OFFICIAL STATEMENT DATED APRIL 12, 1989

NEW ISSUE

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

In the opinion of Bond Counsel, the Bonds are exempt from taxation by the State of Minnesota and its subdivisions and municipalities; and the interest to be paid on the Bonds is not includable in the gross income of the recipient for United States or State of Minnesota income tax purposes and is not an item of tax preference included in the computation of the alternative minimum tax imposed on individuals under the Internal Revenue Code. Interest on the Bonds is subject to Minnesota franchise taxes on banks and corporations measured by income and is includable in the calculation of certain federal and State of Minnesota taxes imposed on corporations. (See "TAX EXEMPTION" herein.)

$4,415,000
Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-S
(College of St. Thomas)

Dated Date: May 1, 1989

Interest Due: May 1 and November 1 commencing November 1, 1989

The Bonds will mature annually on November 1 as follows:

1990	$ 60,000	1997	$105,000	2003	$165,000	2009	$255,000
1991	$ 70,000	1998	$115,000	2004	$180,000	2010	$275,000
1992	$ 75,000	1999	$125,000	2005	$190,000	2011	$300,000
1993	$ 80,000	2000	$135,000	2006	$205,000	2012	$320,000
1994	$ 85,000	2001	$145,000	2007	$220,000	2013	$345,000
1995	$ 95,000	2002	$155,000	2008	$240,000	2014	$375,000
1996	$100,000						

At the option of the Authority all Bonds maturing on or after November 1, 2000 may be redeemed prior to maturity on any interest payment date commencing November 1, 1999. Redemption may be in whole or in part of the Bonds subject to prepayment, and if in part, in such order of maturity as the College of St. Thomas (the "College") shall direct and by lot within a maturity in integral multiples of $5,000.

The Bonds will also be subject to optional redemption on any interest payment date in whole or in part in certain cases of damage to or destruction or condemnation of the Project Facilities described int he Loan Agreement and Indenture and in whole but not in part in the event of a Determination of Taxability, as described herein.

Bids must be for not less than $4,349,000, and accrued interest on the total principal amount of the Bonds and must be accompanied by a certified or cashier's check in the amount of $44,150, payable to the order of the Minnesota Higher Education Facilities Authority (the "Authority"). The check of the Purchaser will be retained as liquidated damages in the event the Purchaser fails to comply with the accepted bid. The Authority will deposit the check of the Purchaser, the amount of which will be deducted at settlement.

No basic rate of interest for any maturity shall be lower than any prior rate. Bonds of the same maturity shall bear a single basic rate of interest from the date of the Bonds to the date of maturity. The Bonds will bear additional interest at a rate of 2.00% per annum in the event of a Determination of Taxability as described in the Loan Agreement and the Indenture.

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

The Bonds will be issued in denominations of $5,000, and in integral multiples thereof not exceeding the amount maturing in any maturity, as requested by the Purchaser, and will be fully registered as to principal and interest. American National Bank and Trust Company, Saint Paul, Minnesota, will act as Trustee, Registrar and Paying Agent for the Bonds.

The Bonds will be delivered without cost to the Purchaser within 40 days following the date of their award. Delivery of the Bonds is subject to receipt of an approving legal opinion by Faegre & Benson, Minneapolis, Minnesota, Bond Counsel. Certain legal matters will be passed upon for the College by its Counsel, Moore, Costello & Hart, Saint Paul, Minnesota.

The Bonds will not be qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, relating to deductibility of interest incurred by financial institutions to purchase or carry tax-exempt obligations.

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

BID OPENING: April 26, 1989 (Wednesday) at 11:00 A.M., Central Time

AWARD: April 26, 1989 (Wednesday) at 2:00 P.M., Central Time

SPRINGSTED

PUBLIC FINANCE ADVISORS

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

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

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

An application for registration of the Bonds under the Minnesota Securities Act, Minnesota Statutes, Chapter 80A, has been filed and the sale of the Bonds is contingent upon registration of the Bonds by the Minnesota Department of Securities.

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

This Official Statement was prepared for the information of bidders for the Bonds at public sale by the Authority. Only the Arabic numbered pages and the appendices of this Official Statement may be used or reproduced, in whole or in part, for distribution to investors. However, no assurance is given and no representation is made that no additional information will be required if the Bonds are reoffered by the purchasers of the Bonds from the Authority to investors or that this Official Statement states all facts material to an investor who purchases Bonds.

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

MEMBERS

Earl R. Herring, Chairman	Retired, formerly Vice President for Administrative Affairs, Moorhead State University, Moorhead, Minnesota.
Catherine M. Warrick, Vice Chair	Instructor, Metropolitan State University, Saint Paul, Minnesota.
Carol A. Blomberg, Secretary	Vice President, Merchants & Miners State Bank, Hibbing, Minnesota.
Jack Amundson	Partner, McMahon, Hartman, Amundson & Co., Saint Cloud, Minnesota.
Kathryn D. Jarvinen	Hospital Administrator, Winona, Minnesota.
David B. Laird, Jr. (Ex Officio)	President, Minnesota Private College Council, Saint Paul, Minnesota.
John A. McHugh	Attorney and Banker, Minneapolis, Minnesota.
David Powers (Ex Officio)	Executive Director, Minnesota Higher Education Coordinating Board, Saint Paul, Minnesota.
Steve Senich	Director of Physical Therapy, Leisure Hills Health Care Center, Hibbing, Minnesota.
John Young, Jr.	Salesman/Construction Foreman, Olson Pool Company, Hawley, Minnesota.

Dr. Joseph E. LaBelle, Executive Director

Bond Counsel
Faegre & Benson

Financial Advisor
Springsted Incorporated

TABLE OF CONTENTS

OFFICIAL TERMS OF OFFERING

$4,415,000

MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES TWO-S

(COLLEGE OF ST. THOMAS)

Sealed bids for the Bonds will be opened by Dr. Joseph E. LaBelle, Executive Director, Minnesota Higher Education Facilities Authority (the "Authority") on Wednesday, April 26, 1989 at 11:00 A.M., Central Time, at Suite 450, Galtier Plaza, 175 East Fifth Street, Saint Paul, Minnesota 55101, telephone (612) 296-4690. Consideration for award of the Bonds will be by the Board of the Authority at its meeting at 2:00 P.M., Central Time, of the same day.

DETAILS OF THE BONDS

The Bonds will be dated May 1, 1989, as the date of original issue, and will bear interest payable on November 1 and May 1 of each year, commencing November 1, 1989. Interest will be computed upon the basis of a 360-day year of 12 30-day months and will be rounded pursuant to rules of the MSRB. The Bonds will be issued in the denomination of $5,000 each, or in integral multiples thereof as requested by the Purchaser, and fully registered as to principal and interest. Principal will be payable at the main corporate office of the Trustee and interest on each Bond will be payable by check or draft of the Trustee mailed to the registered holder thereof at his address as it appears on the books of the Trustee as of the 15th day of the calendar month next preceding the interest payment.

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

$ 60,000	1990	$105,000	1997	$165,000	2003	$255,000	2009
$ 70,000	1991	$115,000	1998	$180,000	2004	$275,000	2010
$ 75,000	1992	$125,000	1999	$190,000	2005	$300,000	2011
$ 80,000	1993	$135,000	2000	$205,000	2006	$320,000	2012
$ 85,000	1994	$145,000	2001	$220,000	2007	$345,000	2013
$ 95,000	1995	$155,000	2002	$240,000	2008	$375,000	2014
$100,000	1996						

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

OPTIONAL REDEMPTION

At the option of the Authority all Bonds maturing on or after November 1, 2000 may be redeemed prior to maturity on any interest payment date commencing November 1, 1999. Redemption may be in whole or in part of the Bonds subject to prepayment, and if in part, in any maturity or maturities as the College of St. Thomas (the "College") shall direct and by lot within a maturity in integral multiples of $5,000.

The Bonds are also subject to redemption in whole or in part on any interest payment date in certain events of damage or destruction described in a Loan Agreement between the College and the Authority and a Trust Indenture between the Authority and the Trustee, and in whole but not in part in the event of a Determination of Taxability as defined therein. All prepayments shall be at a price of par and accrued interest.

SECURITY AND PURPOSE

The Bonds will be special obligations of the Authority payable solely from payments made by or on behalf of the College pursuant to the Loan Agreement or from other amounts pledged therefor pursuant to the Trust Indenture. Pursuant to the Loan Agreement, loan repayments sufficient to pay principal, premium (if any) and interest on the Bonds when due are a full faith and credit obligation of the College. The Bonds are additionally secured by a debt service reserve in the amount of $405,800, unless such amount exceeds maximum annual principal of and interest on the Bonds in which case the debt service reserve will be in the amount of such lesser sum. If $405,800 is less than maximum annual principal of and interest on the Bonds, earnings on investments in the debt service reserve will be retained in that fund until its balance is equal to the lesser of maximum annual principal of and interest on the Bonds or 10% of the proceeds of the bonds (par less original issue discount according to the reoffering scale). **The Bonds shall not be legal or moral obligations of the State of Minnesota nor constitute a debt for which the faith and credit of the Authority, or the State of Minnesota, or the taxing powers of the State, are pledged.** The Authority has no taxing powers. The proceeds will be used for renovations and additions to three buildings on the campus of the College in the City of Saint Paul, Minnesota, with appurtenant equipment and site improvements.

TYPE OF BID

A sealed bid for not less than $4,349,000 and accrued interest on the total principal amount of the Bonds shall be filed with the undersigned prior to the time set for the opening of bids. Also prior to the time set for bid opening, a certified or cashier's check in the amount of $44,150, payable to the order of the Authority, shall have been filed with the undersigned or SPRINGSTED Incorporated, the Authority's financial advisor. No bid will be considered for which said check has not been filed. The check of the Purchaser will be retained by the Authority as liquidated damages in the event the Purchaser fails to comply with the accepted bid. The Authority will deposit the check of the Purchaser, the amount of which will be deducted at settlement. Rates offered by Bidders shall be in integral multiples of 5/100 or 1/8 of 1%. No basic rate of interest specified for a maturity shall exceed the basic rate of interest specified for any subsequent maturity. Bonds of the same maturity shall bear a single basic rate from the date of the Bonds to the date of maturity.

AWARD

Subject to the Authority's reservation of rights as described below, the Bonds will be awarded to the Bidder offering the lowest dollar interest cost to be determined by the deduction of the premium, if any, from, or the addition of any amount less than par, to the total dollar interest on the Bonds from their date to their final scheduled maturity. The Authority's computation of the total net dollar interest cost of each bid, in accordance with customary practice, will be controlling.

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

TRUSTEE/REGISTRAR/PAYING AGENT

The Trustee will be American National Bank and Trust Company, Saint Paul, Minnesota, which shall also act as Registrar and Paying Agent.

CUSIP NUMBERS

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

SETTLEMENT

It is expected that on or about May 31, 1989, the Bonds will be delivered without cost to the Purchaser at the office of the Authority or at such other place mutually satisfactory to the Authority and the Purchaser. Delivery will be subject to receipt by the Purchaser of an approving legal opinion of Faegre & Benson of Minneapolis, Minnesota, as to the validity and exemption of the Bonds from federal and State of Minnesota income tax, which opinion will be printed on the Bonds, and of customary closing papers, including a no-litigation certificate and a certificate pertaining to information in the Official Statement. Certain legal matters will be passed on for the College by its counsel. On the date of settlement payment for the Bonds shall be made in federal, or equivalent, funds which shall be received at the offices of the Trustee not later than 1:00 P.M., Central Time. Except as compliance with the terms of payment for the Bonds shall have been made impossible by action of the Authority, or its agents, the Purchaser shall be liable to the Authority for any loss suffered by the Authority by reason of the Purchaser's non-compliance with said terms of payment.

OFFICIAL STATEMENT

Prospective bidders may obtain a copy of the Official Statement by request to the Authority's financial advisor. The Purchaser will be provided with 100 copies of the Official Statement.

Dated March 22, 1989

BY ORDER OF THE MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

/s/ Joseph E. LaBelle, Executive Director

SCHEDULE OF BOND YEARS

$4,415,000
REVENUE BONDS, SERIES TWO-S (COLLEGE OF ST. THOMAS)
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY

Year	Principal	Bond Years	Cumulative Bond Years	
1990	$60,000	90.00	90.00	
1991	$70,000	175.00	265.00	
1992	$75,000	262.50	527.50	
1993	$80,000	360.00	887.50	
1994	$85,000	467.50	1,355.00	
1995	$95,000	617.50	1,972.50	
1996	$100,000	750.00	2,722.50	
1997	$105,000	892.50	3,615.00	
1998	$115,000	1,092.50	4,707.50	
1999	$125,000	1,312.50	6,020.00	
2000	$135,000 c	1,552.50	7,572.50	
2001	$145,000 c	1,812.50	9,385.00	
2002	$155,000 c	2,092.50	11,477.50	
2003	$165,000 c	2,392.50	13,870.00	
2004	$180,000 c	2,790.00	16,660.00	
2005	$190,000 c	3,135.00	19,795.00	
2006	$205,000 c	3,587.50	23,382.50	
2007	$220,000 c	4,070.00	27,452.50	
2008	$240,000 c	4,680.00	32,132.50	
2009	$255,000 c	5,227.50	37,360.00	
2010	$275,000 c	5,912.50	43,272.50	
2011	$300,000 c	6,750.00	50,022.50	
2012	$320,000 c	7,520.00	57,542.50	
2013	$345,000 c	8,452.50	65,995.00	
2014	$375,000 c	9,562.50	75,557.50	

Average Maturity: 17.11 Years

Bonds Dated: May 1, 1989

Interest Due: November 1, 1989 and each May 1 and November 1 to maturity.

Principal Due: November 1, 1990-2014 inclusive.

Optional Call: Bonds maturing on or after November 1, 2000 are callable commencing November 1, 1999 and any interest payment date thereafter at par. (See Official Terms of Offering.)

c: subject to optional call

OFFICIAL STATEMENT

$4,415,000
MINNESOTA HIGHER EDUCATION FACILITIES AUTHORITY REVENUE BONDS, SERIES TWO-S
(COLLEGE OF ST. THOMAS)

INTRODUCTORY STATEMENT

This Official Statement provides information concerning the Minnesota Higher Education Facilities Authority (the "Authority") and the College of St. Thomas, St. Paul, Minnesota, (the "College") in connection with the issuance of the Authority's $4,415,000 Revenue Bonds, Series Two-S (College of St. Thomas) (the "Bonds" or the "Issue").

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

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

Pursuant to a Loan Agreement between the College and the Authority, the College will covenant as a general obligation of the College to make payments and deposits in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due. The proceeds of the Issue will be loaned to the College by the Authority to finance renovations to Grace and Cretin Residences and the remodeling of and construction of an addition to Binz Refectory, each with appurtent equipment and site improvements.

From proceeds of the Bonds, there shall be deposited $405,800 into a Reserve Account to be held by the Trustee as a debt service reserve for the Bonds, unless such amount exceeds 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale) or maximum annual principal of and interest on the Bonds, in which case the debt service reserve will be in the amount of such lesser sum. If $405,800 is less than maximum annual principal of and interest on the Bonds, earnings on investments in the Reserve Account will be retained in that Account until its balance equals the lesser of maximum annual principal of and interest on the Bonds or 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale).

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

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

THE BONDS

The Bonds will be dated May 1, 1989 and will mature each November 1, commencing November 1, 1990, as set forth on the cover page of this Official Statement. The Bonds are being issued in denominations of $5,000 and integral multiples thereof not exceeding the amount maturing in any maturity, and shall be fully registered as to principal and interest. Interest on the Bonds will be payable on May 1 and November 1, commencing November 1, 1989.

The Bonds will be registered at the office of American National Bank and Trust Company as Trustee; the Trustee will also be the Registrar and Paying Agent. Bonds may be transferred and exchanged by surrender to the Trustee with a written authorization by the registered Owner thereof or the Owner's authorized attorney satisfactory to the Trustee, subject to such reasonable regulations as the Trustee may prescribe, and shall be without expense to the Owner, except as to any taxes or other governmental charges required to be paid. Bonds may be exchanged only for new Bonds of the same maturity which may be of any authorized denominations so long as the aggregate principal amount thereof equals the aggregate principal sum of the Bonds surrendered. Payment of principal will be at the corporate office of the Trustee and payment of interest shall be by check or draft of the Trustee mailed (or, pursuant to an agreement with the Trustee, by wire transfer) to the registered Owner at his address as shown on the registration books of the Authority.

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

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

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

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

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

Prior Redemption

Bonds maturing on or after November 1, 2000 are subject to optional redemption, in whole or in part and if in part, in such order of maturity as the College shall direct and by lot within a maturity, in integral multiples of $5,000, on any interest date, commencing November 1, 1999 at par plus accrued interest.

The Bonds will also be subject to optional redemption at par and accrued interest, as a whole or in part, on any interest payment date, in certain cases of damage to or destruction or condemnation of the Project Facilities, and as a whole but not in part, upon a Determination of Taxability as provided in the Loan Agreement (see "SUMMARY OF DOCUMENTS - Loan Agreement").

<u>Partial Redemption</u>

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

Notice of Redemption

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

Determination of Taxability

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

The College will have the option to prepay the Loan in full but not in part on any interest payment date after a Determination of Taxability at a price of par and accrued interest (including additional interest from the date of taxability).

USE OF BOND PROCEEDS

Bond proceeds will be used approximately as follows:

Project Costs	$3,920,900
Underwriters Discount and Issuance Costs	88,300
Debt Service Reserve	405,800
Bond Issue	$4,415,000

Allocation of the proceeds among the projects described in "The Project," following, will be at the discretion of the College.

In the event the underwriting discount with issuance costs exceed 2% of the proceeds (par less original issue discount according to the reoffering scale), such excess issuance costs shall be paid by the College from other than Bond proceeds.

Accrued interest received at Bond Closing will be deposited into the Bond and Interest Sinking Fund Account and applied as a credit against the amount to be deposited in the Bond and Interest Sinking Fund on or before the next interest payment date. To the extent the purchase price exceeds the minimum price, the additional Bond proceeds will be deposited in the Construction Account and may be used for Project Costs.

THE PROJECT

The Project consists of the following components:

1. Renovation of Grace Residence
2. Renovation of Cretin Residence
3. Construction of an addition and remodeling of Binz Refectory, an existing dining facility used primarily by students and faculty of the School of Divinity; however, the addition will be used by other students of the College.

Grace Residence and Cretin Residence were formerly occupied by students of the College's School of Divinity. In the future, those students will be housed in seminary facilities. Renovation of the residence halls will make them suitable for occupancy by 250 students, 80 of whom are currently housed in a dormitory to be converted to offices, for a net increase of 170 students housed on campus. The Binz Refectory addition, with a capacity of 350 students, will enable the College to provide food service to the additional 170 students housed in Grace Residence and Cretin Residence, as well as others. The Project is expected to be completed in time for the 1989 fall term.

SUMMARY OF SECURITY FOR THE BONDS

The Bonds are special obligations of the Authority payable solely from payments made by or on behalf of the College as required by the Loan Agreement or out of other amounts pledged therefor under the Indenture. Loan Repayments shall be a general obligation of the College, and shall be paid directly to the Trustee in such amounts and at such times as to assure that the Trustee has sufficient funds with which to pay the principal of and interest on the Bonds when due as well as to maintain the Reserve Requirement in the Reserve Account.

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

The College expects the Project to generate the following additional annual revenues by reason of providing housing and food service to an additional 170 students. The College has not pledged these revenues to payment of debt service on the Bonds, and no assurance can be given that net revenues will actually be generated in the following amounts:

	Revenues	Expenses	Net Revenues
Cretin Residence	$280,000	$100,000	$180,000
Grace Residence	170,000	70,000	100,000
Total			$280,000
Food Service - Net Revenues of $200 per Student			34,000
Expected Net Revenues			$314,000

The Bonds are also secured by a debt service reserve equal to the lesser of maximum annual principal of and interest on the Bonds or 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale) (the "Reserve Requirement"). At closing, $405,800 from Bond proceeds will be deposited into the Reserve Account unless such amount exceeds the Reserve Requirement. If $405,800 is less than the Reserve Requirement, earnings on investments in the Reserve Account will be retained in that Account until its balance equals the Reserve Requirement.

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

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

ACCOUNTS

Summary

The Indenture will provide for the creation of certain trust accounts into which the proceeds from the sale of the Bonds and revenues received as Loan Repayments under the Loan Agreement are to be deposited. These accounts include a Construction Account, a Bond and Interest Sinking Fund Account, a Reserve Account, and a Redemption Account. The net proceeds of original issue and sale of the Bonds are to be deposited into the Construction Account, except that the lesser of the amount of the Reserve Requirement or $405,800 will be deposited into the Reserve Account and accrued interest will be deposited in the Bond and Interest Sinking Fund Account. Following Bond Closing, amounts received by the Trustee from the College as Loan Repayments are to be deposited into the Bond and Interest Sinking Fund Account, and the Redemption Account and used, to the extent needed, to redeem or pay the principal of and interest on the Bonds when due and to maintain a debt service reserve in the Reserve Account in the amount of the Reserve Requirement.

Construction Account

There shall be deposited initially into the Construction Account the proceeds received from the sale of the Bonds (exclusive of accrued interest and the Reserve Requirement), which shall be approximately $3,943,200, less the amount of underwriter's discount. In addition, the College will agree in the Loan Agreement to provide for payment of all Project Costs in excess of the proceeds of the Bonds available therefor and to pay out of available general funds all costs of issuance of the Bonds (including underwriting discount) in excess of 2.00% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale). Upon receipt of proper documentation, the Trustee will reimburse or pay for the account of the College costs incurred in connection with the Project, provided that Project costs incurred in connection with Grace and Cretin Residences shall not be paid or reimbursed to the College from the Construction Account until the College provides evidence that such facilities are no longer used primarily for students of the School of Divinity. The Loan Agreement provides that the Project shall be substantially completed September 1, 1990, delays subject of "force majeure". When the Project has been completed, any balance in the Construction Account shall be deposited into the Bond and Interest Sinking Fund Account, the Reserve Account, or the Redemption Account, as more fully provided in the Indenture.

Bond and Interest Sinking Fund Account

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

Reserve Account

There shall be initially deposited into the Reserve Account from Bond proceeds the amount of $405,800 unless such amount exceeds the Reserve Requirement. If $405,800 is less than the Reserve Requirement, earnings on investments in the Reserve Account will be retained in that Account until its balance equals the Reserve Requirement in which case the deposit will be $405,800. The Reserve Requirement is irrevocably pledged to the payment of principal of and interest on the Bonds, as may be required from time to time. All amounts paid by the College as Loan Repayments not deposited or required to be deposited into the Bond and Interest Sinking Fund Account or Redemption Account will be deposited into the Reserve Account in order to maintain the Reserve Account in an amount not less than the Reserve Requirement. In the event that a withdrawal of funds from the Reserve Account reduces the balance therein to a sum less than the Reserve Requirement, the College shall restore the deficiency forthwith. Investments in the Reserve Account are to be valued at the end of each Fiscal Year at par or (if purchased at a premium or discount) at amortized cost.

Interest and income of the Reserve Account shall be transferred to the Bond and Interest Sinking Fund Account if not necessary to maintain the balance in the Reserve Account as above provided, and when the moneys and investments in the Reserve Account shall be sufficient to pay the principal of and interest on all outstanding Bonds when due, such moneys and investments shall be transferred, as appropriate, into the Bond and Interest Sinking Fund Account, or the Redemption Account; provided that the Trustee is authorized, in its discretion, to use funds and investments in the Reserve Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College shall have failed to pay or provide for the payment thereof under Section 6.09(f) of the Loan Agreement.

Redemption Account

Any amounts received which are not otherwise committed will be paid into the Redemption Account. Funds in this Account will be available to maintain required balances in other accounts and to purchase or redeem Bonds. No specific amounts are required. Notwithstanding the foregoing, the Trustee, in its discretion, is authorized to use funds and investments in the Redemption Account to pay the amount of any rebate due the United States in respect of the Bonds under Section 148 of the Internal Revenue Code if the College shall have failed to pay or provide for the payment thereof under Section 6.09 of the Loan Agreement.

General Bond Reserve Account

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

Authorized Investments

Moneys on deposit to the credit of the Construction Account, the Bond and Interest Sinking Fund Account, the Reserve Account or the Redemption Account shall be invested by the Trustee only in Authorized Investments described in Section 5.04 of the Indenture. Obligations so purchased shall be deemed at all times to be a part of the respective fund or account, but may from time to time be sold or otherwise converted into cash, whereupon the proceeds derived from such sale or conversion shall be credited to such fund or account. The type, amount and maturity of any such investments shall conform to any instructions of the Authorized Institution Representative. Any interest and income accruing on and any profit realized from such investment shall be credited against Loan Repayments to be deposited by the College under the Loan Agreement. Any such interest or other investment income or profit not credited to Loan Repayments and deposits therefor under the Loan Agreement, and not needed to provide payments on the Bonds, shall be used as promptly as possible and pin integral multiples of $5,000 for the redemption of Bonds or the purchase of Bonds on the market, it being intended that interest, income and profit shall not be permitted to accumulate but shall be used to provide for the payment of principal of and interest on the Bonds or for the prior redemption or retirement of Bonds. Investment of funds shall be limited as to amount and yield of investment in such manner that no part of the outstanding Bonds shall be deemed "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986 and regulations thereunder.

THE AUTHORITY

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

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

The Authority is authorized and empowered to issue revenue bonds whose aggregate outstanding principal amount at any time shall not exceed $150 million. The Authority has had 49 issues (including refunded and retired issues) totaling $168,425,000 of which $106,985,000 (excluding the Bonds) is outstanding as of April 2, 1989. Bonds issued by the Authority are payable only from the rentals, revenues and other income, charges and moneys pledged for their payment. The bonds of the Authority do not represent or constitute a debt or pledge of the faith or credit or moral obligation of the State of Minnesota.

Educational institutions eligible for assistance by the Authority are generally private nonprofit educational institutions authorized to provide a program of education beyond the high school level. However, pursuant to special legislation, the Authority has once issued bonds on behalf of a State owned and operated post-secondary institution. 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.

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

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

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

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

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

RATING

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

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

FUTURE FINANCING OF THE COLLEGE

The College is actively pursuing the establishment of permanent educational facilities in downtown Minneapolis. The current plan being considered by the College is the construction of a 120,000 to 170,000 square-foot building, estimated to cost approximately $20 million, including land. The College is seeking some financial support for the project from the City of Minneapolis. The issuance of debt for this project and its timing have not been established.

LITIGATION

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

LEGALITY

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

Certain legal matters will be passed upon for the College by Moore, Costello & Hart, Saint Paul, Minnesota.

TAX EXEMPTION

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

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

Interest on the Bonds is exempt from federal income taxes, including the alternative minimum tax imposed with respect to individuals and corporations and the environmental tax imposed with respect to corporations, except that (effective for taxable years beginning after 1986) interest on the Bonds will be included in the computation of "adjusted net book income" (or, for taxable years beginning after 1989, "adjusted current earnings"), which may be an item of tax preference includable in alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes an environmental tax with respect to corporations on the excess of a corporation's modified alternative minimum taxable income (determined as described above) over $2 million. Regardless of whether a corporation is subject to the alternative minimum tax, the environmental tax applies with respect to taxable years beginning after December 31, 1986 and before January 1, 1992.

The Code imposes a 30% branch profits tax on the taxable income of a United States branch of certain foreign corporations attributable to its taxable income effectively connected (or treated as effectively connected) with a United States trade or business and a tax equal to 30% of the "dividend equivalent amount" which is measured by "earnings and profits" effectively connected to the United States, net of certain adjustments. Included in the earnings and profits of a United States branch of a foreign corporation is income that would be effectively connected with a United States trade or business if such income were taxable, such as the interest on the Bonds. Existing United States income tax treaties may modify, reduce or eliminate the branch profits tax except in cases of "treaty shopping."

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

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

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

Assuming compliance with the Tax Covenants and on the basis of the certifications to be furnished at Bond Closing, in the opinion of Faegre & Benson, Bond Counsel, under present laws and rulings: interest on the Bonds is exempt from Federal and Minnesota income tax (other than Minnesota corporate and bank excise taxes measured by income). Interest on the Bonds is not treated as a preference item includable in alternative minimum taxable income for purposes of the Federal alternative minimum tax applicable to all taxpayers or the Minnesota alternative minimum tax applicable to individuals, estates and trusts, but is includable in "book income" or in "adjusted current earnings" for purposes of computing the alternative minimum tax and the environmental tax that may be imposed with respect to corporations.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

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

CERTIFICATION

Officials of the Minnesota Higher Education Facilities Authority, and the College of St. Thomas for and on behalf of their respective entities only will, at Bond closing, furnish certificates to the effect that this Official Statement, as of its date, April 12, 1989, and the date of such certificate did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

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 also has property in Owatonna, Minnesota which is used as a conference center, and recently acquired the former Peavey Company Technical Center and the Hazeltine Gates Building in Chaska, Minnesota. In January 1987, the College opened an educational center in the former Powers Department Store building in downtown Minneapolis.

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

Governance

The College is governed by a 40-member Board of Trustees (currently there are four vacancies). The Board elects its own members and each member serves a five-year term with no limit on the number of terms, except that one member is nominated by the College Alumni Association and elected by the Board of Trustees for a three-year term. Additionally, the Affiliation Agreement between the College and The Saint Paul Seminary requires that three members of the College's Board of Trustees be representatives from the Board of Trustees of the Seminary, one of which shall be the Rector of the Seminary. The remaining two are nominated by the Seminary and elected by the College's Board of Trustees. The present Board consists of 30 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 April, 1989:

Bernard F. Brennan	Chairman of the Board and Chief Executive Officer, Montgomery Ward, Chicago, Illinois
Jerome J. Choromanski	Chairman of the Board, The Bank North, Crystal, Minnesota
Sidney R. Cohen*	Chairman and Chief Executive Officer, Norstan, Inc., Plymouth, Minnesota
Rev. Dennis Dease	Pastor, Church of the Basilica of St. Mary, Minneapolis
Dorothy Dolphin	Chairman of the Board, Dolphin Corporations, Minneapolis
John F. Donovan	Retired Chairman and President, Donovan Companies, Inc., Saint Paul
Eugene Frey	President and Chief Executive Officer, Waldorf Corporation, Saint Paul
Rev. Charles Froehle	Rector/Vice President, The Saint Paul Seminary School of Divinity of the College of St. Thomas, Saint Paul
Charles A. Haggerty	ABS Director, Operations, IBM Corporation, White Plains, New York
Mary-Angela Harper	President, Harper-Murdick Associates, Washington, D.C.
James J. Howard	Chairman of the Board and Chief Executive Officer, Northern States Power Company, Minneapolis
Stanley S. Hubbard	President and Chief Executive Officer, Hubbard Broadcasting Inc., Saint Paul
Anne L. Klein	Wayzata, Minnesota
David A. Koch*	Chairman and Chief Executive Officer, Graco, Inc., Minneapolis
Thomas P. Krebsbach	President, Midway Chevrolet, Saint Paul
James P. Larkin*	Shareholder and Director, Larkin, Hoffman, Daly & Lindgren, Ltd., Bloomington, Minnesota
Thomas F. Madison*	President, U.S. West Communications, Minneapolis
John A. McHugh**	Attorney and Banker, Edina, Minnesota

* Member of the Executive Committee.

** Mr. McHugh is also a member of the Authority. He has neither discussed nor voted on matters relating to the College during Authority meetings.

Administration

The principal officers of the College are as follows:

President

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

Provost

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

Senior Vice President for External Affairs

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

Vice President for Business Affairs

Dr. Michael Sullivan assumed the position of Vice President for Business Affairs in October, 1985. He received his BA degree from St. John's University (Collegeville, Minnesota) and has a Ph.D in Educational Administration from the University of Minnesota.

Facilities

The College's physical plant consists of the buildings and grounds of the main campus on approximately 70 acres in St. Paul, and facilities in the cities of Owatonna, Chaska and Minneapolis. As of June 30, 1988, the book value of all buildings and property was $88,157,569; buildings and contents have an insurable value of $152,319,684.

The St. Paul campus has 21 major buildings, including classroom/office facilities, student residence halls, a stadium and a field house. Seven residence halls and two College-owned apartment buildings house 1,627 students.

The College owns the Daniel C. Gainey Conference Center in Owatonna, Minnesota. This center provides classroom, living and dining facilities for groups of various size for seminars, workshops and regular college classes.

The College also owns the former Peavey Technical Center and the Hazeltine Gates buildings in Chaska, Minnesota. Both sites are being used for classrooms and offices for College purposes including a small business incubator sponsored by the College. A portion of both buildings is rented to commercial and office tenants.

The College currently occupies about 26,000 square feet of leased space in a downtown Minneapolis building to offer evening classes in its graduate and undergraduate programs. Current student enrollment at that site is in excess of 700 students.

Library

O'Shaughnessy Library contains approximately 275,000 volumes and has an auditorium and an Instructional Support Service center. The Archbishop John Ireland Theological Library, affiliated with the O'Shaughnessy Library, has 78,000 volumes. The College is a member of the Cooperating Libraries in Consortium, Inc., a Saint Paul-Minneapolis private college inter-library consortium; and MINITEX, which provides access to the holdings of the Universities of Minnesota and adjacent states, as well as to the public libraries of the Twin Cities.

Catholic Publishing Center

The College owns the Catholic Digest, a national, monthly magazine with a circulation of approximately 630,000. Although the magazine has some original articles, its principal content consists of reprints. It has income from advertising in addition to subscriptions. The College operates the magazine within its Catholic Publishing Center, a division of the College, which had a net income of $1,523,859 for fiscal year ended June 30, 1988. Operations of the Catholic Publishing Center are part of the College's financial statements included in Appendix V to this Official Statement.

Saint Paul Seminary Affiliation

On May 3, 1987, an affiliation between the College and The Saint Paul Seminary was finalized and The Saint Paul Seminary School of Divinity of the College of St. Thomas was established. The effective date of the affiliation was July 1, 1986. The School of Divinity's ministerial studies program consisting of ministerial training, including classroom theological coursework and field education, is directed by the College. The School of Divinity's ministerial formation program consisting of programs for spiritual and personal growth and the evaluation of readiness of candidates for ministry is directed by the Seminary.

Academic Information

The College follows the four-one-four academic calendar of two four-month semesters during the school year, separated by a one-month interim term in January. During each semester the undergraduate student's normal course load is four subjects; during the interim concentration is on one subject. The B.A. degree is awarded in the following major concentrations or programs of study: Art, Art History, Biology, Business Administration (Accounting, Financial Management, Marketing Management, Human Resources Management, Operations Management, General Business Management), Chemistry, Communication and Theater, 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 curriculum enrichment programs in elementary and secondary education. In the summer of 1987, the College initiated a Doctoral Program in Educational Leadership offering the Ed.D. degree. Fall 1988 enrollment in the graduate program in education was 953.

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 2,123 as of fall 1988. The majority of the student body pursuing this degree are working adults.

A graduate program in religious education started in 1977. It offers a Master of Arts degree. With the affiliation with The Saint Paul Seminary, the College began offering the Master of Divinity degree also. Divinity School enrollment in fall 1988 was 131 students.

In the fall of 1984, the College inaugurated two new masters degree programs, one in Business Communications and one in International Management. In the spring of 1985, a Master of Science program in Software Design and Development was started. In fall 1988, the total enrollment in the Business Communications and Software Design and Development programs is 398. The International Management enrollment figures are included in the MBA figures. A new Master's program in Manufacturing Systems Engineering was begun in February, 1986. Fall 1988 enrollment in this program is 204.

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; 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; and the Small Business Development Center to provide counseling, training and workshops to small businesses in the State of Minnesota.

Faculty and Staff

The faculty-student ratio at the College is approximately 1 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, 1988, the College employed 258 full-time and 250 part-time faculty. Total employees number approximately 1,150.

The total audited payroll of $25,830,681 for the fiscal year ended June 30, 1988 included $488,333 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 members of religious orders of the Catholic Church less expenses, allowances and cash salary. As of June 30, 1988 there were 28 persons, primarily diocesan priests, on the faculty and administrative staff of the College who contribute their services. The average age of such persons was 50 years.

The following table lists the average salary of the lay members of the full-time College faculty for the 1988/89 academic year. In addition there are 16 priests on the full-time faculty.

Number	Average Salary
Professor	$44,100
Associate Professor	35,200
Assistant Professor	29,700
Instructor	26,100

The following table lists the degrees and professional designations held by the full-time faculty members for the 1988/89 academic year.

	Number
Doctorate	181
Master of Arts, Juris Doctorate, Certified Public Accountant	70
Bachelor of Arts	7
Total	258

Freshman Applications, Acceptances and Enrollments

	1984/85	1985/86	1986/87	1987/88	1988/89
Applications	1,789	1,894	1,924	2,046	2,298
Acceptances	1,489	1,562	1,586	1,771	1,952
Percent Accepted	83%	82%	82%	87%	85%
Enrolled	850	810	826	910	881
Percent Enrolled to Accepted	57%	52%	52%	51%	45%

Student Body

The fall term enrollment at the College for the 1988/89 academic year is 8,790; with a full-time equivalent ("FTE") enrollment of 6,425. Approximately 85% of the 1988/89 freshman class of 881 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 47% of the total graduate and undergraduate student body.

Enrollments

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

Program	1984/85	1985/86	1986/87	1987/88	1988/89
Undergraduate Day	3,875	3,893	4,054	4,252	4,344
New College*	396	436	524	596	637
Total Undergraduate	4,271	4,329	4,578	4,848	4,981
Graduate Education	710	788	921	1,028	953
Graduate Business	1,312	1,390	1,543	1,890	2,123
Graduate Divinity School	38	48	139	131	131
Graduate Business Communications	104	132	161	159	162
Graduate Software Design and Development		88	125	185	236
Graduate Manufacturing Systems Engineering	____	____	110	155	204
Total Graduate	2,164	2,446	2,999	3,548	3,809
Total Enrollment	6,435	6,775	7,577	8,396	8,790
FTE Enrollment	5,143	5,248	5,818	6,240	6,425

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

Program	1989/90	1990/91	1991/92	1992/93	1993/94
Undergraduate Day	4,400	4,400	4,400	4,400	4,400
New College*	650	675	700	725	750
Total Undergraduate	5,050	5,075	5,100	5,125	5,150
Graduate Education	1,050	1,075	1,100	1,125	1,150
Graduate Business	2,100	2,150	2,200	2,250	2,300
Graduate Divinity School	145	150	155	160	165
Graduate Business Communications	175	190	205	220	235
Graduate Software Design and Development	230	270	300	300	300
Graduate Manufacturing Systems Engineering	200	230	240	250	260
Total Graduate	3,900	4,065	4,200	4,305	4,410
Total Enrollment	8,950	9,140	9,300	9,430	9,560

* *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 1988 the College had nine student residences with a capacity for 1,543. Approximately 34% of the undergraduate day student population for the academic year 1987/88 reside on campus.

Tuition and Fees

The College meets the cost of educational programs primarily through tuition and fees. The following table lists the tuition charged full-time students in the College's major programs for the academic years beginning in the fall of 1984 through 1988.

	1984	1985	1986	1987	1988
Undergraduate (full-time) per academic year	$5,360	$5,880	$6,352	$6,816	$7,424
Graduate education and religious education per credit	$140	$155	$170	$180	$196
Graduate School of Business Business Communications, Engineering and Computer Science per credit	$167.50	$185	$200	$212	$230

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, 1984 through 1988.

Year	Tuition and Fees
1984	$19,821,441
1985	24,353,532
1986	27,326,864
1987	32,483,562
1988	36,627,407

Financial Aid

About 74% of the College's undergraduate 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 nine 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.

FINANCIAL AID BY TYPE

Year Ended June 30	Number of Students(a)	College of St. Thomas	Restricted Funds	Basic Education Opportunity Grants(b)	Supplemental Education Opportunity Grants(b)	State of Minnesota Scholarship Grant and Loan Program(c)	National Direct Student Loan(b)	Guaranteed Student Loan(b)	Work(d)	Total
1980	2,637	$ 520,467	$ 503,426	$799,917	$321,807	$ 939,380	$467,725	$1,764,272	$ 330,392	$ 5,647,386
1981	3,032	659,452	532,424	604,969	322,475	1,232,560	554,956	3,308,903	423,681	7,639,420
1982	3,289	947,290	696,444	549,621	354,899	1,200,432	572,665	4,244,699	610,047	9,219,737
1983	2,980	1,255,561	728,108	552,205	319,711	1,135,065	364,010	3,338,393	576,211	8,313,641
1984	3,274	1,670,590	722,603	685,114	320,007	1,843,146	359,525	3,261,095	755,204	9,617,284
1985	3,881	2,237,173	1,126,841	753,107	334,335	1,832,948	426,575	4,765,870	987,682	12,464,531
1986	3,748	2,427,180	1,084,434	754,942	334,335	2,143,913	649,875	4,612,763	1,061,666	13,069,108
1987	3,951	2,750,944	1,000,540	734,638	334,335	2,911,898	672,462	4,664,136	1,494,828	14,567,762
1988	4,016	3,375,130	1,077,453	834,928	407,449	3,808,650	657,600	4,619,811	1,150,106	15,935,143

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

(b) *Federal.*

(c) *In 1987 and 1988, includes Minnesota's State Loan Program ("SELF").*

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

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

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

Pensions

Retirement benefits are provided for the academic staff and some administrators through Teachers Insurance and Annuity Association (TIAA), a national organization used to fund pension benefits for educational institutions. Under this arrangement, the College and plan participants make annual contributions to TIAA to purchase individual annuities equivalent to retirement benefits earned. The cost of these benefits to the College was $690,567 and $614,841 for 1988 and 1987, respectively.

Retirement benefits are provided for the nonacademic staff under a trusteed retirement plan administered by the Archdiocese of Saint Paul and Minneapolis. Contributions are made solely by the College quarterly. Contributions, at a minimum, are to fund normal costs of benefits to be paid, actuarially computed. Contributions charged to Current Unrestricted Fund expenditures amounted to $230,728 and $203,547 for 1988 and 1987, respectively.

Retirement benefits are also provided for employees of the Catholic Publishing Center under a trusteed retirement plan administered by an insurance company. Contributions are made solely by the Catholic Publishing Center on an annual basis. Contributions to the plan in 1988 and 1987 were $34,636 and $23,759, respectively.

Unions

The International Brotherhood of Teamsters Local 120 represents 57 employees who are on the custodial or grounds keeping staff of the College. The College signed a two-year agreement with the Teamsters Local 120, which runs July 1, 1987 through June 30, 1989. The International Union of Operating Engineers Local 70 AFL-CIO, which represents six maintenance engineers and one maintenance assistant, signed a three-year agreement with the College, which runs September 1, 1987 through August 31, 1990. In addition, the International Brotherhood of Electrical Workers Local Union 110, AFL-CIO represents two electricians at the College.

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 V sets forth the comprehensive financial statements of the College for the year ended June 30, 1987, which statements have been examined by Boulay, Heutmaker, Zibell & Co., certified public accountants. Supplemental schedules to the financial statements are available upon request.

Statement of Revenue, Expenditures and Transfers

The following table sets forth the College's statements of current unrestricted revenues, expenditures and transfers for the College for the fiscal years ended June 30, 1984 through 1988. This table should be read in conjunction with the financial statements which are Appendix V.

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

	1984	1985	1986	1987	1988
Revenue					
Tuition and Fees	$19,821,441	$24,353,532	$27,326,864	$32,483,562	$36,627,407
Private Gifts, Grants and Contracts	956,221	1,033,151	977,851	1,317,084	1,422,788
Income from Investments	2,863,181	3,332,058	3,401,352	3,468,061	3,190,106
Sales and Services of Educational Enterprises	9,439,014	10,012,288	10,653,483	10,436,178	11,114,593
Sales and Services of Auxiliary Enterprises	5,143,478	5,671,854	6,222,079	7,535,148	9,326,169
Other Revenue	525,091	507,829	505,884	728,950	695,836
Total Revenue	$38,748,426	$44,910,712	$49,087,513	$55,968,983	$62,376,899
Expenditures					
Educational and General:					
Instruction	$ 8,336,270	$ 9,887,095	$11,157,379	$12,994,464	$14,954,656
Educational Enterprises	8,029,539	8,677,866	9,413,467	9,393,030	9,718,829
Academic Support	1,671,683	1,995,244	2,294,168	2,819,486	3,476,267
Student Services	2,081,178	2,499,392	2,758,693	3,178,706	3,642,109
Institutional Support	5,502,529	6,691,256	8,494,569	9,128,229	10,753,212
Operation and Maintenance of Plant	2,600,177	2,880,455	3,115,468	3,145,827	3,335,824
Student Aid	1,608,713	2,000,829	2,115,411	2,750,944	3,161,117
Mandatory Transfers:					
Principal and Interest	1,662,627	1,759,861	1,822,797	2,768,742	1,850,231
Renewal and Replacement	39,952	41,797	44,305	42,103	43,598
Total Educational and General	$31,532,668	$36,433,795	$41,256,257	$46,221,531	$50,935,843
Auxiliary Enterprises:					
Expenditures	$ 4,109,732	$ 4,716,015	$5,079,820	$ 5,941,189	$ 7,889,758
Mandatory Transfers:					
Principal and Interest	482,149	587,449	525,837	743,944	1,860,343
Renewal and Replacement	190,661	197,133	232,444	322,921	309,875
Total Auxiliary Enterprises	$ 4,782,542	$ 5,500,597	$5,838,101	$ 7,008,054	$10,059,976
Total Current Expenditures	$36,315,210	$41,934,392	$47,094,358	$53,229,585	$60,995,819
Transfers Among Funds:					
Endowment Fund	$(4,617,301)	$(1,577,546)	$1,504,964	$(2,489,895)	$ (634,906)
Plant Fund	587,144	(1,786,073)	(4,742,775)	1,208,296	(1,694,585)
Restricted Current Fund	1,649,873	392,479	1,058,503	(1,523,937)	908,674
Student Loan Fund	17,977	20,664	199,698	76,996	72,517
Total Transfers	$(2,362,307)	$(2,950,476)	$(1,979,610)	$(2,728,540)	$(1,348,300)
Net Increase (Decrease) in Fund Balances	$ 70,909	$ 25,844	$ 13,545	$ 10,858	$ 32,780

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.

During fiscal year 1984 the College began a fund raising campaign with the goal of $35,000,000. As of June 30, 1988, pledges totaling $38,612,000 had been received. No pledges receivable have been recorded on the accompanying financial statements. These pledges will be recorded when the gifts are received.

As of June 30, 1988, the College had collected and recorded $25,748,000 in gifts since the inception of the campaign (of which $7,448,000 had been collected in the fiscal year ended June 30, 1988).

The following table sets forth the amounts of private gifts, grants and bequests received by the College for the fiscal years ended June 30, 1984 through 1988.

Fiscal Year	Current Unrestricted	Current Restricted	Total
1984	$ 956,221	$1,176,968	$2,133,189
1985	1,033,151	1,111,744	2,144,895
1986	977,851	1,322,490	2,300,341
1987	1,317,084	1,826,161	3,143,245
1988	1,422,788	1,429,981	2,852,769

Endowment Funds

The College's endowment and similar funds include (i) endowment funds which are subject to the restrictions of gift instruments requiring the principal be maintained in perpetuity and that only the income be utilized either for donor specified purposes or for general College purposes; and (ii) funds functioning as endowment (Quasi-Endowment) 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, 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. The following table is a recapitulation of fund balances of endowment and similar funds for the fiscal years ended June 30, 1984 through 1988.

Fiscal Year	Endowment	Quasi-Endowment	Total
1984	$14,114,967	$23,164,858	$37,279,825
1985	15,142,853	25,759,533	40,902,386
1986	23,331,316	26,524,210	49,855,526
1987	30,362,969	34,147,635	64,510,604
1988	34,612,649	35,938,415	70,551,064

Long-Term Debt

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

(a) $1,200,000 Dormitory Bonds of 1957, dated December 1, 1957, at 2-7/8%; remaining principal is $450,000 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 $70,000 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 $805,000 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 $953,000 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 First Mortgage Revenue Bonds, Series K, dated December 1, 1974, at various rates from 5.50% to 6.90%; remaining principal is $345,000 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 $495,000 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 $1,600,000 due in annual installments through 1999. The proceeds were used to construct John Paul II Residence Hall. The bonds are secured by (i) a first mortgage lien on the John Paul II Residence Hall, (ii) the guarantee of the College, (iii) the net revenues of the facility, (iv) a debt service reserve account of $112,000, and (v) the Authority's General Bond Reserve Account.

(h) A $577,150 contract for deed at 10%. Monthly interest installments of $3,600 will be paid until August 1, 1992 and a final payment of $532,265.67 will be due August 1, 1992. The contract is for the purchase of the Grand Avenue apartments. $450,808 is outstanding.

(i) $2,745,073 (College share of $18,520,000 total) Minnesota Higher Education Facilities Authority Pooled Revenue Bonds, Series 1983-A, dated September 1, 1983, at various interest rates from 6.75% to 8.50%; principal outstanding is $1,523,548 due in annual installments through 1991. The proceeds were used for various equipment acquisitions and building remodeling projects.

(j) A $1,175,000 promissory note bearing interest at a rate of 10% secured by a first mortgage on the "Peavey Building" located on Peavey Road in Chaska; monthly installments of $10,681 due through 1995. $591,368 is outstanding.

(k) $8,055,000 Minnesota Higher Education Facilities Authority Refunding Revenue Bonds, Series 1985-1, dated May 1, 1985, at various rates of interest from 5.25% to 8.20%; principal outstanding is $5,425,000 due July 1, 1986 through 1993. The proceeds refunded in advance of maturity the Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-D, and Series 1982-1, both dated August 6, 1982. The Bonds are secured by the full faith and credit of the College and a debt service reserve of $1,097,356.

(l) A $2,388,980 promissory note bearing interest at a rate of 10.25% secured by a mortgage on the Hazeltine Gates building located in Chaska; monthly installments of $22,417 with a final payment of $1,976,661 in 1995. $2,296,381 is outstanding.

(m) $6,325,000 City of Chaska, Minnesota Industrial Development Revenue Bonds, Series 1985, dated December 1, 1985, payable through 2010, interest at 7.82% (average), secured by an Irrevocable Letter of Credit issued by Norwest Bank Minneapolis. $6,025,000 is outstanding. As a condition to the issuance of the Letter of Credit, the College has pledged as collateral certain U.S. Treasury Bonds and Notes. Proceeds used to acquire the Hazeltine Gates Building.

(n) $5,500,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-I, at various rates of interest from 6.50% to 7.50%; principal outstanding is $5,500,000 due November 1, 1995, 2000, 2005, and 2015. The Bonds were originally issued on December 5, 1985 as variable rate bonds but were converted to fixed rate bonds on November 1, 1986. The Bonds are secured by the full faith and credit of the College and a debt service reserve of $531,750.

(o) $36,789 mortgage note payable in monthly installments of $307 through January 2007 at 8% interest; $35,548 is outstanding; secured by a mortgage on a townhouse in Hill City, Minnesota.

(p) $276,627 loan payable in monthly installments of $6,958 through October 1990 at 10% interest; $181,088 is outstanding. The loan is payable to the lessor of the Minneapolis campus for leasehold improvements.

(q) $11,100,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-O, dated May 1, 1988 at various rates of interest; principal outstanding is $11,100,000 due October 1, 1989 through 2008. The proceeds were used to finance renovation and additions to five campus buildings. The Bonds are secured by the full faith and credit of the College and a debt service reserve of $1,110,000.

(r) The Bonds.

Total outstanding principal amount of long-term debt as of April 2, 1989 (excluding the Bonds) is $37,846,741.

ANNUAL DEBT SERVICE BY FISCAL YEAR

Fiscal Year Ending	The Bonds Principal	The Bonds Principal and Interest*	Outstanding Debt Service	Projected Total Debt Service
1989			$ 4,616,210	$ 4,616,210
1990		$ 335,714	4,891,353	5,227,067
1991	$ 60,000	393,614	4,909,756	5,303,370
1992	70,000	399,064	4,909,169	5,308,233
1993	75,000	398,970	4,873,664	5,272,634
1994	80,000	398,506	4,200,036	4,598,542
1995	85,000	397,669	2,994,754	3,392,423
1996	95,000	401,279	4,751,016	5,152,295
1997	100,000	399,331	2,600,498	2,999,829
1998	105,000	396,976	2,588,886	2,985,862
1999	115,000	399,027	2,577,692	2,976,719
2000	125,000	400,264	2,373,287	2,773,551
2001	135,000	400,675	2,202,989	2,603,664
2002	145,000	400,279	2,228,774	2,629,053
2003	155,000	399,065	2,241,629	2,640,694
2004	165,000	397,023	2,233,502	2,630,525
2005	180,000	398,954	2,236,954	2,635,908
2006	190,000	394,847	2,233,099	2,627,946
2007	205,000	394,687	2,198,983	2,593,670
2008	220,000	393,324	2,211,316	2,604,640
2009	240,000	395,554	2,305,570	2,701,124
2010	255,000	391,373	1,147,207	1,538,580
2011	275,000	390,766	1,063,162	1,453,928
2012	300,000	393,341	497,062	890,403
2013	320,000	389,081	495,699	884,780
2014	345,000	387,980	492,462	880,442
2015	375,000	389,719	492,350	882,069
2016			509,275	509,275
2017			41,200	41,200
Total	$4,415,000	$10,237,082	$71,117,554	$81,354,636

* *Assumes an average annual interest rate of 7.70%.*

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PROPOSED FORM OF LEGAL OPINION
OF
FAEGRE & BENSON, BOND COUNSEL

$4,415,000
Minnesota Higher Education Facilities Authority
Revenue Bonds, Series Two-S
(College of St. Thomas)

We have acted as bond counsel in connection with the issuance by the Minnesota Higher Education Facilities Authority (the "Authority") of its fully registered Revenue Bonds, Series Two-S (College of St. Thomas), in the aggregate principal amount of $4,415,000 (the "Bonds"), dated May 1, 1989, in the denomination of $5,000 each and integral multiples thereof, maturing on November 1 in the years and amounts as follows:

1990	$ 60,000	2003	$165,000
1991	$ 70,000	2004	$180,000
1992	$ 75,000	2005	$190,000
1993	$ 80,000	2006	$205,000
1994	$ 85,000	2007	$220,000
1995	$ 95,000	2008	$240,000
1996	$100,000	2009	$255,000
1997	$105,000	2010	$275,000
1998	$115,000	2011	$300,000
1999	$125,000	2012	$320,000
2000	$135,000	2013	$345,000
2001	$145,000	2014	$375,000
2002	$155,000		

The Bonds are subject to optional redemption prior to the stated maturities thereof as provided in the Bonds. Interest on the Bonds is payable on each November 1 and May 1, commencing November 1, 1989, at the basic rates per annum, according to years of maturity, as follows:

In the event of a Determination of Taxability (as defined in the Loan Agreement and Trust Indenture referred to below), the Bonds will bear additional interest at the rate of 2.00% per annum from the Date of Taxability (as defined). Interest is payable by check or draft mailed or sent by wire transfer to the registered owner, and principal is payable at the office of American National Bank and Trust Company, in St. Paul, Minnesota, as Trustee (the "Trustee"). The Bonds are issued for the purpose of funding a loan from the Authority to the College of St. Thomas, a Minnesota nonprofit corporation and nonprofit institution of higher education located in the City of St. Paul, Minnesota (the "College"), in order to finance the costs of a project generally described as the renovation of two residence halls and the remodeling of and construction of an addition to a dining facility, with appurtenant equipment and site improvements (as further described in the Loan Agreement and Indenture, the "Project"). We have examined executed counterparts of the Loan Agreement between the Authority and the College and the Trust Indenture between the Authority and the Trustee, both dated as of March 1, 1989, opinions of Moore, Costello & Hart and Larkin, Hoffman, Daly & Lindgren, Ltd., as counsel to the College, the form of the Bonds prepared for execution, and such other documents as we deemed necessary for the purpose of the following opinion.

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

We have not been engaged or undertaken to verify the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (except only matters set forth as our opinion in the Official Statement).

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

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

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

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

4. Assuming compliance with the covenants in the Loan Agreement and Indenture, the interest on the Bonds is excludable from gross income for purposes of Federal income taxation and is exempt from Minnesota income taxation (other than Minnesota corporate franchise and bank excise taxes measured by income) under present laws and rulings. The Bonds are not arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Bonds are "private activity bonds" within the meaning of Section 141(a) and "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. Interest on the Bonds is not an item of tax preference required to be included in the computation of "alternative minimum taxable income" for purposes of the federal alternative minimum tax applicable to individuals under Section 55 of the Code, but is includable in "book income" or in "adjusted current earnings" for the purpose of determining the "alternative minimum taxable income" of corporations for taxable years beginning after December 31, 1986. Ownership of the Bonds will result in disallowance of a deduction for a portion of the interest expense of a "financial institution" under Section 265(b) of the Code. Reference is made to the caption "Tax Exemption" in the Official Statement for a description of the effect of certain provisions of the Code relating to, among other things, the environmental tax imposed on corporations, the branch profits tax imposed on foreign corporations, losses incurred by property and casualty insurance companies, Subchapter C earnings of S corporations, net investment income of foreign corporations, and the taxability of Social Security and railroad retirement benefits.

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

Dated at Minneapolis, Minnesota, _______, 1989.

DEFINITION OF CERTAIN TERMS

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

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

Affiliation Agreement: The Affiliation Agreement by and among The Saint Paul Seminary, the College of St. Thomas and the Archdiocese of Saint Paul and Minneapolis, dated as of July 1, 1986.

Authority: The Minnesota Higher Education Facilities Authority.

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

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

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

Binz Refectory Addition: The addition to Binz Refectory being constructed as part of the Project and that portion of Binz Refectory being remodeled as part of the Project.

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

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

Bonds: $4,415,000 Minnesota Higher Education Facilities Authority Revenue Bonds, Series Two-S (College of St. Thomas) and any Additional Bonds then outstanding.

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

Bond Resolution: The Series Resolution of the Authority adopted on April 26, 1989, authorizing the Bonds, as the same may be amended, modified or supplemented by any amendments or modifications thereof.

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

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

College: The College of St. Thomas, a Minnesota nonprofit corporation and institution of higher education located in Saint Paul, Minnesota.

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

Determination of Taxability: A Notice of Deficiency issued by the Internal Revenue Service or a final decision of a Court of competent jurisdiction determining that the interest payable on the Bonds is includable in gross income for purposes of federal income taxation by reason of the application of the provisions of Section 103 of the Internal Revenue Code, related sections and regulations thereunder, in effect on the date of issuance of the Bonds, provided that such event shall not be deemed a Determination of Taxability until after the period, if any, for contest or appeal of such Notice of Deficiency or decision by the Bondholders, the Authority or any other interested party has expired without any such contest or appeal having been properly instituted; and provided further that such Notice of Deficiency or decision shall not be deemed a Determination of Taxability if resulting solely from a change in any applicable statute (or regulation thereunder) in effect as of the date of issuance of the Bonds. A determination that interest on the Bonds is includible in the computation of any alternative minimum tax is not a Determination of Taxability.

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

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

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

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

Indenture: The Trust Indenture between the Authority and American National Bank and Trust Company, Saint Paul, Minnesota, as Trustee, dated as of March 1, 1989, under which the Bonds are authorized to be issued, and including any indenture supplemental thereto.

Institution: The College.

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

Issue: The Bonds.

Loan Agreement: The Loan Agreement dated as of March 1, 1989 between the Authority and the Institution, as amended or supplemented from time to time.

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

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

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

Project: The renovation of Grace Residence, the renovation of Cretin Residence, and the remodeling of and construction of an addition to Binz Refectory, an dining facility, each with appurtenant equipment and site improvements, all to be owned and operated by the College on the campus of the College in the City of Saint Paul, Minnesota.

Project Buildings: Binz Refectory Addition, Grace Residence and Cretin Residence.

Project Site: The land on which the Project Buildings are and are to be located or improvements in connection with the Project are to be made.

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

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

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

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

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

Reserve Account: The Reserve Account established under the Indenture, into which at Bond Closing will be placed from Bond proceeds an amount equal to $405,800 unless such amount exceeds maximum annual principal of and interest on the Bonds, in which case the debt service reserve will be in the amount of such lesser sum. If $405,800 is less than maximum annual principal of and interest on the Bonds, earnings on investments in the Reserve Account will be retained in that Account until its balance equals the lesser of maximum annual principal of and interest on the Bonds or 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale). Moneys in the Reserve Account shall be used to pay principal of and interest on the Bonds if moneys in the Bond and Interest Sinking Fund Account or Redemption Account are not sufficient therefore and may be used at the discretion of the Trustee to pay rebate due to the United States under Section 148 of the Internal Revenue Code if the College fails to provide for payment of any rebate.

Reserve Requirement: The amount of reserve to be maintained in the Reserve Account equal to the lesser of maximum annual principal of and interest on the Bonds or 10% of the proceeds of the Bonds (par less original issue discount according to the reoffering scale).

School of Divinity: The Saint Paul Seminary School of Divinity of the College of St. Thomas established pursuant to the Affiliation Agreement.

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

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

Trustee, Registrar, Paying Agent: American National Bank and Trust Company, Saint Paul, Minnesota.

SUMMARY OF DOCUMENTS

THE LOAN AGREEMENT

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

Construction of Project

The College represents that the acquisition, construction and improvement of the Project are to be substantially completed by no later than September 1, 1990, subject only to "force majeure," as provided in the Loan Agreement. The College agrees that it has previously paid or will itself pay all costs relating to the acquisition, construction, improving and equipping of the Project, including costs of issuance of the Bonds, to the extent such payments and costs are not met from proceeds of the Bonds in the Construction Account.

Loan Repayments

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

(a) At least 10 business days prior to each May 1 and November 1, commencing November 1, 1989, into the Bond and Interest Sinking Fund Account a sum which will be equal to the amount payable as interest on the Bonds on such interest payment date, and at least 10 business days prior to each November 1, commencing on November 1, 1990, a sum equal to the amount payable as principal of the Bonds on such principal payment date, provided however, that there shall be credited against such obligations (i) the net amount of funds and investments then on deposit to the credit of the Bond and Interest Sinking Fund Account, and (ii) any credits permitted by Sections 5.02, 5.03 or 5.04 of the Indenture (relating to the transfer to the Bond and Interest Sinking Fund Account of certain investment earnings); and

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

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

(d) Into the Reserve Account forthwith the amount of any deficiency from the Reserve Requirement then required to be deposited therein by Section 5.02 of the Indenture; and

(e) Into any fund or account designated by the Trustee, funds in the amount determined by the Trustee to be necessary to comply with the provisions of Section 6.09(f) of the Loan Agreement and Section 5.05 of the Indenture relating to the rebate of excess arbitrage earnings to the United States;

subject to the amounts of any credits allowable under Sections 5.02, 5.03, or 5.04 of the Indenture.

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

As additional payments the College agrees to pay the annual fee of the Authority, fees and expenses of the Trustee and certain other expenses.

Use of Project Facilities

The College agrees to use the Project Facilities (other than Grace and Cretin Residences prior to the time Project Costs with respect thereto may be paid from the Construction Account pursuant to the Indenture) as educational facilities, in compliance with law and ordinance requirements, and not as facilities for sectarian instruction or religious worship, nor primarily in connection with a program of a school or department of divinity for any religious denomination. The College agrees not to permit use of the Project Facilities in such manner or to such an extent as would result in loss of the tax-exemption of interest on the Bonds under the Internal Revenue Code or loss of its status as an exempt organization under Section 501(c)(3) of the Code.

Maintenance of Project Facilities

The College agrees that, so long as there are Bonds outstanding, the College will keep the Project Facilities in good repair and good operating condition at its own cost, making such repairs and replacements as are necessary so that the Project will remain a "project" under the Act and interest on the Bonds will be exempt from federal income taxation; provided that the College shall have the right to demolish and remove any Project Building with the consent of the Authority evidenced by a Certified Resolution accompanied by an Opinion of Counsel, who shall be nationally recognized bond counsel acceptable to the Authority, to the effect that demolition and removal of the Project Building does not violate the Act, the Loan Agreement or the Indenture and does not affect the tax exempt status of interest on the Bonds. The College may lease or sublease or enter into agreements in the ordinary course of business for the use of the Project Facilities, so long as (i) the tax-exempt status of the Bonds will not be affected thereby, (ii) such lease, sublease or use agreement shall not be inconsistent with the Loan Agreement, the Indenture, or the Act, and (iii) the Institution shall remain fully obligated under the Loan Agreement.

Title to Property and Liens

Except for (i) Permitted Encumbrances and (ii) the Trustee's interest in certain Net Proceeds as provided in Sections 5.08 and 5.09 of the Loan Agreement, the College will not permit any liens to be established or to remain against the Project Facilities, including any mechanics liens for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements, provided the College may in good faith contest any liens filed or established against the Project Facilities and may permit the items so contested to remain undischarged and unsatisfied during the period of such contest unless the Authority or Trustee shall notify the College that, in the opinion of independent counsel, by nonpayment of any such items the Project Facilities will be subject to loss or forfeiture, in which event the College shall promptly pay all such items.

Taxes and Other Governmental Charges

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

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

Insurance

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

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

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

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

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

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

Damage or Destruction

If the Project Buildings and contents shall be damaged or partially or totally destroyed there shall be no abatement in the Loan Repayments, and the College shall either repair, rebuild or restore the damaged facilities, or redeem and prepay all outstanding Bonds in whole or in part, as more fully provided in the Loan Agreement. If the Bonds are redeemed in part, the available Net Proceeds (or, if less, the pro rata portion) in respect of any Project Building and site thereof which the Institution elects not to repair, rebuild or restore shall be used for the redemption or purchase of outstanding Bonds. For purposes of this provision, "pro rata portion" shall mean 22.5% of the principal amount of outstanding Bonds in the case of Cretin Residence, 51.6% of the principal amount of outstanding Bonds in the case of Grace Residence and 25.9% of the principal amount of outstanding Bonds in the case of Binz Refectory.

Condemnation

If at any time before the Bonds have been fully paid (or provision for payment thereof has been made in accordance with the Indenture), title to a Project Building and site thereof shall be taken in any proceeding involving the exercise of the right of eminent domain, the College shall either redeem outstanding Bonds in whole or in part or rebuild or restore such facilities, as more fully provided in the Loan Agreement. If the Bonds are redeemed in part, the available Net Proceeds (or, if less, the pro rata portion) in respect of any Project Building and site thereof which the Institution elects not to repair, rebuild, restore or replace shall be used for the redemption or purchase of outstanding Bonds. For purposes of this provision, "pro rata portion" shall be defined as set forth above under "Damage or Destruction."

Indemnification

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

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

Institution to Maintain its Existence and Accreditation

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

In no event will the College consolidate with or merge into another corporation or sell or otherwise transfer to another institution all or substantially all of its assets as an entirety and thereafter dissolve if the effect of any such transaction would be to cause the sum of the principal amount of the Bonds, plus the respective outstanding aggregate principal amounts of all tax-exempt bonds issued by or on behalf of the College or such other resulting entity, and all organizations under common management or control with the College or such resulting entity (other than qualified hospital bonds), within the meaning of Section 145 of the Internal Revenue Code, to exceed $150,000,000.

College To Be Nonsectarian

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

Federal Income Tax Status

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

Determination of Taxability

In the event a Determination of Taxability is made that interest payable on the Bonds is includible in gross income for purposes of federal income taxation under the provisions of the Internal Revenue Code and regulations thereunder as in effect at the date of issuance of the Bonds, the Bonds shall bear additional interest at the rate of two percent (2.00%) per annum from the Date of Taxability until the respective dates on which the principal of the Bonds is paid. In addition, in the event of such Determination of Taxability, the Bonds shall be subject to optional redemption, as a whole and not in part, on the next practicable interest payment date and any interest payment date thereafter and the redemption price therefor shall be equal to par plus accrued interest.

Other Covenants

The College agrees to provide financial statements and other information to the Authority and the Trustee; to comply with all applicable laws and regulations against discrimination, and not to discriminate on account of religion, race, color or creed in the use of the Project Facilities; to provide and file such financing statements and other instruments of further assurance as the

Trustee may request; to perform all obligations imposed by the Internal Revenue Code and regulations thereunder so that the Bonds will not be deemed "arbitrage bonds", including but not limited to making all required rebate payments to the United States required by the Code and regulations; and to observe all applicable State laws and regulations, including those of the Authority and the Minnesota Higher Education Coordinating Board, subject to the right of contest.

Events of Default

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

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

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

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

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

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

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

The term "force majeure" as used above includes the following: acts of God; strikes, lockouts or other employee disturbances; acts of public enemies; orders, regulations or laws of any kind of the government of the United States of America or of the State of Minnesota or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; droughts; arrests; restraint of government and people; civil disturbances; explosions, breakage or accident to machinery, transmission pipes or canals; partial or entire failure of utilities; or any other cause or event not reasonably within the control of the College. The provisions of paragraph (c) above, are subject to the further limitation that if the Default can be remedied but not within a period of thirty days after notice and if the

College has taken all action reasonably possible to remedy such default within such thirty-day period, the default shall not become an Event of Default for so long as the College shall diligently proceed to remedy such default and in accordance with any directions or limitations of time made by the Trustee. The College agrees, however, to use its best efforts to remedy with all reasonable dispatch any cause or causes preventing the College from carrying out its agreements.

Remedies on Default

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

(a) The Trustee may declare all or any amount of Loan Repayments thereafter to become due and payable for the remainder of the term of the Loan Agreement to be immediately due and payable, whereupon the same (other than the portion thereof representing interest on the Bonds not yet accrued) shall become immediately due and payable.

(b) The Trustee (or the Authority with respect to certain sections of the Loan Agreement) may take whatever action at law or in equity which may appear necessary or desirable to collect the payments then due and thereafter to become due (as they become due) or to enforce performance and observance of any obligation, agreement or covenant of the College under the Loan Agreement.

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

Amendments

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

THE INDENTURE

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

Granting Clauses

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

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

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

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

Accounts

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

Payments from Construction Account

Before any payments may be made from the Construction Account for certain Project Costs incurred or to be incurred with respect to the Grace and Cretin Residences, an Authorized Institution Representative shall certify to the Trustee and the Authority that the School of Divinity no longer has primary use of such facilities or, alternatively, bond counsel to the Authority shall furnish an Opinion of Counsel to the Trustee and the Authority that expenditure of proceeds of the Bonds on such facilities would not violate the Act or the First Amendment to the United States Constitution.

Trustee's Right to Payment

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

Covenants of the Authority

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

Events of Default

The following are Events of Default under the Indenture:

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

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

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

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

Remedies

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

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

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

Concerning the Trustee

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

Concerning the Bondholders

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

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

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

Defeasance

If the Authority and the College shall:

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

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

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

(d) surrender to the Trustee for cancellation all Bonds,

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

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

Supplemental Indentures

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

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

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

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

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

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

(f) to modify the Indenture as authorized by the Bondholders pursuant to the Indenture.

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

Section 2.09 of the Indenture with respect to Additional Bonds), or (d) a preference or priority of any Bond over any other, or (e) a reduction in the aggregate principal amount of the Bonds the Holders of which are required to consent to such supplemental indenture.

Amendments to the Loan Agreement

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

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

Registration

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

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COLLEGE OF ST. THOMAS

SAINT PAUL, MINNESOTA

AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 1988 AND 1987

BOULAY, HEUTMAKER, ZIBELL & CO.

500 Sentinel Bldg 5151 Edina Industrial Blvd. Minneapolis, MN 55435 • (612) 893-9320
2233 North Hamline Ave. St Paul, Minnesota 55113 • (612) 633-3623
TELEX: 6879034 INTER UW
TELECOPIER: 835-7296

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying balance sheets of the College of St. Thomas, a Minnesota Nonprofit Corporation, as of June 30, 1988 and 1987 and the related statement of changes in fund balances for the year ended June 30, 1988, and the related statement of current fund revenues, expenditures and other changes for the years ended June 30, 1988 and 1987. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College of St. Thomas as of June 30, 1988 and 1987 and the changes in fund balances for the year ended June 30, 1988 and current fund revenues, expenditures and other changes for the years ended June 30, 1988 and 1987 in conformity with generally accepted accounting principles.

Boulay, Heutmaker, Zibell & Co.
Certified Public Accountants

Minneapolis, Minnesota
September 21, 1988

COLLEGE OF ST. THOMAS

BALANCE SHEET

ASSETS	June 30 1988	June 30 1987
ENDOWMENT AND SIMILAR FUNDS		
Cash	$ 569	$ 637
Investments (Note 3)	73,778,409	67,733,232
Interest in Catholic Publishing Center	1,572,316	1,572,316
Total endowment and similar funds	$ 75,351,294	$69,306,185
PLANT FUNDS (Note 6)		
Unexpended:		
Investments (Note 3)	$ 9,877,406	$ 718,667
Accounts receivable	16,065	68,733
Due from other funds		585,008
Construction in progress (Note 4)	1,765,147	683,281
Total unexpended	11,658,618	2,055,689
Debt retirements, renewals and replacements:		
Bond reserve investments (Note 3)	2,236,254	1,097,356
Investments (Note 3)	2,222,673	2,301,057
Totals	4,458,927	3,398,413
Investment in plant:		
Investments (Note 3)	471,275	471,275
Bond reserve investments (Note 3)	361,000	361,000
Deferred financing costs and leasehold improvements (Note 5)	1,038,612	1,017,584
Due from other funds	2,182,249	1,125,373
Land and land investments	1,814,253	1,819,336
Building and ground improvements	68,724,624	63,409,913
Equipment and furniture	19,432,945	16,337,866
Artwork	273,362	262,611
Total investment in plant	94,298,320	84,804,958
Total plant funds	$110,415,865	$90,259,060

LIABILITIES AND FUND BALANCES	June 30 1988	June 30 1987
ENDOWMENT AND SIMILAR FUNDS		
Due to other funds	$ 4,800,230	$ 4,795,581
Fund balances:		
Endowment	34,199,193	29,963,213
Quasi-endowment	35,938,415	34,147,635
Life income	413,456	399,756
Total endowment and similar funds	$ 75,351,294	$69,306,185
PLANT FUNDS		
Unexpended:		
Accounts payable	$ 46,888	$ 65,345
Due to other funds	2,767,110	
Long-term debt (Note 6)	6,310,700	547,642
Fund balances	2,533,920	1,442,702
Total unexpended	11,658,618	2,055,689
Debt retirements, renewals and replacements:		
Accrued other	24,050	
Due to other funds	2,449,702	1,288,246
Fund balance	1,985,175	2,110,167
Totals	4,458,927	3,398,413
Investment in plant:		
Long-term debt (Note 6)	33,135,265	29,477,085
Net investment in plant	61,163,055	55,327,873
Total investment in plant	94,298,320	84,804,958
Total plant funds	$110,415,865	$90,259,060

COLLEGE OF ST. THOMAS

BALANCE SHEET

ASSETS	June 30 1988	June 30 1987
CURRENT FUNDS		
Unrestricted:		
Cash	$ 278,862	$ 275,502
Investments (Note 3)	229,999	2,891,519
Notes and accounts receivable, less allowance for doubtful accounts of $360,000 in 1988 and $398,700 in 1987	3,897,655	5,687,184
Due from other funds	6,146,305	2,501,166
Accrued interest and dividends	100,960	80,875
Inventories	1,221,668	1,281,111
Prepaid expenses and other assets	1,168,776	1,160,977
Total unrestricted	13,044,225	13,878,334
Restricted:		
Investments (Note 3)	123,633	272,000
Notes and accounts receivable	193,709	126,827
Due from other funds	1,681,843	1,853,633
Total restricted	1,999,185	2,252,460
Total current funds	$15,043,410	$16,130,794
LOAN FUNDS		
Cash	$ 76,841	$ 57,235
Loans to students	3,701,354	3,555,109
Due from other funds	6,645	18,647
Total loan funds	$ 3,784,840	$ 3,630,991

LIABILITIES AND FUND BALANCES	June 30 1988	June 30 1987
CURRENT FUNDS		
Unrestricted:		
Accounts payable and accrued liabilities	$ 7,076,871	$ 8,152,246
Students' deposits	471,923	359,418
Deferred revenue:		
Subscriptions	2,961,597	2,841,470
Tuition	2,244,430	2,268,576
Fund balance	289,404	256,624
Total unrestricted	13,044,225	13,878,334
Restricted:		
Fund balances	1,999,185	2,252,460
Total restricted	1,999,185	2,252,460
Total current funds	$15,043,410	$16,130,794
LOAN FUNDS		
Fund balances:		
National Direct Student Loan	$ 3,760,433	$ 3,607,761
Federally insured student loan	24,407	23,230
Total loan funds	$ 3,784,840	$ 3,630,991

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

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

	Year Ended June 30 1988 Unrestricted	Year Ended June 30 1988 Restricted	Year Ended June 30 1988 Total	Year Ended June 30 1987 Unrestricted	Year Ended June 30 1987 Restricted	Year Ended June 30 1987 Total
REVENUE						
Tuition and fees	$36,627,407		$36,627,407	$32,483,562		$32,483,562
State grants and contracts		$3,281,702	3,281,702		$2,706,030	2,706,030
Federal grants and contracts		1,562,648	1,562,648		1,487,685	1,487,685
Private gifts, grants and contracts	1,422,788	1,429,981	2,852,769	1,317,084	1,826,161	3,143,245
Income from investments	3,190,106	1,099,767	4,289,873	3,468,061	942,083	4,410,144
Sales and services of educational enterprises	11,114,593		11,114,593	10,436,178		10,436,178
Sales and services of auxiliary enterprises and independent operations	9,326,169		9,326,169	8,186,122		8,186,122
Other revenue	695,836	208,026	903,862	728,950	275,725	1,004,675
Total revenue	62,376,899	7,582,124	69,959,023	56,619,957	7,237,684	63,857,641
EXPENDITURES						
Educational and general:						
Instruction	14,954,656	383,588	15,338,244	13,041,100	313,266	13,354,366
Educational enterprises	9,718,829	459,776	10,178,605	9,393,030	225,874	9,618,904
Academic support	3,476,267	625,135	4,101,402	2,819,486	612,738	3,432,224
Student services	3,642,109	218,452	3,860,561	3,178,706	39,633	3,218,339
Institutional support	10,753,212	116,530	10,869,742	9,128,229	124,979	9,253,208
Operation and maintenance of plant	3,335,824	11,438	3,347,262	2,815,409	18,209	2,833,618
Student aid	3,161,117	5,111,806	8,272,923	2,750,944	4,577,797	7,328,741
St. Paul Seminary affiliation payment (Note 2)					2,500,000	2,500,000
Educational and general expenditures	49,042,014	6,926,725	55,968,739	43,126,904	8,412,496	51,539,400
Mandatory transfers:						
Principal and interest	1,850,231		1,850,231	1,789,260		1,789,260
Renewal and replacement	43,598		43,598	42,103		42,103
Total expenditures	50,935,843	6,926,725	57,862,568	44,958,267	8,412,496	53,370,763
Auxiliary enterprises and independent operations:						
Expenditures	7,889,758		7,889,758	6,875,945		6,875,945
Mandatory transfers for:						
Principal and interest	1,860,343		1,860,343	1,723,426		1,723,426
Renewal and replacement	309,875		309,875	322,921		322,921
Total auxiliary enterprises and independent operations	10,059,976		10,059,976	8,922,292		8,922,292
Total current expenditures and mandatory transfers	60,995,819	6,926,725	67,922,544	53,880,559	8,412,496	62,293,055
TRANSFERS AMONG FUNDS						
Endowment fund	(634,906)		(634,906)	(2,489,895)		(2,489,895)
Plant fund	(1,694,585)		(1,694,585)	1,208,296		1,208,296
Restricted current fund	908,674	(908,674)		(1,523,937)	1,523,937	
Student loan fund	72,517		72,517	76,996		76,996
Total transfers	(1,348,300)	(908,674)	(2,256,974)	(2,728,540)	1,523,937	(1,204,603)
NET INCREASE (DECREASE) IN FUND BALANCES	$ 32,780	($ 253,275)	($ 220,495)	$ 10,858	$ 349,125	$ 359,983

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, 1988

	Current Funds		Loan Funds	Endowment and Similar Funds	Plant Funds		
	Unrestricted	Restricted			Unexpended	Debt Retirement Renewals and Replacements	Investment in Plant
REVENUES AND OTHER ADDITIONS							
Tuition and fees	$36,627,407						
Governmental appropriations		$4,844,350	$ 114,827		$ 64,401		
Private gifts, grants, and bequests (Note 8)	1,422,788	1,429,981	34,990	$ 3,666,252	1,235,880		$ 313,150
Investment income (includes royalties of $367,416)	3,190,106	1,099,767		1,739,302	116,485	$ 277,729	
Sales and services of educational enterprises	11,114,593						
Sales and services of auxiliary enterprises and independent operations	9,326,169						
Expended for plant facilities (including $962,980 charged to current fund expenditures)							4,079,569
Retirement of indebtedness							1,616,809
Other revenue	695,836	208,026	82,742		48,323		
Total revenues and other additions	62,376,899	7,582,124	232,559	5,405,554	1,465,089	277,729	6,009,528
EXPENDITURES AND OTHER DEDUCTIONS							
Educational and general expenditures	49,042,014	6,926,725					
Auxiliary enterprises and independent operations expenditures	7,889,758					1,158	133,246
Loan cancellations and other costs			6,193				
Expended for plant facilities					2,672,118	76,719	
Retirement of indebtedness						1,616,809	
Interest on indebtedness						2,168,420	
Disposal of fixed assets							41,100
Total expenditures and other deductions	56,931,772	6,926,725	6,193		2,672,118	3,863,106	174,346
TRANSFERS AMONG FUNDS - ADDITIONS (DEDUCTIONS)							
Mandatory:							
Principal and interest	(3,710,574)					3,710,574	
Renewals and replacements	(353,473)					353,473	
Endowment funds	(634,906)			634,906			
Plant funds	(1,694,585)				2,298,247	(603,662)	
Restricted funds	908,674	(908,674)					
Student loan funds	72,517		(72,517)				
Total transfers	(5,412,347)	(908,674)	(72,517)	634,906	2,298,247	3,460,385	
NET INCREASE (DECREASE) FOR THE YEAR	32,780	(253,275)	153,849	6,040,460	1,091,218	(124,992)	5,835,182
FUND BALANCE - Beginning of Year	256,624	2,252,460	3,630,991	64,510,604	1,442,702	2,110,167	55,327,873
FUND BALANCE - End of Year	$ 289,404	$1,999,185	$3,784,840	$70,551,064	$2,533,920	$1,985,175	$61,163,055

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

COLLEGE OF ST. THOMAS

NOTES TO FINANCIAL STATEMENTS

June 30, 1988 and 1987

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

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

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

To assist in providing for future needs of capital for replacement of obsolete or worn equipment, and the renovation of existing facilities, the College has adopted a "Capital Recovery" system whereby amounts are reserved each year for future renewal and replacement of deteriorating capital investments. The amount to be reserved is based on percentages of the insured values of the buildings and contents. General Current Fund (unrestricted) expenditure accounts are charged for the amounts reserved. Disbursements for renewal and replacement are charged to the reserve account (in Plant Funds). The net amounts charged to the General Current Funds (unrestricted) were $309,723 and $316,274 in 1988 and 1987, respectively.

Fund Accounting

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Accounting - Continued

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the original principal be invested and the income only be utilized. While quasi-endowment funds have been established by the governing board for the same purposes as endowment funds, any portion of quasi-endowment funds may be expended by action of the governing board.

The College implemented a new endowment spending policy during the fiscal year ended June 30, 1988. The new policy authorized spending of up to (but not to exceed) 6% of the July 1, 1986 market value of most endowment funds. This spending limit is 4% for the year ended June 30, 1989.

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

Principles of Consolidation

The financial statements of the College include the accounts of the Catholic Publishing Center Division. All significant inter-fund balances and transactions have been eliminated. The market value of the Catholic Publishing Center Division in excess of its book value at the date of gift to the College has been recorded as an asset on the balance sheet of the Endowment and Similar funds.

Revenue Recognition

No pledges receivable have been recorded in the accompanying financial statements. Pledges are recorded when gifts are received. Pledges outstanding were approximately $10,050,000 on June 30, 1988. Receipt of these pledges is anticipate during the 1988-1990 time period.

Investments

Investments are recorded at cost, adjusted where appropriate for amortization of premiums and discounts using the straight-line method. Gifts of investments are recorded at market value at the date of acquisition.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories

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

Deferred Revenue and Prepaid Expenses

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

Plant Funds

Plant and equipment are recorded at cost. Gifts of buildings or equipment are recorded at fair market value at date of acquisition. Depreciation is not recorded.

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

Amortization of Deferred Financing Costs and Leasehold Improvements

Deferred bond costs are being amortized by means of the straight-line method over ten years or the term of the bond issue if less than ten years. Leasehold improvements are being amortized by means of the straight line method over the unexpired term of the lease.

2. AFFILIATION AGREEMENT - SCHOOL OF DIVINITY

On May 3, 1987 (retroactive to July 1, 1986), the College entered into an affiliation agreement with The St. Paul Seminary and The Archdiocese of St. Paul and Minneapolis. It was the desire of the parties involved that The St. Paul Seminary and the College affiliate for the mutual benefit of each and for the purpose of creating The St. Paul Seminary School of Divinity of The College of St. Thomas (hereinafter referred to as the "School of Divinity").

The agreement called for the payment of $2,500,000 to be made by the College to The St. Paul Seminary. In addition, the College will provide $250,000 annually to the Program Improvement Fund of The School of Divinity. In each fiscal year, a maximum of $150,000 of the above payment is to be used for supporting any operating deficit (as defined in the Affiliation Handbook) that may exist within the School of Divinity. Funds not used for the operating budget are set aside for enhancement of other School of Divinity programs.

2. AFFILIATION AGREEMENT - SCHOOL OF DIVINITY - Continued

The St. Paul Seminary transferred to the College certain real and personal property which was recorded within the Investment in Plant Fund at $4,828,687. This amount represents the approximate historical cost as reported by The St. Paul Seminary at June 30, 1986.

3. INVESTMENTS

The carrying and market values of investments owned at June 30, 1988 and 1987 consist of the following:

	1988		1987	
	Carrying Value	Market Value	Carrying Value	Market Value
Cash and equivalents	$23,455,552	$23,455,552	$14,148,388	$14,148,388
Corporate stocks	38,928,197	42,524,675	32,851,733	42,057,432
Corporate bonds	5,160,203	5,128,743	1,182,724	1,178,812
Government securities	21,294,541	20,917,088	26,818,104	25,876,773
Other	462,156	363,755	845,157	845,157
Total investments	$89,300,649	$92,389,813	$75,846,106	$84,106,562

4. CONSTRUCTION IN PROGRESS - PLANT FUND

The following projects were under construction or in the planning stage at June 30, 1988:

Project	Estimated Total Cost	Construction in Progress June 30, 1988	To Be Financed By
Murray Hall renovation	$7,000,000	$1,636,193	$6,000,000 debt financing $1,000,000 gifts and capital recovery
Biology laboratory renovation and equipment purchase	150,000		Current funds
Utility redistribution system	144,000		Current funds
Remodel Binz cafe	105,000	6,111	Current funds
Replace McCarthy Gymnasium pool filter	85,000	1,000	Current funds
Remodel chemistry facilities	80,000		Current funds
Ireland Library lighting	50,000	1,200	Current funds and government grant
Other projects	600,000	120,643	Current funds and capital recovery
	$8,214,000	$1,765,147	

5. DEFERRED FINANCING COSTS AND LEASEHOLD IMPROVEMENTS

Included in investment in plant funds at June 30, 1988 and 1987 are unamortized costs associated with various bond offerings of $739,012 and $718,503, respectively, and leasehold improvements made at the Minneapolis Campus location of $299,600 and $299,081, respectively.

6. LONG-TERM DEBT

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

	1988	1987
Dormitory Bonds, 1957, payable annually through 1997, interest at 2 7/8%, secured by Ireland and Dowling dormitory buildings and related net revenues	$ 450,000	$ 490,000
Student Union Bonds, Series 1959, payable annually through 1989, interest at 3%, secured by Murray Hall Student Union building and related net revenues	70,000	135,000
Dormitory Bonds, 1967, payable annually through 2017, interest at 3%, secured by Brady Hall building and related net revenues	805,000	820,000
Academic Building Bonds, 1969, payable annually through 2009, interest at 3%, secured by O'Shaughnessy Educational Center building	953,000	983,000
Faculty Residence Revenue Bonds, 1975, MHEFA First Mortgage Revenue Bonds, Series K, payable in annual installments through 1994, interest at 6.5% (average), secured by the Faculty Residence building	390,000	435,000
Dormitory Bonds, 1978, MHEFA Mortgage Revenue Bonds, Series U, payable annually through 2000, interest at 5.82% (average), secured by Murray Hall Dormitory and its net revenues under a second mortgage lien	520,000	545,000
Residence Hall Building Bonds, 1978, MHEFA First Mortgage Revenue Bonds, Series X, payable annually through 1999, interest at 6.47% (average), secured by John Paul II Residence Hall and its related net revenues as well as by guarantee of the College	1,650,000	1,670,000
Totals Carried Forward	$ 4,838,000	$ 5,078,000

6. LONG-TERM DEBT - Continued

	1988	1987
Totals Brought Forward	$ 4,838,000	$ 5,078,000
Contract for Deed, payable in monthly installments of $3,600 through August 1, 1992 with a balance payment of $532,000 including accrued interest on August 1, 1992, interest at 10%, secured by Grand Avenue Apartments	450,808	450,808
MHEFA Pooled Revenue Bonds, Series 1983-A payable through 1991, interest at 7.82% (average), unsecured; proceeds used to finance various projects	1,958,624	2,364,927
Mortgage payable in monthly installments of $10,681 through 1995, interest at 10%, secured by Peavey Hall	646,344	706,567
MHEFA Refunding Revenue Bonds, Series 1985-1 payable through 1993, interest at 7.19% (average), unsecured; original bond proceeds used to finance construction of the Coughlan Field House and Schoenecker Arena and additions to the Gainey Center	6,285,000	7,065,000
MHEFA Revenue Bonds, Series Two-I. Principal payments beginning in 1995 and ending in 2015, interest rate at 7.27% (average). The Bonds are unsecured; proceeds used to finance additions to Brady and Dowling Halls	5,500,000	5,500,000
Mortgage payable in monthly installments of $22,417 with a final payment of $1,976,661 in 1995, interest at 10.25%, secured by the Hazeltine Gates Building	2,320,553	2,350,034
City of Chaska, Minnesota Industrial Development Revenue Bonds, Series 1985 payable through 2010, interest at 7.82% (average), secured by an Irrevocable Letter of Credit issued by Norwest Bank Minneapolis. As a condition to the issuance of the Letter of Credit, the College has pledged as collateral certain U.S. Treasury Bonds and Notes. Proceeds used to acquire the Hazeltine Gates Building	6,130,000	6,230,000
Totals Carried Forward	$ 28,129,329	$ 29,745,336

6. LONG-TERM DEBT - Continued

	1988	1987
Totals Brought Forward	$28,129,329	$29,745,336
Mortgage payable in monthly installments of $307 through January 2007, interest at 8%, secured by Quadna townhouse	35,548	36,350
Loan payable in monthly installments of $6,958 through October 1990, 10% interest, unsecured, represents amount owed to lessor of Minneapolis Campus for leasehold improvements. If the lease is terminated prior to October 1990, the unamortized balance of the loan will be due in full	181,088	243,041
MHEFA Revenue Bonds, Series Two-O payable through 2008, interest at 7.09% (average). The Bonds are unsecured, proceeds used to finance expansion and renovation of Murray Hall and Brady Education Center; renovation of Grace and Cretin Residences, and Service Center; and acquisition of certain real estate, and computer equipment	11,100,000	
Totals	$39,445,965	$30,024,727

The College is obligated to make payments to designated bond reserve funds for most of the outstanding bonds. Some of these reserve funds are administered by the College and the remainder are handled by outside trustees.

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

Year Ending June 30	Principal and Interest	Repair and Replacement
1989	$4,616,264	$42,750
1990	4,891,408	21,750
1991	4,909,811	21,750
1992	4,909,224	21,750
1993	4,781,292	21,750

7. LIFE INSURANCE

The College capitalizes the cash surrender value of life insurance policies donated to the College. The College has been named as the beneficiary and will receive the face value of the policies upon death of the donor. The cash surrender value of these gifts has been recorded in the Endowment fund group. The cumulative face value of these policies was $1,597,152 at June 30, 1988 and $1,383,152 at June 30, 1987.

8. RETIREMENT PROGRAMS

Retirement benefits are provided for the academic staff and some administrators through Teachers Insurance and Annuity Association (TIAA), a national organization, used to fund pension benefits for education institutions. Under this arrangement, the College and plan participants make annual contributions to TIAA to purchase individual annuities equivalent to retirement benefits earned. The cost of these benefits was $690,567 and $614,841, for 1988 and 1987, respectively.

Retirement benefits are provided for the nonacademic staff under a trusteed retirement plan administered by the Archdiocese of Saint Paul and Minneapolis. Contributions are made solely by the College quarterly. Contributions, at a minimum, are to fund normal costs of benefits to be paid, actuarially computed. Contributions charged to Current Unrestricted Fund expenditures amounted to $230,728 and $203,547 for 1988 and 1987, respectively. Actuarial information for the individual participating entities is not available.

Retirement benefits are also provided for employees of the Catholic Publishing Center under a trusteed retirement plan administered by an insurance company. Contributions are made solely by the Catholic Publishing Center on an annual basis. Contributions to the plan in 1988 and 1987 were $34,636 and $23,759, respectively.

9. INCOME TAXES

The College is exempt from income taxes as provided for in the Internal Revenue Code except for certain advertising, list rental and a percentage of the Book Club Sales which have been determined to be unrelated business taxable income. The College has filed these returns and at June 30, 1987 had a net operating loss carryforward of approximately $2,700,000.

OFFICIAL BID FORM

TO: Dr. Joseph E. Labelle, Executive Director
Minnesota Higher Education Facilities Authority
Suite 450, Galtier Plaza
175 East 5th Street
Saint Paul, MN 55101

SALE DATE: April 26, 1989

RE: $4,415,000 Revenue Bonds, Series Two-S (College of St. Thomas)

For the Bonds of this Issue which shall mature and bear interest at the respective annual rates, as follow, we offer a price of $______________ (Note: This amount may not be less than $4,349,000) and accrued interest to the date of delivery.

_________% 1990	_________% 1997	_________% 2003	_________% 2009
_________% 1991	_________% 1998	_________% 2004	_________% 2010
_________% 1992	_________% 1999	_________% 2005	_________% 2011
_________% 1993	_________% 2000	_________% 2006	_________% 2012
_________% 1994	_________% 2001	_________% 2007	_________% 2013
_________% 1995	_________% 2002	_________% 2008	_________% 2014
_________% 1996			

In making this offer we accept all of the terms and conditions of the Official Terms of Offering published in the Official Statement dated April 12, 1989. In the event of failure to deliver these Bonds in accordance with the Official Terms of Offering as printed in the Official Statement and made a part hereof, we reserve the right to withdraw our offer, whereupon the deposit accompanying it will be immediately returned. All blank spaces of this offer are intentional and are not to be construed as an omission.

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

NET INTEREST COST: $__________________

NET EFFECTIVE RATE: _________ %

Account Members

____
Account Manager

BY: __________________________

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

____
Executive Director

Received good faith check for return to bidder.
SPRINGSTED Incorporated by _________

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