1933 and the Securities Exchange Act of 1934, or contribute to payments the Underwriters may be required to make with respect thereof. The obligations of the Underwriters to accept delivery of the Bonds are subject to various conditions of the Bond Purchase Agreement, but the Underwriters are obligated to purchase all of the Bonds if they purchase any of the Bonds.

CONSENT

The Authority has consented to the use of this Official Statement.

COLLEGE OF ST. THOMAS

ST. PAUL, MINNESOTA

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 1981

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BOULAY, HEUTMAKER, ZIBELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS

LEE HEUTMAKER, CPA
DONALD ZIBELL, CPA
JAMES M. MAKI, CPA
D. P. TSCHIMPERLE, CPA
BERNIE H. BEAVER, CPA
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AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

ACCOUNTANTS' REPORT

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

We have examined the balance sheet of the College of St. Thomas, a Minnesota nonprofit corporation as of June 30, 1981 and 1980, 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 position of the College of St. Thomas at June 30, 1981 and 1980, and the results of its operations and changes in fund balances for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

Boulay, Heutmaker, Zibell & Co.

Certified Public Accountants

Minneapolis, Minnesota
August 27, 1981

EXHIBIT A

COLLEGE OF ST. THOMAS

BALANCE SHEET

	June 30		June 30, 1981							
	1981 All Funds Total	1980 All Funds Total	Current Funds		Student Loan Funds	Endowment Funds		Pooled Life Income Fund	Plant Funds	
			General	Restricted		Catholic Publishing Center (Note 2)	General Endowment		Unexpended	Sinking Fund
ASSETS										
Cash	\$ 241,572	\$ 789,456	\$ 65,259	\$ 2,849	\$ 47,606	\$ 125,568	\$ 290			
Revenue Fund Bank Accounts (Note 6)										
Dormitory Bonds of 1957		(591)								
Student Union Bonds, Series 1959		8,425								
Dormitory Bonds of 1967		2,224								
Investments:										
Administered by College	12,833,678	7,892,424	4,968,507	910,640	15,000			43,046	\$ 237,149	215,810
Administered by Outside Trustees	12,125,892	11,520,273						11,132,223	308,334	685,335
Bond Reserves - Administered by Outside Trustees	1,518,410	361,000							1,157,410	\$ 361,000
Total Investments (Market Value \$26,906,880 - 1981, \$20,802,386 - 1980) (Notes 3 and 6)	26,477,980	19,773,697	4,968,507	910,640	15,000			43,046	1,702,893	901,145
Notes and Accounts Receivable:										
Notes Receivable - Student Loans	3,312,456	3,339,998			3,312,456					
Accounts Receivable - Students	527,157	524,141	527,157							
Accounts Receivable - Subscriptions	1,014,420	812,606				1,014,420		110		
Other Notes and Accounts Receivable	297,883	346,658	189,080	102,074	6,619					
Accrued Earnings on Investments	412,511	215,282	412,511							
Total Receivables	5,564,427	5,238,685	1,128,748	102,074	3,319,075	1,014,420		110		
Less Allowance for Doubtful Accounts	319,100	272,500	65,000			254,100		110		
	5,245,327	4,966,185	1,063,748	102,074	3,319,075	760,320				
Inventories:										
Bookstore	240,912	189,531	240,912							
Catholic Publishing Center	593,068	524,418				593,068				
Other	20,406	17,383	20,406							
Total Inventories	854,386	731,332	261,318			593,068				
Other Assets										
Prepaid Insurance	33,595	36,594	33,595							
Prepaid Expenses and Other Assets	635,807	562,209	169,781	10,000		456,026				
Total Other Assets	669,402	598,803	203,376	10,000		456,026				
Due to General Current Fund (Note 5)			212,260		(29,551)			(400)	(95,803)	(37,128)
Due from General Current Fund			(3,992,490)	3,867,748					124,742	
Other Interfund Balances Receivable (Payable)									128,387	(128,387)
Construction	7,951,140	2,455,514							7,951,140	
Land	338,860	338,860								338,860
Building and Ground Improvements (Notes 4 and 6)	20,959,588	20,310,037								20,959,588
Furniture and Equipment (Notes 4 and 6)	5,879,921	5,560,204							26,589	5,853,332
Fair Market Value of Assets Over Net Book Value at Date of Acquisition (Note 2)	1,572,316	1,572,316							1,572,316	
Totals	\$70,190,492	\$57,106,462	\$2,781,978	\$4,893,311	\$3,352,130	\$3,583,171	\$17,477,087	\$43,046	\$9,686,617	\$27,475,652
Notes to Financial Statements are an integral part of this statement.										

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

COLLEGE OF ST. THOMAS

EXHIBIT A

BALANCE SHEET

LIABILITIES	June 30		June 30, 1981								
	1981		1980		Current Funds		Endowment Funds		Plant Funds		
	All Funds	All Funds	General	Restricted	Student Loan Funds	Catholic Publishing Center (Note 2)	General Endowment	Pooled Life Income Fund	Unexpended	Sinking Fund	Invested
	Total	Total									
Accounts Payable and Accrued Expenses	\$ 2,118,218	\$ 2,014,719	\$1,525,483			\$ 565,139			\$ 27,596		
Students' Accounts - Credit Balances	174,268	221,967	174,268								
Standing and Room Deposits	251,384	222,100	251,384								
Deferred Income	2,088,917	1,890,533	501,020			1,587,897					
Mortgage Payable (Note 6)		28,083									
Contract for Deed Payable, Grand Avenue Apartments (Note 6)	577,150								577,150		\$ 695,000
Dormitory Bonds of 1957 Payable (Note 6)	695,000	725,000									490,000
Student Union Bonds, Series 1959 (Note 6)	490,000	545,000									910,000
Dormitory Bonds of 1967 Payable (Note 6)	910,000	925,000									1,147,000
Academic Building Bonds of 1969 (Note 6)	1,147,000	1,172,000									650,000
Faculty Residence Revenue Bonds of 1975 (Note 6)	650,000	680,000									660,000
Dormitory Bonds of 1977 Payable (Note 6)	660,000	675,000									1,770,000
Residence Hall Building Bonds of 1978 (Note 6)	1,770,000	1,780,000									
Physical Education and Plant Headquarters Buildings Bonds of 1981 (Note 6)	5,980,000								5,980,000		
Total Liabilities	17,511,937	10,879,402	2,452,155			2,153,036			6,584,746		6,322,000
Fund Balances:											
Current Fund - Exhibit B-1:											
Appropriated	20,855	20,855	20,855								
Unappropriated	306,086	266,763	306,086								
Reserve for U.S.A. Investment in Uniforms	2,882	2,882	2,882								
Restricted Funds - Exhibit D	4,825,347	2,969,469		\$4,825,347							
Funds Functioning as Restricted Funds - Exhibit D	67,964	144,847		67,964							
Student Loan Funds - Exhibit E	3,352,130	3,417,838			\$3,352,130						
General Endowment Funds - Exhibit G	3,226,343	2,925,218					\$ 3,226,343				
Funds Functioning as Endowment Funds - Exhibits F and G (Notes 2 and 8)	15,680,879	13,600,390				1,430,135	14,250,744				
Pooled Life Income Fund - Exhibit H (Note 7)	43,046	37,426						\$43,046			
Sinking Funds - Exhibit K:											
Dormitory Bonds of 1957	68,644	101,491							\$ 68,644		
Student Union Bonds, Series 1959	279,867	236,716							279,867		
Dormitory Bonds of 1967	158,712	158,440							158,712		
Dormitory Bonds of 1977	42,622	29,167							42,622		
John Paul II	68,973	53,326							68,973		
Physical Education and Plant Headquarters Buildings Bonds of 1981	278,682								278,682		
Investment in Plant: Exhibit J											
Gifts - I. A. O'Shaughnessy Foundation, Inc.	536,898	536,898								536,898	
Gifts - I. A. O'Shaughnessy	3,603,117	3,603,117								3,603,117	
Gifts - Diocese of Saint Paul and Minneapolis	3,310,777	3,310,777								3,310,777	
Gifts - Others	2,978,402	2,978,402								2,978,402	
From Current Funds	13,826,329	11,833,038								10,724,458	
Total Fund Balances	52,678,555	46,227,060	329,823	4,893,311	3,352,130	1,430,135	17,477,087	43,046	3,101,871	897,500	21,153,652
Totals	\$70,190,492	\$57,106,462	\$2,781,978	\$4,893,311	\$3,352,130	\$3,583,171	\$17,477,087	\$43,046	\$9,686,617	\$897,500	\$27,475,652

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, 1981

	Current Funds		Endowment Funds			Plant Funds			Total All Funds
	Unrestricted	Restricted (Exhibit C)	Loan Funds (Exhibit E)	Catholic Publishing Center (Exhibit F) (Note 2)	General Endowment (Exhibit G)	Pooled Life Income Fund (Exhibit H)	Unexpended (Exhibit I)	Sinking Funds (Exhibit K and K-1)	Investment in Plant (Exhibit J)
Revenues and other additions:									
Educational and general revenues	\$14,054,692								\$14,054,692
Catholic Publishing Center revenues				\$5,761,096	\$ 247,051	\$ 5,620	\$ 121,860		5,761,096
Auxiliary enterprises revenues	3,026,316								3,026,316
Value of life insurance policies		\$2,313,239	\$ 20,210						5,620
Gifts, grants and bequests		3,432,072	181,891						2,702,360
Governmental appropriations		406,693	840	77,202	253,674		86,817	\$459,712	3,613,963
Investment income								3,371	2,066,634
Realized gains on investments									3,371
Interest on loans receivable			92,941						92,941
Expended for plant facilities (including \$229,592 charged to current funds expenditures)									
Retirement of indebtedness									
Total revenues and other additions	<u>17,862,704</u>	<u>6,152,004</u>	<u>295,882</u>	<u>5,838,298</u>	<u>500,725</u>	<u>5,620</u>	<u>208,677</u>	<u>463,083</u>	<u>\$ 1,013,527</u>
Expenditures and mandatory transfers									
Educational and general expenditures	12,734,384	634,025		5,266,439					13,368,409
Catholic Publishing Center expenditures									5,266,439
Auxiliary enterprises expenditures	2,472,846								2,472,846
Financial aid expenditures	697,795	2,771,892	33,842				781,858	2,905	3,469,687
Loan cancellations and costs									36,747
Expended for plant facilities									781,858
Retirement of indebtedness									181,372
Interest on indebtedness					14,985			462,629	462,629
Realized losses on investments									14,985
Disposal of building									17,390
Mandatory transfers to Sinking Fund for:									
Principal and interest	481,774							(481,774)	
Renewals and replacements	45,297							(45,297)	
Total expenditures and mandatory transfers	<u>16,432,096</u>	<u>3,405,917</u>	<u>33,842</u>	<u>5,266,439</u>	<u>14,985</u>		<u>781,858</u>		
Excess (deficit) of revenues over expenditures and mandatory transfers	1,430,608	2,746,087	262,040	571,859	485,740	5,620	(573,181)	343,248	26,072,362
Transfers among funds - additions (deductions)									
Endowment Fund	(1,324,015)			(1,388,180)	2,712,195		1,386,998		6,451,495
Plant Fund	(1,362,110)								
Restricted Fund	967,092	(967,092)							
Student Loan Fund	327,748	(327,748)							
Total transfers among funds	<u>(1,391,285)</u>	<u>(967,092)</u>		<u>(1,388,180)</u>	<u>2,712,195</u>		<u>1,386,998</u>	<u>(24,888)</u>	
Net increase (decrease) for the year	39,323	1,778,995	(65,708)	(816,321)	3,197,935	5,620	813,817	318,360	6,451,495
Fund balances at beginning 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
Fund balances at end of year	<u>\$ 329,823</u>	<u>\$4,893,311</u>	<u>\$3,352,130</u>	<u>\$1,430,135</u>	<u>\$17,477,087</u>	<u>\$43,046</u>	<u>\$3,101,871</u>	<u>\$897,500</u>	<u>\$52,678,555</u>

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

STATEMENT OF CHANGES IN GENERAL UNRESTRICTED CURRENT FUND

	<u>Year Ended June 30</u>	
	<u>1981</u>	<u>1980</u>
APPROPRIATED UNRESTRICTED CURRENT FUNDS		
Consisting of Pledged Net Revenues and Income of the:		
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, END OF YEAR	<u>\$ 20,855</u>	<u>\$ 20,855</u>
UNAPPROPRIATED UNRESTRICTED CURRENT FUNDS		
BALANCE, BEGINNING OF YEAR	\$266,763	\$217,808
Excess of Current Income Over Current Expenditures and Transfers - Exhibit C	<u>39,323</u>	<u>48,955</u>
BALANCE, END OF YEAR	<u>\$306,086</u>	<u>\$266,763</u>
RESERVE FOR U.S.A. INVESTMENT IN BASIC UNIFORMS		
BALANCE, BEGINNING OF YEAR	\$ 2,882	\$ 2,882
BALANCE, END OF YEAR	<u>\$ 2,882</u>	<u>\$ 2,882</u>
TOTAL GENERAL UNRESTRICTED CURRENT FUND	<u>\$329,823</u>	<u>\$290,500</u>

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

COLLEGE OF ST. THOMAS

EXHIBIT C

STATEMENT OF CURRENT INCOME, EXPENDITURES AND TRANSFERS

	Year Ended June 30					
	1981			1980		
	Current General	Current Restricted	Total	Current General	Current Restricted	Total
INCOME						
EDUCATIONAL AND GENERAL						
Student Tuition and Fees	\$12,360,293		\$12,360,293	\$10,376,778		\$10,376,778
Income from Investments	781,696	\$ 406,693	1,188,389	789,051	\$ 388,980	1,178,031
Gifts and Private Grants (Note 8)	1,278,538	2,313,239	3,591,777	1,169,745	1,542,468	2,712,213
Other Sources	415,861	423,013	838,874	369,514	436,554	806,068
Total Educational and General	14,836,388	3,142,945	17,979,333	12,705,088	2,368,002	15,073,090
AUXILIARY ENTERPRISES						
	3,026,316		3,026,316	2,588,989		2,588,989
STUDENT AID	17,862,704	3,009,059	3,009,059	2,946,074		2,946,074
Total Current Income	17,862,704	6,152,004	24,014,708	15,294,077	5,314,076	20,608,153
EXPENDITURES AND MANDATORY TRANSFERS						
EDUCATIONAL AND GENERAL						
General Administration	2,947,766	20,703	2,968,469	2,523,719	19,277	2,542,996
Instructional and Departmental	6,605,284	502,399	7,107,683	5,571,778	570,786	6,142,564
Organized Activities Relating to Educational Departments	379,228	82,920	462,148	331,893	285,591	617,484
Libraries	414,544	28,003	442,547	332,518	10,842	343,360
Student Services	790,589		790,589	624,684		624,684
Operation and Maintenance of Plant	1,596,973		1,596,973	1,326,488		1,326,488
Educational and General Expenditures	12,734,394	634,025	13,368,409	10,711,080	886,496	11,597,576
Mandatory Transfers for:						
Principal and Interest	60,335		60,335	60,070		60,070
Total Educational and General	12,794,719	634,025	13,428,744	10,771,150	886,496	11,657,646
AUXILIARY ENTERPRISES						
Expenditures	2,472,846		2,472,846	2,132,519		2,132,519
Mandatory Transfers to Sinking Fund for:						
Principal and Interest	421,439		421,439	385,194		385,194
Renewals and Replacements	45,297		45,297	28,887		28,887
Total Auxiliary Enterprises	2,939,582		2,939,582	2,546,600		2,546,600
STUDENT AID						
	697,795	2,771,892	3,469,687	556,521	2,662,584	3,219,105
Total Current Expenditures and Mandatory Transfers	16,432,096	3,405,917	19,838,013	13,874,271	3,549,080	17,423,351
	1,430,608	2,746,087	4,176,695	1,419,806	1,764,996	3,184,802
TRANSFERS AMONG FUNDS - Additions (Deductions)						
Endowment Funds	(1,324,015)		(1,324,015)	(2,488,403)		(2,488,403)
Student Loan Fund	327,748		327,748	491,000		491,000
Plant Fund	(1,362,110)		(1,362,110)	(1,160,153)		(1,160,153)
Restricted Current Funds - Net	967,092	(967,092)	1,786,705	1,786,705	(1,786,705)	
Total Transfers Among Funds	(1,391,285)	(967,092)	(2,358,377)	(1,370,851)	(1,786,705)	(3,157,556)
NET INCREASE IN FUND BALANCES	\$ 39,323	\$1,778,995	\$ 1,818,318	\$ 48,955	(\$ 21,709)	\$ 27,246

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

COLLEGE OF ST. THOMAS

EXHIBIT D

STATEMENT OF CHANGES IN RESTRICTED CURRENT FUND BALANCES

Year Ended June 30, 1981

	Balance June 30, 1980	Income Received	Grants and Gifts	Transfers In (Out)	Expenditures	Balance June 30, 1981
FUNDS RESTRICTED FOR						
Faculty Benefit	\$ 85,419	\$242,811	\$ 42,990	(\$219,552)	\$ 59,718	\$ 91,950
Administration	9,095		16,225		20,703	4,617
Instruction	85,762	18,577	363,408	113,373	442,681	138,439
Library	16,061	544	12,909	2,091	28,003	3,602
Plant Operations	92,159	1,698	95,237	(86)	6,642	182,366
Scholarships	507,200	143,063	1,711,090	15,236	1,797,761	578,828
Restricted Government Funds			1,297,969	(296,361)	974,131	27,477
Program for Great Teaching	25,156					25,156
Other Specified Programs	2,293,464	423,013	1,782,470	(581,793)	76,278	3,840,876
Totals	<u>\$3,114,316</u>	<u>\$829,706</u>	<u>\$5,322,298</u>	<u>(\$967,092)</u>	<u>\$3,405,917</u>	<u>\$4,893,311</u>
SUMMARY						
Funds Restricted by Donors	\$2,969,469	\$819,186	\$5,321,098	(\$882,810)	\$3,401,596	\$4,825,347
Funds Functioning as Restricted						
Funds (Dedicated by College)	<u>144,847</u>	<u>10,520</u>	<u>1,200</u>	<u>(84,282)</u>	<u>4,321</u>	<u>67,964</u>
Totals	<u>\$3,114,316</u>	<u>\$829,706</u>	<u>\$5,322,298</u>	<u>(\$967,092)</u>	<u>\$3,405,917</u>	<u>\$4,893,311</u>

Summary of Transfers

To General Current Fund	(\$1,142,630)
From General Current Fund	<u>175,538</u>
	<u>(\$ 967,092)</u>

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

COLLEGE OF ST. THOMAS

EXHIBIT E

STATEMENT OF CHANGES IN STUDENT LOAN FUNDS

Year Ended June 30, 1981

	Minnesota State Foreign Student Loan	National Direct Student Loan	Federally Insured Student Loan	Total
FUND BALANCE, JULY 1, 1980	\$13,558	\$2,916,871	\$487,409	\$3,417,838
Additions:				
U.S. Government		181,891		181,891
College of St. Thomas - Regular		20,210		20,210
Interest Income - Loans		45,975	46,966	92,941
Interest Income - Investments			840	840
Total additions		<u>248,076</u>	<u>47,806</u>	<u>295,882</u>
	13,558	3,164,947	535,215	3,713,720
Deductions:				
Transfer to other funds			300,000	300,000
Administrative Expenses		33,248		33,248
Interest Expense			1,215	1,215
Principal Cancelled		15,924		15,924
Discount on Sale of Student Loans Portfolio			11,203	11,203
Total deductions		<u>49,172</u>	<u>312,418</u>	<u>361,590</u>
FUND BALANCE, JUNE 30, 1981	\$13,558	\$3,115,775	\$222,797	\$3,352,130

ADDITIONAL INFORMATION ON STUDENT LOANS

STUDENT LOANS OUTSTANDING JULY 1, 1980	\$13,558	\$2,902,312	\$424,128	\$3,339,998
New Loans During Year		554,956		554,956
Collections		(344,693)	(221,881)	(566,574)
Cancellations		(15,924)		(15,924)
Net Increase (Decrease) in Student Loans		<u>194,339</u>	<u>(221,881)</u>	<u>(27,542)</u>
STUDENTS LOANS OUTSTANDING JUNE 30, 1981	\$13,558	\$3,096,651	\$202,247	\$3,312,456

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>1981</u>	<u>1980</u>
REVENUE		
Catholic Digest Book Club Income	\$1,967,614	\$1,875,907
Carillon Book Club Income	48,292	77,686
Subscriptions	2,559,820	2,266,298
Advertising	560,972	487,999
List Rentals	472,112	260,422
School Magazine Plan Royalties	150,648	133,107
Medal Program Income	1,638	54,736
Other Operating Income		13,135
Total Operating Income	<u>5,761,096</u>	<u>5,169,290</u>
OPERATING EXPENSES		
Catholic Digest Book Club Expense	1,806,762	1,593,609
Carillon Book Club Expense	34,489	61,208
Paper and Printing	899,008	755,491
Fulfillment	703,119	542,195
Distribution	399,194	321,684
Promotion	540,397	587,369
Editorial	227,169	185,087
Advertising Procurement	95,264	104,149
Medal Program Expense	601	1,140
Other Operating Expense	11,025	
Occupancy	152,110	137,014
Administrative	397,301	391,322
Total Operating Expenses	<u>5,266,439</u>	<u>4,680,268</u>
OPERATING INCOME	494,657	489,022
OTHER INCOME		
Gain on Sale of Land and Building		169,081
Interest Income - net	77,202	49,124
Total Other Income	<u>77,202</u>	<u>218,205</u>
NET INCOME	571,859	707,227
TRANSFERS	<u>(1,388,180)</u>	<u>(461,181)</u>
INCREASE (DECREASE) IN FUND BALANCE FOR THE YEAR	(816,321)	246,046
FUND BALANCE, BEGINNING OF YEAR	<u>2,246,456</u>	<u>2,000,410</u>
FUND BALANCE, END OF YEAR	<u>\$1,430,135</u>	<u>\$2,246,456</u>

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

STATEMENT OF CHANGES IN GENERAL ENDOWMENT FUNDS

Year Ended June 30, 1981

	Original Principal June 30, 1980	Increases and Gifts	Original Principal June 30, 1981	Accumulated Gains (Losses) Beginning of Period	During Period	End of Period	Net Investment June 30, 1981
GENERAL UNRESTRICTED ENDOWMENTS							
Mary T. Hill Trust	\$ 634,369		\$ 634,369	(\$ 64,589)	(\$ 1,984)	(\$ 66,573)	\$ 567,796
Other General Endowments	5,782,805	\$ 143,085	5,925,890	(25,762)	2,717	(23,045)	5,902,845
Total Unrestricted	6,417,174	143,085	6,560,259	(90,351)	733	(89,618)	6,470,641
RESTRICTED ENDOWMENTS							
Faculty Salaries	2,607,310	151,581	2,758,891	159,578	16,836	176,414	2,935,305
Scholarships and Student Aid	1,610,743	117,371	1,728,114	(137,374)	(30,810)	(168,184)	1,559,930
Other Special Purposes	3,869,805	2,803,845	6,673,650	(157,733)	(4,706)	(162,439)	6,511,211
Total Restricted	8,087,858	3,072,797	11,160,655	(135,529)	(18,680)	(154,209)	11,006,446
Totals	\$14,505,032	\$3,215,882	\$17,720,914	(\$225,880)	(\$17,947)	(\$243,827)	\$17,477,087
SUMMARY							
Endowment Funds	\$ 3,131,204	\$ 338,952	\$ 3,470,156	(\$205,986)	(\$37,827)	(\$243,813)	\$ 3,226,343
Funds Functioning as Endowment	11,373,828	2,876,930	14,250,758	(19,894)	19,880	(14)	14,250,744
Totals	\$14,505,032	\$3,215,882	\$17,720,914	(\$225,880)	(\$17,947)	(\$243,827)	\$17,477,087

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

	<u>Year Ended June 30</u>	
	<u>1981</u>	<u>1980</u>
BALANCE, BEGINNING OF YEAR	\$37,426	\$15,000
ADDITIONS DURING YEAR		
Capitalization of the cash value of life insurance policies donated to the College (Note 7)	<u>5,620</u>	<u>22,426</u>
BALANCE, END OF YEAR	<u>\$43,046</u>	<u>\$37,426</u>

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

COLLEGE OF ST. THOMAS

EXHIBIT I

STATEMENT OF CHANGES IN UNEXPENDED PLANT FUND

	Year Ended June 30	
	<u>1981</u>	<u>1980</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 2,288,054	\$ 1,581,882
CHANGES DURING YEAR - Increase (Decrease)		
Gifts for Chapel	113,113	262,218
Gifts for Aquinas Elevator		25,000
Gifts - Miscellaneous	8,837	3,141
Earnings on Physical Education Building Construction Fund	86,727	
Transfer from Sinking Fund	74,965	203,833
Transfer from General Current Fund	1,312,033	1,160,153
Transfers to Invested Plant Fund	(781,858)	(948,173)
FUND BALANCE, END OF YEAR	<u>\$ 3,101,871</u>	<u>\$ 2,288,054</u>

STATEMENT OF CHANGES IN INVESTMENT IN PLANT FUNDS

EXHIBIT J

	Year Ended June 30	
	<u>1981</u>	<u>1980</u>
FUND BALANCE, BEGINNING OF YEAR	\$19,974,178	\$18,709,148
INCREASES (DECREASES) DURING THE YEAR		
Transfer from Sinking Fund for Debt Retirement	180,000	174,000
Capital Outlay from General Current Funds for:		
Library Books and Periodicals	123,228	102,367
Building Improvements and Added Equipment	106,364	143,635
Retirement of Debt on 44 North Cleveland	3,337	255
Retirement of Debt on Christ Child		3,807
	<u>232,929</u>	<u>250,064</u>
From Unexpended Plant Fund for:		
Furnishings for Educational and General Buildings	63,521	28,347
Furnishings for Auxiliary Building	23,923	134,048
Furnishings for Other Buildings	750	11,912
Computer	4,271	33,931
Remodeling Educational and General Buildings	169,667	68,867
Remodeling Auxiliary Buildings	53,904	340,064
Remodeling Other Buildings	293,562	129,478
Grounds Improvements	76,050	
Stadium Seating	8,584	24,180
Retirement of Debt on 44 North Cleveland	24,746	102,924
Purchase of 2091 Grand Avenue		63,594
Purchase of 2084 Grand Avenue	48,180	
Purchase of Equipment and Trucks	14,700	
Utilities Distribution System		10,828
	<u>781,858</u>	<u>948,173</u>
Other Increases (Decreases)		
Equipment and Books Purchased with Restricted Funds	2,077	688
Disposal of Shops (Range Building)	(17,390)	
Disposal of Armory		(107,895)
	<u>(15,313)</u>	<u>(107,207)</u>
FUND BALANCE, END OF YEAR	<u>\$21,153,652</u>	<u>\$19,974,178</u>

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

COLLEGE OF ST. THOMAS

STATEMENT OF CHANGES IN SINKING FUNDS

RETIREMENT OF INDEBTEDNESS

Year Ended June 30														1980
1981														
	Physical Education													Off
	John Paul II and Plant Head-													Campus
	Murray Hall Revenue													Housing
	Bonds													Revenue Bonds
	Series X													Indebtedness
														Total
BALANCE, JULY 1	\$ 142	\$52,039	\$105,678						\$17,693	\$29,167	\$ 39,716		\$ 244,435	\$224,923
Add:														
Outlay from Current Funds	42,071	42,778	60,821					\$60,335	73,401	52,910	106,274		481,774	445,264
Interest Received on Investments	598	4,417	10,207						9,290	13,204	20,713	\$ 407,069	465,498	44,684
Gain (Loss) from Sale of Investments	31	702								402	1,139		2,274	3,444
Transfer from Other Sinking Fund														
	42,700	3,073	71,028					60,335	82,691	66,516	128,126	407,069	43,184	493,392
Deduct:														
Interest Paid	27,750	20,413	16,350					34,785	42,752	37,360	113,020	128,387	41,812	299,330
Principal Paid	15,000	30,000	55,000					25,000	30,000	15,000	10,000		1,372	174,000
Trust Fee Paid		499	506					550	649	701				2,905
	42,750	50,912	71,856					60,335	73,401	53,061	123,020	128,387	43,184	473,880
BALANCE, JUNE 30	\$ 92	\$52,097	\$104,850					\$ -	\$26,983	\$42,622	\$ 44,822	\$ 278,682	\$ -	\$244,435
From Building and Equipment Maintenance - Exhibit K-1														334,705
General Bond Reserves and Debt Service Reserves Administered by Outside Trustees														\$ 897,500
														\$579,140
														\$266,000
														\$1,423,410
														\$5,000
														\$95,000
														\$361,000
														\$1,518,410
														\$95,000
														\$361,000

STATEMENT OF CHANGES IN SINKING FUNDS

BUILDING AND EQUIPMENT MAINTENANCE

	Year Ended June 30					
	1981					1980
	<u>Brady Hall</u>	<u>Ireland and Dowling Halls</u>	<u>Murray Hall</u>	<u>John Paul II Hall</u>	<u>Total</u>	<u>Total</u>
BALANCE, JULY 1	\$158,298	\$49,452	\$113,345	\$13,610	\$334,705	\$445,349
Add:						
Outlay from						
Current Funds	7,750	16,547	21,000		45,297	28,887
Interest Received						
on Investments	14,005	6,055	13,689	10,542	44,291	61,581
Gain (Loss) from						
Sale of						
Investments	1,097				1,097	2,721
	<u>22,852</u>	<u>22,602</u>	<u>34,689</u>	<u>10,542</u>	<u>90,685</u>	<u>93,189</u>
Deduct:						
Building and						
Equipment						
Maintenance and						
Repairs	22,531	52,434			74,965	203,833
Transfers to Other						
Sinking Funds		3,073			3,073	
	<u>22,531</u>	<u>55,507</u>	<u> </u>	<u> </u>	<u>78,038</u>	<u>203,833</u>
BALANCE, JUNE 30	<u>\$158,619</u>	<u>\$16,547</u>	<u>\$148,034</u>	<u>\$24,152</u>	<u>\$347,352</u>	<u>\$334,705</u>
General Bond Reserves and						
Debt Service Reserves Administered						
by Outside Trustees			\$ 25,000	\$70,000	\$ 95,000	\$ 95,000

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, 1981

	Market Value June 30, 1980	Additions (Reductions) at Cost	Gain (Loss) Realized Unrealized	Market Value June 30, 1981	Net Investment Income	Cost of Investment June 30, 1981
ENDOWMENT INVESTMENTS ADMINISTERED BY						
American National Bank and Trust Company	\$ 313,866		\$ 5,929	\$ 319,795	\$ 25,716	\$ 300,855
Bremer Fund	370,629	(\$ 370,629) (1)				
Butler Faculty Fund	497,589		5,751	503,340	43,227	513,837
First Trust Company of St. Paul	599,414		8,285	607,699	49,431	458,712
John Gregory Murray Fund	766,612		(8,880)	757,732	62,824	567,796
Ford Fund	4,320,457	21,371	252,061	4,593,889	300,115	3,487,280
Mary T. Hill Fund	518,357		(12,656)	505,701	49,937	500,000
General Endowment Fund (Partially Pledged)	270,046	2,960	64,990	337,996	10,304	221,616
Minnesota Mining and Manufacturing Fund		370,529 (1)	88,798	459,427	25,503	388,694
Common Fund Inc.						
August Associates (Butler Faculty Fund)	3,756,726	(3,756,726) (2)				
Northwestern National Bank of Minneapolis	669,505	3,756,726 (2)	82,844	4,753,200	327,208	4,693,433
I. A. O'Shaughnessy Fund		244,125 (3)				
College of St. Thomas	73,000		(15,000)	58,000	10,000	100,000
Wasie Fund	104,000	(104,000)				
Arizona Land	64,000		7,888	71,888	5,160	105,300
Butler Family Gift	163,041		(50,016)	349,634	40,293	399,650
Schoenecker Fund	2,693,790	236,609 (4)	(231,244)	720,022	90,425	951,267
Special Funds Functioning as Endowment	702,571	(1,742,524)	(148,169)	4,378,275	275,360	4,526,444
Short-Term Debt Fund		4,526,444		49,284		49,284
Catholic Publishing Center		(653,287)		311,581	18,577	311,581
Other Investments		311,581		18,577		
	15,883,603	2,843,279	50,581	18,777,463	1,334,080	17,575,749
SINKING FUND INVESTMENTS AND BOND RESERVE						
ADMINISTERED BY						
First Trust Company of St. Paul	579,189	102,824	2,665	684,678	54,745	685,335
Minnesota Higher Education Facilities Authority						
and First Trust Company of St. Paul (Note 6)	374,588	1,157,410	(35,902)	1,496,096	114,492	1,518,410
College of St. Thomas		215,810		215,810		215,810
	953,777	1,476,044	(33,237)	2,396,584	169,237	2,419,555
PLANT FUND INVESTMENTS ADMINISTERED BY						
College of St. Thomas		237,149		237,149		237,149
First Trust Company of St. Paul	59,419	248,915		308,334	87,281	308,334
	59,419	486,064		545,483	87,281	545,483
LOAN FUND INVESTMENTS						
Administered by the College	15,000			15,000	840	15,000
POOLED LIFE INCOME INVESTMENTS						
Administered by the College	36,186	5,620	(1,552)	40,254		43,046
RESTRICTED CURRENT AND GENERAL CURRENT INVESTMENTS						
Administered by the College	3,854,401	1,907,851	(630,156)	5,132,096	699,092	5,879,147
Totals	\$20,802,386	\$6,718,858	(\$614,364)	\$26,906,880	\$2,290,530	\$26,477,980

(1) Butler Faculty Fund transferred from American National Bank and Trust Company to August Associates.

(2) I. A. O'Shaughnessy Funds at Northwestern National Bank of Minneapolis were combined into one account.

(3) Amount represents earnings that have been retained and reinvested.

(4) Of this amount, \$96,000 represents actual additions to the fund and \$140,609 represents transfers from Restricted and General Current Investments administered by the College.

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

COLLEGE OF ST. THOMAS

NOTES TO FINANCIAL STATEMENTS

June 30, 1981 and 1980

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 the College of St. Thomas have been prepared on the accrual basis except for depreciation accounting as explained in Note 4 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 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 on the financial statements only auxiliary enterprises and stores inventories. These inventories are valued at the lower of cost (first-in, first-out) or market. Other inventories and supplies on hand at June 30, 1981 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, 1981 and 1980

1. SUMMARY OF ACCOUNTING POLICIES - Continued

Inventories - Continued

	June 30	
	<u>1981</u>	<u>1980</u>
Science Laboratory	\$365,000	\$340,000
Duplicating Supplies	23,307	21,441
Carpenter Shop	28,353	20,473
Electric Shop	9,874	6,870
Heating Plant	16,029	8,202
Dormitory Linen	26,510	55,000
Other Miscellaneous Supplies	<u>38,000</u>	<u>35,000</u>
Totals	<u>\$507,073</u>	<u>\$486,986</u>

Construction Costs

Effective July 1, 1980 the College adopted the policy of capitalizing interest costs which relate to construction projects during their construction periods. The main objective of capitalizing such interest cost is to obtain a measure of acquisition cost that more closely reflects the College's total investment in the asset being constructed.

This policy change has been made in accordance with Statement of Financial Accounting Standards No. 34. From the total interest expense of \$194,054 relating to the financing of the Physical Education Building, \$65,667 was capitalized and included in the cost of the building. The remainder of \$128,387 was charged to the Sinking Fund established for the payment of the interest on the Bonds.

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, 1981.

COLLEGE OF ST. THOMAS

NOTES TO FINANCIAL STATEMENTS

June 30, 1981 and 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.

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.

3. INVESTMENTS

The carrying and market values of investments owned by the College at June 30, 1981 and 1980 consist of the following:

	1981		1980	
	Carrying Value	Market Value	Carrying Value	Market Value
Cash	\$ 49,172	\$ 49,172	\$ 47,572	\$ 47,572
Corporate Stock	6,095,656	8,328,502	5,611,122	7,052,199
Corporate Bonds	3,061,743	2,504,586	5,251,064	4,761,146
Certificates of Deposit	3,524,544	3,524,544	2,599,725	2,599,725
Government Securities	13,678,663	12,434,666	6,112,632	6,190,162
Other	68,202	65,410	151,582	151,582
Total Investments	<u>\$26,477,980</u>	<u>\$26,906,880</u>	<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, 1981 and 1980

5. CONSTRUCTION IN PROGRESS - PLANT FUND

The following projects are under construction or in the planning stage at June 30, 1981:

<u>Project</u>	<u>Estimated Total Cost</u>	<u>Construction in Progress June 30, 1981</u>	<u>To Be Financed By</u>	
Chapel Renovation	\$ 855,000	\$ 837,685	\$ 521,942	Private Gifts (1)
			211,181	Sale of
				House (2)
			121,877	Current Funds
			<u>855,000</u>	
Physical Education and Shops Building	5,760,500	5,638,596	4,601,000	Loan Proceeds (3)
			660,000	Private Gifts (4)
			499,500	Current Funds
			<u>5,760,500</u>	
Gainey Conference Center	2,600,000	19,199	2,600,000	(5)
Grand Avenue Apartments	935,000	883,526	577,150	Contract for Deed
			357,850	Current Funds
			<u>935,000</u>	
Library Shelving and Furniture	40,000	39,213	40,000	Current Funds
Reconditioning of Outdoor Track	24,000	20,086	24,000	Current Funds
Weight Training Equipment	22,000	21,110	22,000	Current Funds
Additions to:				
Murray Hall Dining Room	45,000	44,645	45,000	Current Funds
Dowling Hall	401,400	348,850	52,400	Sinking Fund
			349,000	Current Funds
			<u>401,400</u>	
Albertus Magnus	400,000	17,080	200,000	Private Gifts (6)
William Mitchell	440,000	2,899	640,000	Current Funds
	<u>840,000</u>	<u>19,979</u>	<u>840,000</u>	

- Continued -

COLLEGE OF ST. THOMAS
NOTES TO FINANCIAL STATEMENTS

June 30, 1981 and 1980

5. CONSTRUCTION IN PROGRESS - PLANT FUND - Continued

<u>Project</u>	<u>Estimated Total Cost</u>	<u>Construction in Progress June 30, 1981</u>	<u>To Be Financed By</u>
Architectural for various Construction Projects	\$ 65,000	\$ 64,226	\$ 65,000 Current Funds
Other	36,700	14,025	10,600 Private Gifts
			26,100 Current Funds
			<u>36,700</u>
	<u>\$11,624,600</u>	<u>\$ 7,951,140</u>	<u>\$11,624,000</u>

- (1) The private gifts of \$521,942 have been received as of June 30, 1981.
- (2) Land and building donated to the College from the estate of Monsignor Patrick Ryan, was sold on July 26, 1979. The selling price was \$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.
- (3) The permanent financing of this project has not yet been completed. Temporary financing of the project has been furnished through a Minnesota Higher Education Facilities Authority bond issue for the College of St. Thomas as described in Note 6, these bonds bear an interest rate of 7.95% and are due November 1, 1983.
- (4) Collections to date have been \$465,416.
- (5) The permanent funding of this project has not yet been finalized. The temporary financing of the project has been furnished by current funds.
- (6) On July 20, 1981, the Kresge Foundation approved a challenge grant of \$200,000 toward the renovation of Albertus Magnus Hall.

COLLEGE OF ST. THOMAS
NOTES TO FINANCIAL STATEMENTS

June 30, 1981 and 1980

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.

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 1982.

Dormitory Bonds of 1957 (\$695,000 at June 30, 1981)

2 7/8% Bonds payable to United States Government with final payment due in 1997. The Ireland and Dowling dormitory buildings and revenues thereon are pledged as collateral. Required sinking fund deposits due in 1982 for debt retirement and repairs and replacements are approximately \$50,000 and \$20,000, respectively.

Student Union Bonds, Series 1959 (\$490,000 at June 30, 1981)

3% Bonds payable to United States Government with final payment due in 1989. The Murray Hall student union building and revenues thereon are pledged as collateral. Required sinking fund deposits due in 1982 for debt retirement and repairs and replacement are approximately \$69,000 and \$15,000, respectively.

Dormitory Bonds of 1967 (\$910,000 at June 30, 1981)

3% Bonds payable to United States Government with final payment due in 2017. The Brady Hall building and revenues thereon are pledged as collateral. Required sinking fund deposits due in 1982 for debt retirement and repairs and replacement are approximately \$42,000 and \$7,750, respectively.

Academic Building Bonds of 1969 (\$1,147,000 at June 30, 1981)

3% Bonds payable to United States Government with final payment due in 2009. The O'Shaughnessy Education Center building is pledged as collateral. Required sinking fund deposits due in 1982 for debt retirement totals approximately \$60,000. The College recovers this payment from term endowment income from a gift of I. A. O'Shaughnessy.

Also, the College has pledged \$60,000 of funds functioning as Endowment Funds for a debt service reserve fund on this indenture.

COLLEGE OF ST. THOMAS

NOTES TO FINANCIAL STATEMENTS

June 30, 1981 and 1980

6. LONG-TERM DEBT - Continued

Faculty Residence Revenue Bonds of 1975 (\$650,000 at June 30, 1981)

6.5% First Mortgage Series K Bonds payable to the Minnesota Higher Education Facilities Authority with final payment due in 1994. The Faculty Residence Building is pledged as collateral. Required sinking fund deposits due in 1982 for debt retirement total \$73,000. The College has received certain gifts that are in Restricted Current Funds to provide for payment of the bonds. In addition, \$70,000 from the proceeds of the bond sale were set up in several Bond Reserve Funds and are administered by outside trustees.

The sale and leaseback of the property has been treated as a loan agreement for accounting purposes.

Dormitory Bonds of 1977 (\$660,000 at June 30, 1981)

5.82% Mortgage Revenue Bond, Series U payable to the Minnesota Higher Education Facilities Authority with final payment due in 2000. The Murray Hall Dormitory and revenues thereon are pledged as collateral. Required sinking fund deposits due in 1982 for debt retirement total approximately \$52,000.

\$81,000 from the proceeds of the bonds sale was set up in various Bond and Maintenance Reserve Funds administered by outside trustees.

The sale and leaseback of the property has been treated as a loan agreement for accounting purposes.

Residence Hall Building Bonds of 1978 (\$1,770,000 at June 30, 1981)

6.47% First Mortgage Revenue Bonds, Series X, payable to the Minnesota Higher Education Facilities Authority with final payment due in 2001. Sinking fund deposits due in 1982 for debt retirement total approximately \$132,000. \$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.

\$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.

The sale and leaseback of this property has been treated as a loan agreement for accounting purposes.

Contract for Deed Payable, Grand Avenue Apartments (\$577,150 at June 30, 1981)

10% Contract for Deed payable in monthly installments of \$3,600 until August 1, 1992. The contract provides for additional principal payments of \$20,000 on August 1, 1981 and August 1, 1982, \$10,000 on August 1, 1983 and \$100,000 on August 1, 1984.

COLLEGE OF ST. THOMAS
NOTES TO FINANCIAL STATEMENTS

June 30, 1981 and 1980

6. LONG-TERM DEBT - Continued

Physical Education and Plant Headquarters Buildings Bonds Payable (\$5,980,000 at June 30, 1981)

7.95% First Mortgage Revenue Bonds, Series Two-C payable to the Minnesota Higher Education Facilities Authority with a lump-sum principal payment due November 20, 1983 and interest payments are due semi-annually. Physical Education and Plant Headquarters Buildings are pledged as collateral. The indenture agreement also contains a provision which requires the College to maintain an investment balance in excess of \$13,000,000. The carrying value of investments at June 30, 1981, as indicated on the balance sheet, is \$26,477,980. Required sinking fund deposits due in 1982 for payment of interest total approximately \$475,410.

The sale and leaseback of the property has been treated as a loan agreement for accounting purposes.

Five-Year Cash Requirements

Approximate cash requirements for payment of sinking funds for debt principal and interest and equipment and buildings repairs and maintenance for the next five years are as follows:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Long-Term</u> <u>Debt</u>	<u>Equipment,</u> <u>Building Repairs</u> <u>and Replacement</u>
1982	\$1,013,427	\$42,750
1983	1,009,228	42,750
1984	6,476,355	42,750
1985	618,185	42,750
1986	523,330	42,750

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 began capitalizing the amount of the cash value of life insurance policies donated to the College. The College has been named as the beneficiary and will receive the face value of the policy 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. The face value of these policies totaled \$534,000 at June 30, 1981.

COLLEGE OF ST. THOMAS
NOTES TO FINANCIAL STATEMENTS

June 30, 1981 and 1980

8. CAPITAL CAMPAIGN

The College is entering the fourth year of a five year Capital Campaign to raise \$14,400,000. As of June 30, 1981 the College had received \$14,124,403 in pledges of which \$6,597,294 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 \$429,700; Restricted Funds \$2,572,493; Endowment Funds \$3,591,581, and General Funds \$3,520.

9. INTERNAL REVENUE SERVICE EXAMINATION

The Internal Revenue Service is examining the Colleges tax returns for the years ended June 30, 1978 and 1979. They have raised a question as to whether certain revenues collected constitute unrelated business income and might therefore be taxable. The Internal Revenue Service has not issued their final report and consequently the College Administration is not now able to determine the probable resolution of this question.

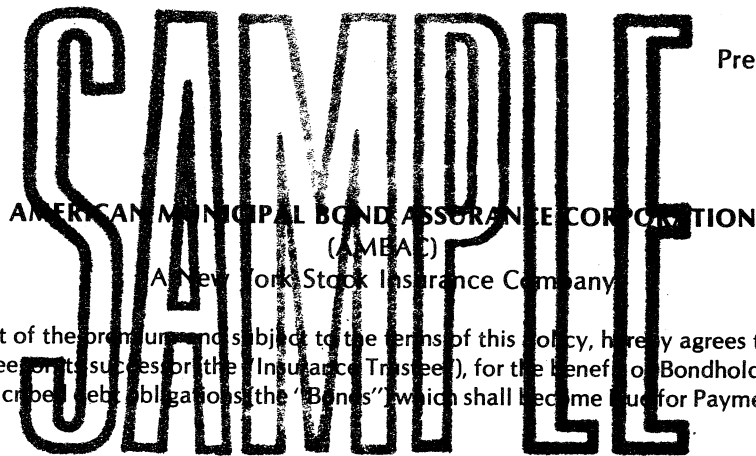
**Municipal Bond
Insurance Policy**

Issuer:

Policy Number:

Bonds:

Premium:



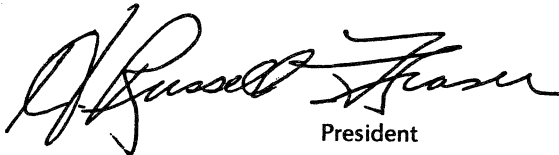
in consideration of the payment of the premium and subject to the terms of this policy, hereby agrees to pay to the United States Trust Company of New York, as trustee or its successor (the "Insurance Trustee"), for the benefit of Bondholders, that portion of the principal of and interest on the above-described debt obligations (the "Bonds") which shall become due for payment but shall be unpaid by reason of Nonpayment by the Issuer.

AMBAC will make such payments to the Insurance Trustee within 10 days following notification to AMBAC of Nonpayment. Upon a Bondholder's presentation and surrender to the Insurance Trustee of such unpaid Bonds or appurtenant coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, AMBAC shall become the owner of the surrendered Bonds and coupons and shall be fully subrogated to all of the Bondholder's rights to payment.

As used herein, the term "Bondholder" means any person other than the Issuer, who, at the time of Nonpayment, is the owner of a Bond or of a coupon appertaining to a Bond. "Due for Payment," when referring to the principal of Bonds, is when the stated maturity date has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption, acceleration or other advancement of maturity; and when referring to interest on the Bonds, is when the stated date for payment of interest has been reached. "Nonpayment" means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all principal of and interest on the Bonds which are Due for Payment.

This Policy is noncancelable for any reason. The premium on this Policy is not refundable for any reason, including payment of the Bonds prior to maturity. This Policy does not insure against loss of any redemption, prepayment or acceleration premium which at any time may become due in respect of any Bond, nor against risk other than Nonpayment.

In witness whereof, AMBAC has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective and binding upon AMBAC by virtue of this signature of its duly authorized officer.


President




Secretary

Effective Date:

Authorized Representative

UNITED STATES TRUST COMPANY OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this policy.


Authorized Officer

