# FINANCE AND FACILITIES COMMITTEE
**MAY 17, 2011**
**9:30 a.m.**

**BOARD ROOM**
**WELLS FARGO PLACE**
**30 7TH STREET EAST**
**SAINT PAUL, MN**

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**Please note: Committee/Board meeting times are tentative. Committee/Board meetings may begin up to 45 minutes earlier than the times listed below if the previous committee meeting concludes its business before the end of its allotted time slot.**

Committee Chair Dan McElroy calls the meeting to order.

**(1) Minutes of April 19, 2011** (pp 1-7)
**(2) Minutes from Joint Finance and Facilities and Academic and Student Affairs Committees of April 19, 2011** (pp 8-9)
(3) Finance and Facilities Update Including Results of FY2011 Committee Goals (pp 10-13)
**(4) Proposed Amendment to Board Policy 5.12 Tuition and Fee Due Dates, Refunds, Withdrawals and Waivers (Second Reading)** (pp 14-18)
**(5) Minnesota State University Moorhead Property Surplus Declaration** (pp 19-22)
(6) Revenue Fund Sale - Normandale Community College Parking Ramp (First Reading) (pp 23-59)

<u>Members</u>
Dan McElroy, Chair
Michael Vekich, Vice Chair
Duane Benson
Cheryl Dickson
Christopher Frederick
Clarence Hightower
Phil Krinkie
James Van Houten

**Bolded** items indicate action required.

# MINNESOTA STATE COLLEGES AND UNIVERSITIES
# BOARD OF TRUSTEES
# FINANCE AND FACILITIES COMMITTEE
# MEETING MINUTES
# April 19, 2011

***Finance and Facilities Committee Members Present:*** *Dan McElroy, Chair; Trustees Duane Benson, Cheryl Dickson, Christopher Frederick, Clarence Hightower, Phil Krinkie and James Van Houten*

***Finance and Facilities Committee Members Absent:*** *Michael Vekich*

***Other Board Members Present****: Jacob Englund, Thomas Renier, Louise Sundin, Scott Thiss*

***Leadership Council Representatives Present:*** *Vice Chancellor Laura King, President Richard Davenport*

The Minnesota State Colleges and Universities Finance and Facilities Policy Committee held its meeting on April 19, 2011, 4th Floor, Board Room, 30 East 7th Street in St. Paul. Chair McElroy called the meeting to order at 8:00 am.

1. **MINUTES OF March 15, 2011**
   Trustee McElroy moved to accept the minutes of March 15, 2011 as amended (misspelling in final sentence corrected). Trustee Van Houten seconded the motion which carried with no dissent.

2. **MINUTES OF JOINT FINANCE AND FACILITIES AND HUMAN RESOURCES COMMITTEES OF MARCH 16, 2011**
   The joint minutes from March 16, 2011 were approved as published.

3. **FINANCE AND FACILITIES UPDATE** *(Information)*
   Vice Chancellor King updated the committee on the three primary goals which they had selected for FY2011. Physical plant size/priorities for the system bonding proposal will be discussed at today's meeting and the capital budget request is on track for Board consideration this spring. Resources for Results will be discussed at a joint meeting with the Academic and Student Affairs Committee today. A part of the realignment and reorganization goal has been re-branded as the "Campus Service Cooperative" to reflect more accurately the initiative's spirit and system wide strategy. Chair McElroy expressed his wish to have this goal encompass broader work.

   The Campus Service Cooperative has made progress on Financial Aid capabilities. Direct student loan processing is now being done for Pine Technical Colleges and more colleges are expected to follow. The cooperative led a workshop on Financial Aid fraud prevention with some metropolitan area colleges; identified opportunities for the cooperative to define best practices and be a resource for multiple institutions. The cooperative has made a strong start and is now processing payroll for the Office of the Chancellor, Pine Technical College, and Anoka Technical College; and launching a project with Normandale Community College to provide centralized bank reconciliation services. The Human Resources analysis of what activities are best located on campus and what activities can best be performed in the cooperative is nearly complete.

Vice Chancellor King commented that both the House and Senate have budget proposals that include substantial budget impacts on the system. Conference committees have been formed. Preliminary discussions are underway in the event of a state shut down on July 1. College and university budget planning continues and the FY2012 operating budget and tuition recommendations will be presented to the Board in June. A special public hearing and first reading of the operating budget is being proposed for early June. It is important that tuition rates be in place by July 1 since financial aid processing will be on hold until final rates are determined.

Vice Chancellor King reported that at least 9 campuses expect to be impacted in some fashion with flooding as part of the spring thaw. No campus interruption or damage has been reported yet. The Board will be informed as events unfold.

4. **PROPOSED AMENDMENT TO BOARD POLICY 5.9 BIENNIAL AND OPERATING BUDGET PLANNING AND ADMINISTRATION INCLUDING REVENUE FUND** *(Second Reading)*

Vice Chancellor King noted that the proposed amendments to Board Policy 5.9 provide clear direction to the Chancellor and the colleges and universities regarding the roles and responsibilities of all those involved in proposing and approving biennial budgets and annual all funds operating budgets. Through the course of this review, the statewide student groups met with staff several times to provide input, and campus constituency groups were given multiple opportunities to comment and suggest changes.

Trustee Van Houten suggested that language in the amendment be changed for clarity. Trustee Benson moved to amend Part 3, Subpart A of Policy 5.9 as follows: "The chancellor shall develop a system wide biennial operating budget **appropriation** request **for submission to the governor and the legislature** after consultation with constituency groups." Trustee Frederick seconded the motion which prevailed.

Trustee Dickson then moved that the Finance and Facilities Committee recommend adoption of the revised amendment. Trustee Benson seconded the motion which carried with no dissent.

**RECOMMENDED MOTION:**

The Board of Trustees approves the changes in Board Policy 5.9 as noted in Attachment A.

5. **PROPOSED AMENDMENT TO BOARD POLICY 5.11 TUITION AND FEES** *(Second Reading)*
Vice Chancellor King reported that Finance division staff began reviewing this policy in the Spring of 2010 and found that there was a need to propose amendments to current policy language and to draft proposed language to incorporate governance of the Revenue Fund . On-going conversations with the statewide student associations and the colleges and universities identified areas of concern that have been addressed in the changes proposed within this policy.

Trustee Frederick moved that Finance and Facilities Committee recommend adoption of the following motion. Trustee Benson seconded the motion which prevailed.

**RECOMMENDED MOTION**:
The Board of Trustees approves the changes in Board Policy 5.11 as noted in Attachment A.

6. **MINNESOTA STATE UNIVERSITY, MANKATO LEASE AMENDMENT** *(Action)*
Brian Yolitz, Associate Vice Chancellor for Facilities, requested approval to extend the lease at 7700 France for three years to 2016 and add space for additional demand on behalf of Minnesota State University, Mankato. The amended lease would add an additional 14,728 rental square feet for a total of 26,999 square feet, and is valued greater than $3,000,000. The site serves both undergraduate and graduate students in a variety of disciplines. The 2011 numbers are 10% higher than the university's original predictions for credit generation at 7700 France when the original lease was established, and the university is projecting continued upward trajectory of at least 10% per year. President Davenport reported that more programs will be delivered at the site and he is confident of success.

Trustee Van Houten moved that Finance and Facilities Committee recommend adoption of the following motion. Trustee Frederick seconded the motion which carried with Trustee Krinkie dissenting.

**RECOMMENDED MOTION**:
The Board of Trustees approves amending the current lease at 7700 France Avenue, Edina, Minnesota, and adding approximately 14,128 rentable square feet, consistent with the business terms as contained in Attachment A and B, subject to final approval of the lease terms by the Chancellor or his designee.

Note: This motion was later revised at the Board of Trustees meeting to correct a typographical error. "The Board of Trustees approves amending the current lease at 7700 France Avenue, Edina, Minnesota, and adding approximately ~~14,128~~ **14,728** rentable square feet, consistent with the business terms as contained in Attachment A and B, subject to final approval of the lease terms by the Chancellor or his designee."

7. **PROPOSED AMENDMENT TO BOARD POLICY 5.12 TUITION AND FEES DUE DATES, REFUNDS, WITHDRAWALS AND WAIVERS** *(First Reading)*

Colin Dougherty, Associate Vice Chancellor for Finance, commented that the amendment of twelve words within Policy 5.12 belies the benefit for the system and students and adds additional efficiencies. "Single bill-single payment" is a project introduced by the Students First initiative. A management team and work group has been reviewing and discussing the pertinent business practices, technology, and System policies and procedures since 2009.

The group, made up of student association, college, and university staff, found that the absence of a common due date structure has created confusion for students that attend classes at multiple colleges and universities. In order to align key payment related dates, there is a need to propose amendments to current policy language to ensure the adoption of a common framework for key payment due dates. The alignment of key dates will be of particular benefit to those students attending multiple institutions.

Pending approval of the proposed policy amendments, system procedure modifications that will define the framework for key payment related dates will be sent to the colleges, universities and the statewide student associations for review and final commentary.

This is the first reading of the proposed policy amendment. The second reading is scheduled for May.

8. **BOARD GOAL: PHYSICAL PLANT AND BUDGET REQUEST SIZING (***Information)*

Brian Yolitz, Associate Vice Chancellor for Facilities, presented a comprehensive review of the of the system's plant size as compared to other states, enrollment trends, history, debt capacity and capital budgeting outlook for FY2012. He noted that the majority of the system's facilities were built in the late 1960's and 1970's which makes the average age on square footage basis 40 years old. The current replacement value of the system's facilities is $6.9B. Due to limited budgets and staff the maintenance backlog is $750M.

While enrollment has grown approximately 37% in the last decade, the system's owned space has grown only 12%. Mr. Yolitz provided several charts that show the system is not overbuilt in terms of distance traveled and population served compared to the states of South Dakota, North Dakota, Iowa, Wisconsin and Tennessee. Space utilization in the metropolitan area is in the 90% range. Online courses are not displacing on-campus FYE. Online enrollees are often on campus for other courses or to use the technology available at the campus.

Mr. Yolitz reported that it would take an investment of $200-$300M per biennium to maintain and renew the current facilities and meet capacity demands. The campus investment goal for academic spaces ($1 per square foot) results in roughly $25M annually since 2004. The capital program investment generally spends 60% on renovation versus 40% for new construction. National capital investment averages 75-80% on new construction. The debt capacity for the system shows slow growth over time and is conservative.

The likelihood of a capital bonding bill in FY2011 is in question. Economic conditions in the design and construction sectors and in the financial markets make now one of the best times to pursue construction work. If a FY2011 bonding bill is not enacted the Chancellor is considering the proposal of a FY2012-2016 capital budget request that totals about $350M in capital requirements ($110M for HEAPR and $240 M for capital projects). The request would follow the Board approved FY2012 Guidelines which give priority to deferred maintenance and renewal of existing spaces; better utilization of existing facilities to meet academic and workforce needs through space realignment, reconfiguration, and demolition; and supports new projects that show a need for science space and student population growth, particularly in the metro area. Subsequent committee discussion indicated general support for the planning parameters outlined in the report. Trustees are interested in an emphasis on HEAPR work, focus on renovation over new construction, and targeted mission central investments.

Staff will return to the Board in June with a final FY2012-FY2016 program recommendation. The Board's recommendation to the Governor is due to Minnesota Management and Budget by the end of June, 2011.

9. **COLLEGE AND UNIVERSITY FINANCIAL PERFORMANCE** *(Information)*
Colin Dougherty, Associate Vice Chancellor for Finance, presented additional information for the 36 individual colleges and universities based on data from the 2010 financial statements. He commented that as a system the financial condition is remarkable and has overcome a $10M deficit in FY2009 to have a $57M surplus in FY2010.

Net assets increased $179.6 million or 11.6 percent; this increase was due to FY 2010 capital asset investments, along with the strong net income for the year. Individual colleges and universities varied for this measurement. The top quadrant institutions had net asset increases between 20-35%, the second quadrant had increases between 13-18%, the third quadrant had increases between 9-13%, and the bottom quadrant had between an 8% increase and 4 % decrease in net assets. Hibbing Community College is the only college with a decrease in net assets.

The Composite Financial Index (CFI) based on primary reserve, viability, net operating revenue and return on net assets is used as a key metric for monitoring financial performance of each college and university. Colleges and universities incorporate CFI and other measures as deemed pertinent, including non-financial information, to prepare an annual "Financial Trends and Highlights" presentation. Audited colleges and universities present this annual assessment to the Vice Chancellor- CFO, as part of the external audit exit meeting. Colleges not subject to external audit, present the same assessment at one of several meetings with the Vice Chancellor-CFO, where college leadership for 3 – 5 colleges plus system office finance personnel meet using a round-table discussion format. Mr. Dougherty noted that these presentations have proven to be good learning and sharing opportunities.

The FY2010 system consolidated CFI of 2.89 improved from the FY2009 CFI of 1.87. There is considerable variability in individual CFI financial ratio values across the 36 colleges and universities.

Three colleges had a CFI below 1 (Hibbing Community College, Fond du Lac Tribal and Community College, and Alexandria Technical College). All three of these colleges had a CFI above one in the prior fiscal year, which is something the Higher Learning Commission takes into consideration. Negative unrestricted net assets generally indicate a college or university has experienced ongoing operating deficits. The three colleges all had modest enrollment growth.

Four colleges had a CFI above 5 (Rainy River Community College, Hennepin Technical College, Dakota County Technical College and North Hennepin Community College). Karen Kedrowski, Vice President for Finance and Administration at the Northeast Higher Education District, noted that Rainy River Community College reduced their staff which resulted in a 20% drop in compensation costs which greatly improved their CFI. Hennepin Technical College, Dakota County Technical College and North Hennepin Community College all had double digit enrollment growth and manageable debt service levels.

The key drivers which affect a college or university's CFI are enrollment, employee compensation, year to year changes in federal, state and private grants as well as capital bonding projects, and unplanned or unforeseen events. A new financial health and compliance indicator procedure has been developed, approved and implemented for FY11. The procedure looks at short-term and long-term metrics and if a college or university is triggered Finance Division staff work with the institution on an action plan that is meaningful and not just an extra burden on campus staff.

Mr. Dougherty concluded by commenting that the Minnesota State Colleges and Universities System maintained a relatively strong financial position in FY2010. The majority of the 36 colleges and universities also maintained strong financial positions in fiscal year 2010.

The colleges and universities face anticipated state appropriation reductions coupled with pressure to limit tuition increases which will likely lead to significant budget challenges in future fiscal years. Collective bargaining agreements and anticipated increases in insurance premiums will also add to the challenges that colleges and universities will need to address to maintain strong financial management.

Past performance reflects the strong financial management exercised both by the system and the colleges and universities leadership teams as well as the continued strong investment in capital assets. The system and the college and university leadership teams will continue to maintain their focus on short and mid-term strategic and financial planning and aggressive cost management to deliver efficient and effective services to our students.

Chair McElroy recessed the meet at 11:00 a.m.

Respectfully submitted,
Nancy Lamden, Recorder

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**
**BOARD OF TRUSTEES**
**JOINT COMMITTEE MEETING OF ACADEMIC AND STUDENT AFFAIRS**
**AND FINANCE AND FACILITIES**
**MEETING MINUTES**
**April 19, 2011**

***Committee Members Present:*** *Trustees Duane Benson, Cheryl Dickson, Christopher Frederick, Clarence Hightower, Phil Krinkie, Dan McElroy, Tom Renier, Louise Sundin, and James Van Houten*

***Others Present:*** *Board Chair Scott Thiss, Trustees Jacob Englund and Thomas Renier and Vice Chancellor Laura King, Interim Vice Chancellor Scott Olson, President Sue Hammersmith and President Richard Davenport*

*Committee Members Absent: Christine Rice, David Paskach and Michael Vekich,*

The Minnesota State Colleges and Universities Board of Trustees held a joint meeting of the Academic and Student Affairs and Finance and Facilities Committees on April 19, 2011, at Wells Fargo Place, 4th Floor, Board Room, 30 East 7th Street in St. Paul. The Academic and Student Affairs Committee Vice Chair Duane Benson called the meeting to order at 11:00 a.m.

**1. RESOURCES FOR RESULTS** *(Information)*

Vice Chancellor King began the discussion by noting that the Board of Trustees directed the Chancellor to develop a proposal to allocate a portion of the system's state appropriations to colleges and universities on the basis of their performance**.** Since late summer 2010, the ASA and Finance Leadership Council Committees and Allocation Framework Technical Advisory Committee have been formally involved in reviewing development of Resources for Results.

Leslie Mercer, Associate Vice Chancellor: System Research, Planning and Effectiveness and Craig Schoenecker, System Director for Research detailed the progress made on the proposal. Consistent with the Board's January discussion, Resources for Results is being designed to recognize achievement on two types of measures: student success (persistence, transfer and completion), and the number of degrees and other awards conferred.

The Student Success Measure (persistence and completion rate) would track cohorts of undergraduate regular and transfer students from their initial fall term of entry to the following (second) fall. Students would be counted as successful if they remain enrolled, have graduated or are enrolled in another institution (within MnSCU or at another U.S. institution) the second fall following entry. This measure is now reported on the system Accountability Dashboard.

The Completion Measure (graduate to degree-seeking headcount ratio) would measure graduates who earned any award—certificates, diplomas, and associate, bachelor's and graduate degrees—granted by colleges and universities. To recognize the lag between enrollment changes and changes in the numbers of graduates produced, the number of graduates who earned one or more awards in a given year would be compared to the college or university credit degree-seeking headcount in an earlier year.

Ms. Mercer noted that adjustments in the measures may be needed to recognize the success and completion of underrepresented students. Vice Chancellor King remarked that it is her goal to keep the model as simple as possible while seeking measures that cover a range of unique missions among the colleges and universities.

Vice Chancellor King reported that one percent of the system's appropriation or approximately $5M would be set aside for each college and university to earn back. She recommended however that the Resources for Results project be delayed until FY2013 at least. The legislature is very likely to decrease the system's appropriation for FY2012. The Leadership Council seeks time to absorb the reductions before new data measurements are instituted. In addition, the program would have a better chance for success if implemented after the larger adjustment expected in FY2012. The Leadership Council supports the delay to implement as does the Chancellor. Chancellor McCormick remarked that staff developed the Resources for Results model in response to the Board's request for bold ideas.

Presidents Hammersmith and Davenport also expressed concern about having 1% of their budgets designated for the program in such a difficult budgeting environment. Vice Chair Benson expressed the Committee's view that staff should continue to develop the concept but that implementation would be a question of better timing. Vice Chancellor King noted that on the basis of feedback today the Resources for Results will not be brought to the Board of Trustees in May for implementation as part of the FY2012 college and university operating budget.

The Committee also discussed HF1101, the omnibus higher education funding bill, which was adopted by the state House of Representatives. If enacted into law, the bill would implement performance-based funding that incorporates similar provisions to the design of Resources for Results currently under development in the Office of the Chancellor. The performance-based funding provisions of HF 1101 would make release of a portion of the system appropriation contingent on achievement of specified goals. To earn the performance-based appropriation, three out of the five performance goals would need to be achieved. Although it is highly likely the system could meet the goals, several trustees expressed concern about the legislation. Mary Davenport, Director of Government Relations, noted that the message to legislators has consistently been that the Board of Trustees should have the authority to govern the system and there should be no language of this type.

Trustee Benson adjourned the meeting at 12:00 noon.

Respectfully submitted,
Nancy Lamden, Recorder

## MINNESOTA STATE COLLEGES AND UNIVERSITIES
## BOARD OF TRUSTEES

### Agenda Item Summary Sheet

**Committee:** Finance and Facilities **Date of Meeting:** May 17, 2011

**Agenda Item:** Finance and Facilities Update Including Results of FY2011 Committee Goals

☐ Proposed Policy Change ☐ Approvals Required by Policy ☐ Other Approvals ☐ Monitoring

☒ Information

**Cite policy requirement, or explain why item is on the Board agenda:** The purpose of this Board report is to report on the outcome for the goals which were adopted by the Finance and Facilities Committee.

**Scheduled Presenter(s):** Laura M. King, Vice Chancellor - Chief Financial Officer

**Outline of Key Points/Policy Issues:** The committee adopted three goals at their September 2010 meeting for attention in 2011. The goals are 1) study physical plant size and incorporate policy guidance in the 2012 capital budget proposal, 2) implement “Resources for Results” into the college and university funding environment and 3) advance the Board’s commitment to realignment and reorganization.

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**
**BOARD OF TRUSTEES**

## INFORMATION ITEM

### Finance and Facilities Update Including Results of FY2011 Committee Goals

The Finance and Facilities Committee adopted three goals for attention in 2011. Following is a detailed outline of the activities and deliverables for each adopted goal. The work has been incorporated into the division's larger work plan and added to the project tracking for Committee presentation. Some of the deadlines below are internal deadlines and others will prompt a presentation at the committee and potentially a request for committee action. Committee presentation dates are shown in the "Targeted Completion" column in bold.

| Goal/Outcome | Activity | Outcome Measure | Targeted Completion |
|---|---|---|---|
| 1. Study physical plant size and incorporate policy guidance in 2012 capital budget proposal | • Physical Plant Analysis<br>• Facility Utilization Analysis<br>• Academic Program and Initiative Assessment<br>• Scenario Development<br>• Scoring/Advisory Team Process<br>• Proposed FY2012-2017 Capital Budget request submission<br>• Recommendations on system structure/academic arrangements<br>• Recommendations on policy/ procedure/guidance and legislative adjustments | • Guidance for FY2012-2017 capital budget formation<br>• Policy changes regarding campus facilities planning<br>• Recommendations regarding realignment strategies | • November-December 2011-completed<br>• January 2011-completed<br>• May/June 2011<br>• February 2011-incorporated into FY2012 capital recommendations<br>• February 2011 - completed |

| | | | |
|---|---|---|---|
| 2. Implement "Resources for Results" into the college and university funding environment | • Analyze relationship with the Allocation Framework<br>• Identify funding options<br>• Agree upon type of outcome measure(s) - progress, completion or both<br>• Specify outcomes for inclusion after reviewing the advantages, disadvantages and other states' experiences<br>• Recommend implementation timetable | • Design of method incorporated into allocation framework<br>• Identification of funding sources and level<br>• Agreed upon progress and/or completion outcomes<br>• Implementation timetable | • September 2010- completed<br>• October 2010 - completed<br>• December 2010 - completed<br>• June 2011- April Board direction to implement no sooner than FY2013 |
| 3. Advance the Board's commitment to realignment and reorganization | • <u>Shared Services</u> – establish the strategy, plan, and cost-benefit analysis for efficient and transformational delivery of services throughout the MnSCU system.<br><br>***Note**: the Finance and Facilities Committee of the Board reviewed and endorsed the overall project plan in April 2010.* | • Launch pilots and demonstration projects (e.g., payroll processing); and develop road map for ideas<br>• Establish incubation space for defining best practices and process re-engineering<br>• Complete foundational technology enhancements for initial shared services efforts (state payroll interface and student loan automation). Update the Board on overall project.<br>• Formalize sourcing best practices through shared services (i.e., Collaborative Sourcing Group)<br>• Begin operation of first Campus Service Center (CSC) driven by core metrics focused on cost, productivity, quality, and service levels to campus clients | • December 2010<br>• January 2011<br>• May 2011 – pending<br>• May 2011- strategic plan completed<br>• June 2011 – May 2011 occupancy |

The FY2011 workplan for the committee's three goals has been completed. All of the goals will generate new work in FY2012 as policies and procedures are refined and implemented. It is recognized that additional effort is warranted in the area of physical plant alignment and organizational realignment and reorganization. The staff is consulting with the chancellor designate in the development of the FY2012 plan and will be back to the committee for more discussion in the fall.

*Date Presented to the Board of Trustees: May 18, 2011*

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**
**BOARD OF TRUSTEES**

**Agenda Item Summary Sheet**

**Committee:** Finance and Facilities **Date of Meeting:** May 17, 2011

**Agenda Item:** Proposed Amendment to Board Policy 5.12 Tuition and Fees Due Dates, Refunds, Withdrawals and Waivers – *Second Reading*

[x] Proposed Policy Change
[ ] Approvals Required by Policy
[ ] Other Approvals
[ ] Monitoring
[ ] Information

**Cite policy requirement, or explain why item is on the Board agenda:** Changes to Board policies require approval by the Board of Trustees.

**Scheduled Presenter(s):** Laura King, Vice Chancellor and Chief Finance Officer
Colin Dougherty, Associate Vice Chancellor for Finance

**Outline of Key Points/Policy Issues:** The absence of a common due date structure has created confusion for students that attend classes at multiple colleges and universities. In order to align key payment related dates, there is a need to propose amendments to current policy language to ensure the adoption of a common framework for key payment due dates.

Pending approval of the proposed policy amendments, system procedure modifications will define the framework for key payment related dates.

**Background Information:** Single bill-single payment is a project introduced by the Students First initiative. A management team and work group has been reviewing and discussing the pertinent business practices, technology, and System policies and procedures since 2009. Substantial progress has been made regarding a common framework which benefits students and provides flexibility to each college and university.

Second Reading

**BOARD OF TRUSTEES**
**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**BOARD ACTION**

**Proposed Amendment to Board Policy 5.12 Tuition and Fees Due Dates, Refunds, Withdrawals and Waivers**

## BACKGROUND

Single bill-single payment is a project introduced by the Students First initiative. A management team and work group has been reviewing and discussing the pertinent business practices, technology, and System policies and procedures since 2009.

The group, made up of student association, college, and university staff, found that the absence of a common due date structure has created confusion for students that attend classes at multiple colleges and universities. In order to align key payment related dates, there is a need to propose amendments to current policy language to ensure the adoption of a common framework for key payment due dates.

Pending approval of the proposed policy amendments, system procedure modifications that will define the framework for key payment related dates will be sent to the colleges, universities and the statewide student associations for review and final commentary. Substantial progress has been made regarding a common framework which benefits students and provides flexibility to each college and university.

## CONCLUSION

As a result of these on-going conversations, the following changes to Board Policy 5.12 are proposed:

- Reorganize and modify existing language for clarity and to reflect common formatting conventions used throughout Board policies;
- Remove language stating System colleges or universities shall establish a due date for final payment of tuition and fees;
- Add language stating that System Colleges and Universities must follow the tuition and fees payment due date framework defined in System procedure 5.12.3.

## RECOMMENDED COMMITTEE ACTION:

The Facilities/Finance Policy Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees approves the changes in Board Policy 5.12 as noted in Attachment A.

## RECOMMENDED MOTION:

The Board of Trustees approves the changes in Board Policy 5.12 as noted in Attachment A.

*Date Presented to the Board of Trustees: May 18, 2011*

**BOARD OF TRUSTEES**
**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

| **BOARD POLICY** | **5.12** |
|---|---|
| Chapter 5 | Administration |
| Section 5.12 | Tuition and Fee Due Dates, Refunds, Withdrawals and Waivers |

**Part 1. Authority.** Minnesota Statute 136F.06, Powers and Duties, state that the Board of Trustees shall set tuition and fees and adopt suitable policies for the institutions it governs.

**Part 2. Policy Statement.**
**Subpart A. Tuition and Fee Due Date.** Colleges and ~~or~~ universities ~~shall~~ must follow the tuition and fees payment due date framework as defined in procedure 5.12.3. ~~establish a due date for final payment of tuition and fees.~~ Colleges and universities shall drop all classes for students who have not paid in full, do not have a financial aid deferment, or have not established a payment plan. Colleges and universities shall grant an extension of the payment due date for students who have filed and are awaiting properly approved financial aid from federal, state or other third-party sources.

The president or designee may grant short-term tuition and fee payment deferrals in cases where, due to exceptional circumstances, a student needs additional time to arrange third-party financing or otherwise satisfy a tuition and fee balance due. Deferrals must document the reason for and time duration of the deferral and must be signed by the president or designee.

**Subpart B. Payment Plans.** Colleges and universities shall provide payment plans for students, permitting them to pay their tuition and fees after the due date provided the minimum first payment amount is paid as defined in procedure 5.12.5. Colleges and universities shall assess a payment plan fee for internal payment plans to cover the costs of processing payments consistent with this policy.

**Subpart C. Refunds for Dropped Classes.** Students are entitled to have the opportunity to attend one class session for each registered, for-credit course, without obligation. Subject to the refund for full withdrawal provision of Subpart D, students are financially obligated for any classes dropped after the fifth business day of the term, or one business day after the first class session, whichever is later. For purposes of this policy, business days are defined as Monday through Friday (excluding posted holidays).

If a student is financially obligated for a dropped class, the student may petition the college or university to apply the amount of the tuition and/or fees for the dropped class to the cost of an added class for the current term.

For courses less than three weeks in length, the colleges and universities shall establish the no-obligation drop-and-refund period of no more than one business day after the first class session for each ~~registered,~~ for-credit course.

**Subpart D. Refunds for Withdrawals.** Upon expiration of the no-obligation period defined in Subpart C ~~above~~, colleges and universities shall refund tuition and fees for students who totally withdraw from for-credit courses in accordance with the following schedules:

1. Fall and Spring Academic Terms

| **Withdrawal Period** | **Refund %** |
|---|---|
| 1st through 5th business day of term | 100 |
| 6th through 10th business day of the term | 75 |
| 11th through 15th business day of the term | 50 |
| 16th through 20th business day of the term | 25 |
| After 20th business day | 0 |

2. Summer sessions and other terms at least three weeks but less than ten weeks in length.

| **Withdrawal Period** | **Refund %** |
|---|---|
| 1st through 5th business day of term | 100 |
| 6th through 10th business day of the term | 50 |
| after the 10th business day of the term | 0 |

3. Class terms less than three weeks in length.

| **Withdrawal Period** | **Refund %** |
|---|---|
| 1st business day of term | 100 |
| 2nd and 3rd business day of term | 50 |
| after the 3rd business day of term | 0 |

**Subpart E. Waivers.**
The president may waive amounts due to the college or university for the following reasons:

1. Employee benefit provided by a collective bargaining agreement
2. Death of a student
3. Medical reasons
4. College error
5. Employment related condition
6. Significant personal circumstances
7. Student leader stipends
8. Course conditions (A course condition exists when the location or timing of the course results in the student not being able to use the services intended by a fee.)
9. Resident hall fees
10. Natural disasters or other situations beyond the control of the campus

The president may waive amounts due to the college or university for individual institutional waivers as approved by the Board.

Each college or university shall define the terms under which any authorized waiver will be granted. The college or university must document the reason for all waivers. The college or university cannot waive the MSUSA or MSCSA student association fee.

Colleges and universities shall, in consultation with students, develop guidelines to implement this policy. These guidelines must be available to students.

**Part 3. Accountability/Reporting.**
Colleges and universities shall maintain records on refunds, drops, withdrawals, nonattendance, and waivers to ensure accountability and accurate reporting in accordance with applicable procedures.

*Date of Implementation: 08/15/07*
*Date of Adoption: 06/21/00*
*Date and Subject of Revision:*
*05/XX/11 – Amended Part 2, Subpart A requiring colleges and universities must follow the tuition and fees payment due date framework as defined in procedure 5.12.3.*
*08/15/07 - Amended Part 2, Subpart B requiring colleges and universities to assess a payment plan fee for internal payment plans to cover the costs of processing payments*
*08/15/06 - Amended Part 2, Subpart A requiring colleges and universities to drop classes for students who have not paid in full, Amended Part 2 Subpart B requiring students to pay the minimum first payment amount for the plan to avoid drop for nonpayment requirements (see July 20, 2005 Board Meeting minutes).*
*07/20/05 - Changed the title to include Tuition and Fee Due Dates. Amended Part 2, Added Subpart A to allow presidents to grand tuition and fee deferrals in certain circumstances. Added Subpart B requiring colleges and universities to provide payment plans permitting students to pay tuition and fees. Amended Subpart C obligating students financially for classes dropped after the fifth business day of the term. Amended Subpart D changing “class day” to “business day” and defines schedule for refunds for withdrawals. Amended Part 3 requiring colleges and universities to maintain records on drops, nonattendance and waivers (effective 8/15/05)*
*Amended Part 2, Subpart A requiring colleges and universities to drop classes for students who have not paid in full, Amended Part 2 Subpart B requiring students to pay the minimum first payment amount for the plan to avoid drop for nonpayment requirements (effective 8/15/06)*
*Amended Part 2, Subpart B requiring colleges and universities to assess a payment plan fee for internal payment plans to cover the costs of processing payments (effective 8/15/07)*
*06/18/03 – add new Part 1, Authority, renumbers remaining parts*
*06/21/00 - Contains language formerly in Board policy 5.8; new language in Part 1, Subpart C allows President to waive amounts due for individual institutional waivers; adds new Part 2, Accountability/Reporting.*

# MINNESOTA STATE COLLEGES AND UNIVERSITIES
# BOARD OF TRUSTEES

## Agenda Item Summary Sheet

**Committee:** Finance and Facilities **Date of Meeting:** May 17, 2011

**Agenda Item:** Minnesota State University Moorhead Property Surplus Declaration

- [ ] Proposed Policy Change
- [x] Approvals Required by Policy
- [ ] Other Approvals
- [ ] Monitoring
- [ ] Information

**Cite policy requirement, or explain why item is on the Board agenda:** The Board must declare real property surplus consistent with Minnesota Statute §136F.60, Subd. 5.

**Scheduled Presenter(s):** Laura M. King, Vice Chancellor – Chief Financial Officer
Brian Yolitz, Associate Vice Chancellor Facilities

**Outline of Key Points/Policy Issues:** The purpose of this request is to seek Board of Trustees surplus designation of the single family residential property at 1340 6th Street South, Moorhead, Minnesota.

**Background Information:** Minnesota State University Moorhead originally purchased this single-family residential property from the Minnesota State University Moorhead Foundation in April 2007. The university now seeks to sell the property, as it no longer fits with the campus master facilities plan. The appraised value is $128,000.

**BOARD OF TRUSTEES**
**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

## BOARD ACTION

### Minnesota State University Moorhead Property Surplus Declaration

The Board is asked to declare the single-family residential property located at 1340 6th Ave South, Moorhead, Minnesota as “surplus” and authorize the property for sale consistent with Minnesota Statute §136F.60, Subd. 5, Sec. 1. See **Attachment A** for the location of the property (identified by white arrow) in relationship to the university.

## BACKGROUND

Minnesota State University Moorhead originally purchased this single-family residential property from the Minnesota State University Moorhead Foundation in April 2007 for $75,500 using its operating funds, after several years of leasing it from the Foundation. The property’s interim use had been as temporary office space for the Alumni Foundation for use as a call center, an office for capital project owner’s representatives, as well as storage. The long range plan had been to demolish the house and construct a parking lot.

In 2010, the university completed its Comprehensive Facilities Master Plan update, which called for targeted demolition of the remaining single family residential properties within the campus boundaries, primarily clustered along its westerly side, and convert the parcels to additional surface parking. After further review, the campus determined that the subject residential property is not a good candidate for conversion to surface parking, as it is surrounded by single-family housing and would not fit the city’s current zoning classification for the site. To that end, the university is asking the Board to declare the property surplus.

After the Board declares a parcel of real property “surplus,” the property is offered for sale at appraised value to the city, county, and school district in the jurisdiction where the property is located. The appraised value is $128,000. After exploring preliminary interest among governmental entities, no local jurisdiction has expressed an interest in purchasing the property. Pending the surplus action, the university intends to advertise the property using a sealed bid process. Given the proximity to campus, the university expects there to be a fair amount of interest in this offering.

## RECOMMENDED COMMITTEE ACTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion.

The Board of Trustees approves the designation as surplus and authorizes for sale the residential property located at 1340 6th Ave South, Moorhead, Minnesota, and directs the

Chancellor or his designee to execute all necessary documents and fulfill the processes necessary to complete the conveyance in compliance with the above terms and conditions.

**RECOMMENDED MOTION:**

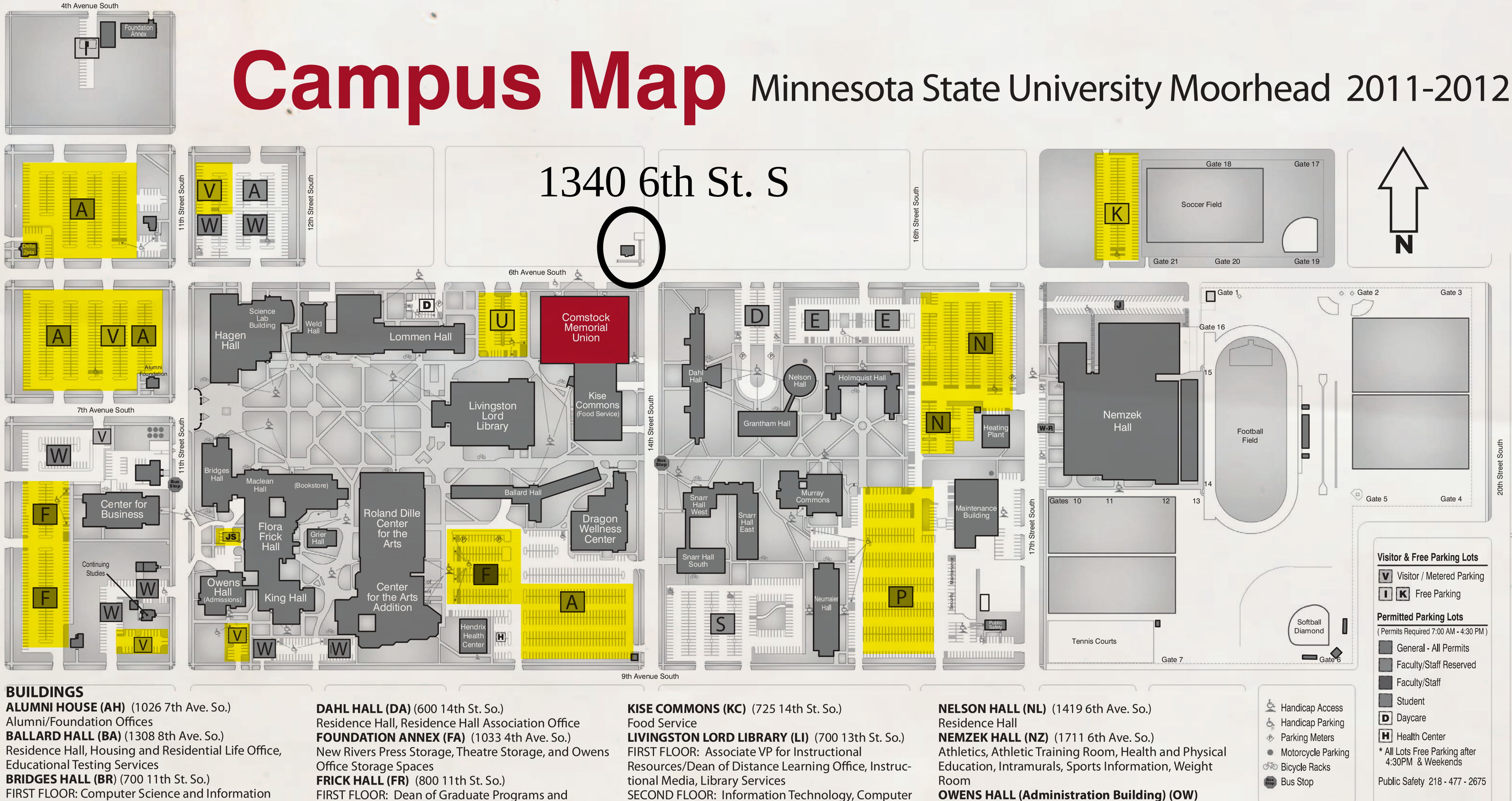
The Board of Trustees approves the designation as surplus and authorizes for sale the residential property located at 1340 6th Ave South, Moorhead, Minnesota, and directs the Chancellor or his designee to execute all necessary documents and fulfill the processes necessary to complete the conveyance in compliance with the above terms and conditions.

*Date Presented to the Board of Trustees: May 18, 2011*

# Campus Map Minnesota State University Moorhead 2011-2012

Attachment A

1340 6th St. S




## BUILDINGS

**ALUMNI HOUSE (AH)** (1026 7th Ave. So.)
Alumni/Foundation Offices
**BALLARD HALL (BA)** (1308 8th Ave. So.)
Residence Hall, Housing and Residential Life Office, Educational Testing Services
**BRIDGES HALL (BR)** (700 11th St. So.)
FIRST FLOOR: Computer Science and Information Systems, Planetarium, TOCAR Office, Women's Center
SECOND FLOOR: Dean of Arts and Humanities, Study Abroad, Counseling and Personal Growth Center
THIRD FLOOR: Philosophy, Psychology
**PUBLIC SAFETY SUBSTATION (PS)** (1616 9th Ave. So.)
Public Safety, Parking, Moorhead Police Department Substation
**CENTER FOR BUSINESS (CB)** (721 11th St. So.)
FIRST FLOOR: Dean of Business & Industry, Small Business Development Center
SECOND FLOOR: School of Business, Paralegal
**COMSTOCK MEMORIAL UNION (CU)** (615 14th St. So.)
BASEMENT: The Underground
LOWER LEVEL: CMU Main Office/Event Services, Rec and Outing Center, Career Services/Disability Services, Multi-Cultural Affairs, Affirmative Action, Student Senate, KMSC Radio, The Advocate, Hot Heads Salon, Etcetera Shop, Copies Plus/Printing Services, Affinity Plus Credit Union, Union City Cafe
MAIN LEVEL: The Compass/Information Center, The Rainbow Dragon/GLBTQA Office, Main Lounge, Subs and Sweets
SECOND FLOOR: Ballroom, Conference/Meeting Rooms, Dragon Entertainment Group/Dragons After Dark office, Homecoming, International Programs Office/International Students Office, Office of Student Activities, First Year Programs Office

**DAHL HALL (DA)** (600 14th St. So.)
Residence Hall, Residence Hall Association Office
**FOUNDATION ANNEX (FA)** (1033 4th Ave. So.)
New Rivers Press Storage, Theatre Storage, and Owens Office Storage Spaces
**FRICK HALL (FR)** (800 11th St. So.)
FIRST FLOOR: Dean of Graduate Programs and Summer Academic Program/Dean of University College Office, Academic Resources Office (ARO), Publications, Connecting Link—Dragon Stop & Café Connection
SECOND FLOOR: Mass Communications Classrooms and Faculty Offices
**GRANTHAM HALL (GN)** (1415 6th Ave. So.) Residence Hall
**GRIER HALL (GR)** (800 12th St. So.)
Speech Language Hearing Sciences
**HAGEN HALL (HA)** (600 11th St. So.)
FIRST FLOOR: Dean of Social and Natural Sciences, Regional Science Center Office
SECOND FLOOR: Technology Department, Classrooms
THIRD FLOOR: Physics & Astronomy
FOURTH FLOOR: Biosciences and Chemistry
**HEATING PLANT (HP)** (703 17th St. So.)
**HENDRIX HEALTH CENTER (HH)** (1308 9th Ave. So.)
**HOLMQUIST HALL (HO)** (621 16th St. So.)
Residence Hall, American Indian Student Association Office, and during Fall Semester—temporary offices of School of Teaching and Learning, and Sociology and Criminal Justice Departments
**JOHN NEUMAIER HALL (JN)** (1510 9th Ave. So.)
Resident Apartment Complex
**KING HALL (KH)** 1120 9th Ave. So.)
Anthropology/Earth Sciences; Art Classrooms and Faculty Offices

**KISE COMMONS (KC)** (725 14th St. So.)
Food Service
**LIVINGSTON LORD LIBRARY (LI)** (700 13th St. So.)
FIRST FLOOR: Associate VP for Instructional Resources/Dean of Distance Learning Office, Instructional Media, Library Services
SECOND FLOOR: Information Technology, Computer Labs, Curriculum Center
THIRD FLOOR: Books, Group Study Spaces
FOURTH FLOOR: Books, Group Study Spaces, Archives
**LOMMEN HALL (LO)** (1213 6th Ave. So.)
Original (east portion)—Starting Spring Semester: Dean of Education and Human Services, School of Teaching and Learning, Social Work and Counseling, Sociology and Criminal Justice, Classrooms
Addition (west portion)—Write Site, Early Education Center (Preschool), Classrooms
**MACLEAN HALL (MA)** (1128 8th Ave. So.)
FIRST FLOOR: Women's Studies, Bookstore, Custodial Services, Dragon Stop Convenience Store—moving to Flora Frick Hall during Fall semester; Post Office
SECOND FLOOR: Languages and Cultures, Mass Communications
THIRD FLOOR: Economics/Political Science, History, Mathematics
**MAINTENANCE BUILDING/PHYSICAL PLANT (MB)** (709 17th St. So.) Buildings and Grounds, Motor Pool, Physical Plant, Receiving, Scheduling, Trades' Shops
**MURRAY (MU)** (1500 8th Ave. So.)
Building Services; Corrick Center for Multidisciplinary Studies; Nursing; Vending; Dean of Education and Human Services—moving to Lommen Hall Spring Semester; Regional Assistive Technology Center (RATC) Offices

**NELSON HALL (NL)** (1419 6th Ave. So.)
Residence Hall
**NEMZEK HALL (NZ)** (1711 6th Ave. So.)
Athletics, Athletic Training Room, Health and Physical Education, Intramurals, Sports Information, Weight Room
**OWENS HALL (Administration Building) (OW)** (812 11th St. So.)
FIRST FLOOR: Admissions, Business Office/Payroll/Purchasing, Financial Aid and Scholarships/Job Shop, Records Office
SECOND FLOOR: Academic Affairs, Admissions' additional staff office, Enrollment Management, Facilities and Administration/Key & Card Access, Human Resources, Provost/Senior Vice President, President's Office/Vice President of Alumni/Foundation/Budget Officer/Public Relations, Student Affairs, Veteran's Resource Center
**ROLAND DILLE CENTER FOR THE ARTS (CA)** (801 13th St. So.)
Art, Music, Communication Studies, Film Studies, Theatre Arts, Hansen Theatre, Gaede Stage, Thrust Theatre
**SCIENCE LAB BUILDING (SL)** (600 11th St South)
LOWER LEVEL: Research Rooms and Labs
FIRST FLOOR: Auditorium, Lecture Hall, Classrooms and Labs
SECOND FLOOR: Biology Labs
THIRD FLOOR: Chemistry Labs
FOURTH FLOOR: Greenhouse
**SNARR EAST (SE)** (810 14th St. So.) Residence Hall
**SNARR SOUTH (SS)** (820 14th St So.) Residence Hall
**SNARR WEST (SW)** (810 14th St. So.) Residence Hall

**WELD HALL (WE)** (1201 6th Ave. So.)
LOWER LEVEL: Marketing;
UPPER LEVEL: Glasrud Auditorium, New Rivers Press; SECOND FLOOR: English Department
**WELLNESS CENTER (WC)** (805 14th St. So.)
Health and Wellness Programs

## HOUSES

**515 11th Street South--Nemzek House (NH)**
Counseling and Student Affairs Lab/Social Work Applied Classroom through Fall Semester only
**524 10th Street South (DZ)** Delta Zeta Sorority
**803 11th Street South (GP)** Unoccupied (Former Gateway Program House)
**811 11th Street South (CE)** Continuing Studies, Customized Training
**1010 9th Avenue South (UA)** Unoccupied
**1026 7th Ave. South (CN—Centennial House)**
Alumni House / MSUM Foundation
**1340 6th Avenue South (FH)**CPMI (Owner's Rep) Office

## OTHER

**REGIONAL SCIENCE CENTER (SC)**
(633 164th St So., Glyndon, MN 56547)

# MINNESOTA STATE COLLEGES AND UNIVERSITIES
# BOARD OF TRUSTEES

## Agenda Item Summary Sheet

**Committee:** Finance and Facilities **Date of Meeting:** May 17, 2011

**Agenda Item:** Revenue Fund Bond Sale – Normandale Community College Parking Ramp - *First Reading*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| ☐ | Proposed Policy Action | x | Approval Required by Policy | ☐ | Other Approvals | ☐ | Monitoring |

x Information

**Cite policy requirement, or explain why item is on the Board agenda:** The Board of Trustees has statutory and fiduciary responsibility for the Revenue Fund. Under current statute, the Board of Trustees has authority to issue revenue bonds up to the statutory debt ceiling imposed by the legislature to finance revenue-generating facilities.

**Scheduled Presenter(s):** Brian Yolitz, Associate Vice Chancellor for Facilities
Laura M. King, Vice Chancellor – Chief Financial Officer

**Outline of Key Points/Policy Issues:** Based on predesign work and financial analysis, Normandale Community College proposes an approximately $12 million, 724-stall parking ramp that would be financed by a revenue bond issuance in July 2011. Student consultation occurred and is supportive of this effort.

**Background Information:** Normandale Community College has current parking challenges that will be exacerbated by future building projects. The campus has very little developable land left to expand surface parking, and the city of Bloomington has signaled that the college needs to solve their parking issues on site before the city would issue building permits for new building projects.

First Reading

**BOARD OF TRUSTEES**
**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

| **ACTION ITEM** |
|---|
| **Revenue Fund Bond Sale - Normandale Community College Parking Ramp** |

Normandale Community College will require new on-campus parking to remedy an upcoming parking deficit and to alleviate current parking constraints. After substantial study, the college proposes an approximately $12 million, 724-stall parking ramp that would be financed by a revenue bond issuance in July 2011. The approximate location of the proposed ramp is shown on **Attachment A**, attached and incorporated herein.

## PROJECT BACKGROUND

With the construction of the Kopp Student Center nearing completion and design documents scheduled for completion in June for the Academic Partnership Center building, the campus has reached a critical period to address their long-term parking situation.

To date, the College has managed its parking needs using a combination of off-campus leasing, shuttles, subsidizing of mass transit, and class schedule adjustments whenever feasible. In particular, the college has used 300 stalls of off-campus parking at the city's ice arena site near campus that sees heavy use in the early fall and spring semesters, and also at other peak times during the semesters. With recent enrollment spikes and on-campus parking being taken up by current and planned building projects, the city has asked the college to develop a long-term, on-campus solution to meet projected parking deficits.

The campus has very little developable land left to expand surface parking. Normandale's 2008 Facilities Master plan anticipated parking deficiencies on campus, and recommended construction of up to two new parking ramps to resolve the problem. The parking situation was further studied in a 2009 Traffic and Parking Strategic Plan by Wenck Associates, Inc., which recommended reconfiguration of the parking lots and the addition of up to 124 stalls to be constructed on little-used tennis courts on campus. The tennis court parking lot is the sole remaining developable parcel not otherwise committed to future buildings or limited by water and soil issues. The tennis courts are under contract to be constructed during the summer of 2011.

During the 2010 legislative session, Normandale received design funding to begin work on their Academic Partnership Center. The Governor has included the Academic Partnership Center construction funding on his 2011 capital bonding list. If there is no bonding bill during the 2011 session, the project will likely be on the 2012 capital bonding list for the Board's consideration.

The City of Bloomington most recently issued building permits for the Kopp Student Center that is scheduled for completion later this summer. It was during the Kopp Center permit review and approval process late in 2010 that the city focused on the campus's parking requirements. During the design work for the Academic Partnership Center, the City of Bloomington calculated that the campus would need at least 535 parking stalls on campus to align with their zoning code. The city signaled to the college that the college needed to solve its projected parking deficit before the city would issue a building permit for the Academic Partnership Center, if funded in the future.

With the city strongly encouraging an on-site solution, the college decided to pursue the parking ramp now to address the concerns raised by the city, and to implement a solution that aligns with the college's master plan and parking studies. This solution will take advantage of historically low bond interest rates, and will allow the college to remedy their parking situation prior to opening of the Academic Partnership Center.

## 2011 REVENUE FUND BOND PROJECT

Normandale proposes an approximately $12 million, 724-stall parking ramp that would primarily be financed by a revenue bond issuance scheduled for July 2011 pending Board approval. The college has completed its predesign and proforma for the projects**.** The estimated project cost and description listed below includes all source of funds used to finance the project.

### Construction of New Parking Ramp – Normandale Community College

**PROPOSED RAMP:** 225,000 sq. ft.
**NEW CONSTRUCTION:** 724 stall parking ramp
**OCCUPANCY:** Targeted for August 2012

**PROJECT DESCRIPTION:** This project designs, constructs, and equips a new, approximately 724-stall parking ramp on the Normandale Community College campus. The ramp is designed to address a projected deficit of approximately 535 parking stalls anticipated after the Academic Partnership Center is placed into service. The ramp will be constructed to accommodate at least one additional level in the future (approximately 180 stalls). The campus plans to use the Construction Manager at Risk (CM@Risk) method to deliver this project.

**FEES:** Current parking rates are $4.00 per credit, which will increase to $6.00/credit starting in 2012 and $9.00/credit in 2013 onward. If the ramp performs as expected, the per credit rates will likely remain stable. The campus will continue to waive the per credit charge for individuals who live near campus and walk, online students, and customized training participants.

**TOTAL ESTIMATED COST:** $12,000,000

**SOURCE OF FUNDS:** The college will be using $1,000,000 in college funds to advance design and buy down a portion of the project debt. The remaining portion of the project cost will be financed with the issuance of revenue fund bonds.

**Taxable Bonds**

No taxable bonds will be issued for this sale. During the bond sale earlier this year, $3 million of taxable bonds were issued for use in the design of future projects. The college chose to rely on its own resources instead of using taxable debt. The taxable debt remains available for candidates of the 2013 revenue bond sale to use to advance design.

## DELEGATION AND FINANCIAL RESPONSIBILITIES

Debt obligations of the Revenue Fund, unlike capital appropriations for academic facilities, are not debt obligations of the State of Minnesota and are backed solely by the revenue pledge generated from the related physical assets. In 2008, the legislature amended the revenue fund statute to allow colleges to participate in the Revenue Fund.

The Board of Trustees maintains fiduciary responsibility for the Revenue Fund. The Board has delegated responsibility to manage Revenue Fund assets to the Chancellor. The Chancellor, in turn, has delegated responsibility to the presidents to manage ongoing programs, operations, and the maintenance and repair of Revenue Fund facilities at each institution. Management and compliance oversight responsibility over the entire Fund resides in the Office of the Chancellor, which includes managing securities and tax compliance, representing the Fund with the credit rating agencies, and evaluating design and financial metrics to ensure the integrity of the overall Revenue Fund.

Similar to financial operations within the General Fund, Revenue Fund activities must adhere to the Minnesota State Colleges and Universities financial policies and procedures, with added compliance requirements to ensure adherence to federal requirements related to tax exempt and/or taxable bond issuances. Financial and facilities information is provided as scheduled or requested to both internal and external constituencies. The Revenue Fund maintains financial detail in system-wide annual financial statements.

### Fees and Financial Plans

Although presidents are delegated responsibility to manage the Revenue Fund programs at their own institution, the Board is required by statute and the Fund's Master Indenture to annually approve fees and long term financial commitments. Annual finance plans for each institution's portion of the Revenue Fund, including fees to support these plans, are submitted to the Office of the Chancellor staff for review. Each institution is required to present a balanced finance plan. Finance plans must include funds for operations, repair and replacement (R&R), debt service (as required), and operating reserves, as prescribed by Minnesota State Colleges and Universities. Plans are also required to reflect funding of the Revenue Fund Reinvestment Program. While operating revenues normally produce enough funds for operations and R&R, Reinvestment Program funds have typically come from the sale of Revenue Fund bonds. The fees to support the operations and facilities are approved by the Board prior to the beginning of each fiscal year.

Normandale has submitted a financial plan for this project that would place its entire parking program in the Revenue Fund, and is modeled on charging a per credit rate for students who park on campus.

## BOND SALE AND PROCESS

### Debt Capacity

After the most recent sale in 2011, the system's financial adviser, Springsted, Inc., measured the Fund's overall debt capacityat approximately $410 million, assuming current bond interest rates.

### Debt Authority and Outstanding Debt

Minnesota Statutes §136F.98 authorizes the Board to issue up to $300 million in revenue bond principal. The current outstanding bond principal from all past projects, including the 2011 sale, is now approximately $260 million. With this $12 million sale, the newly outstanding principal debt will be approximately $272 million.

### Revenue Fund Bond Cycle

In an effort to improve the planning process for revenue fund financed projects, the Office of the Chancellor has started operating a two-year revenue bond cycle in odd-numbered years, starting with the 2011 sale. The two-year sale timetable is designed to allow campuses sufficient time to develop projects, refine project scopes and financial pro forma. The practice does not limit off-cycle requests or special circumstances, such as we have here. The situation with the City of Bloomington triggered an acceleration of the college's planned parking ramp plans. Unfortunately, the college was well past the deadline to be included in the revenue bond sale that occurred earlier this year. Delaying until the next bond cycle in 2013 could jeopardize the Academic Partnership Center building project if it is approved for funding in either 2011 or 2012.

## BOND RATING

Rating agency presentations would be scheduled for late May or early June to Moody's Investor Service and to Standard and Poor's on the proposed sale. These organizations rated system Revenue Fund bonds as Aa2 and AA- respectively for the sale that closed in February. These ratings are excellent. Considering the financial condition of the Revenue Fund, similar ratings are anticipated for the new sale. As a comparison, the State of Minnesota's ratings are Moody's: Aa1, Standard & Poor's: AAA, and Fitch: AAA. The general obligation bonds of the state carries the full faith and credit of the State of Minnesota, while the system's revenue bonds only pledge the facilities of the Fund and the revenue generated therein.

**BOND SALE RESOLUTION**

The Board of Trustees is being asked to approve the sale based on the parameters shown in **Attachment B**. The draft Series Resolution authorizing the bond sale is presented at **Attachment C.** After the second reading in June, the financial advisor, Springsted, Incorporated, will publish notification of sale. The Series Resolution will also be finalized with assistance of bond counsel. Pending final Board approval, the sale would be scheduled to occur in July.

The blanks in the Series Resolution will be completed based on the results of either a competitive or negotiated sale of the bonds. The interest rates, redemption features, and other details, as well as whether all or any of the bonds are insured, will be determined on the basis of the best (most favorable on a net interest cost basis) bid received from those submitting offers, and will be memorialized in the Series Resolution, the bonds themselves, and in a certificate signed by the system's Chief Financial Officer.

The true interest cost of the revenue bonds issued in February 2011 were 4.25% for the 20 year tax exempt bonds and 3.48% for the 10 year taxable bonds.

**STUDENT CONSULTATION**

Student consultation letters have been received in the Office of the Chancellor confirming that student consultation has taken place regarding the project. A copy of the letter received from the Student Senate is attached and incorporated in this report as **Attachment D.**

**SUMMARY**

The Board will be asked to approve the bond sale not to exceed $12.5 million total, which accounts for total cost of issuance and bond debt service reserve.

**RECOMMENDED COMMITTEE ACTION:**

The Facilities/Finance Policy Committee recommends the Board of Trustees adopt the following motion:

The Board of Trustees authorizes a Revenue Bond sale for not more than $12,500,000 subject to the sale parameters as presented on **Attachment B.** The Board of Trustees approves the Series Resolution as described in **Attachment C**.

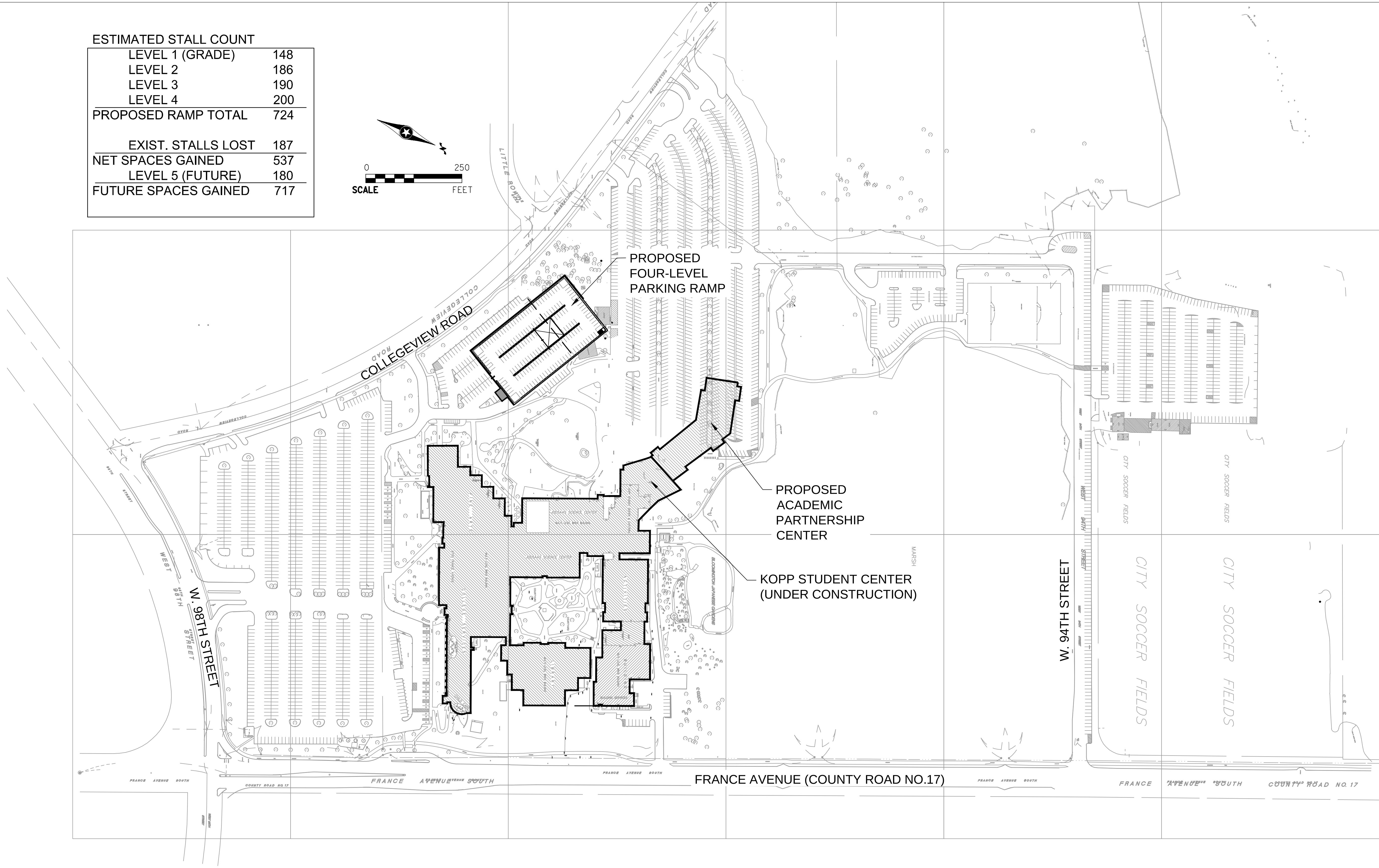
**RECOMMENDED BOARD OF TRUSTEES MOTION:**

The Board of Trustees authorizes a Revenue Bond sale for not more than $12,500,000 subject to the sale parameters as presented on **Attachment B.** The Board of Trustees approves the Series Resolution as described in **Attachment C**.

*Date Presented to the Board: May 18, 2011*

ESTIMATED STALL COUNT

| | |
|---|---|
| LEVEL 1 (GRADE) | 148 |
| LEVEL 2 | 186 |
| LEVEL 3 | 190 |
| LEVEL 4 | 200 |
| PROPOSED RAMP TOTAL | 724 |
| EXIST. STALLS LOST | 187 |
| NET SPACES GAINED | 537 |
| LEVEL 5 (FUTURE) | 180 |
| FUTURE SPACES GAINED | 717 |




NORMANDALE COMMUNITY COLLEGE PARKING EXPANSION

SITE PLAN

BLOOMINGTON, MN

FIGURE 2

SRF Consulting Group, Inc.

**ATTACHMENT B**

## SALE PARAMETERS

**Series 2011C (Tax Exempt)**

| | | |
|---|---|---|
| 1. | Maximum Interest Rate (TIC): | up to 5.00% |
| 2. | Maximum Principal: | $ 12,500,000 |
| 3. | Maximum Discount: | 1.5 % of par or $1.50/$1,000 Bond. Minimum bid of 98.5% is required per the Official Statement |
| 4. | Earliest Redemption date: | October 1, 2021 |

In any event, the total principal for Series 2011C may not exceed $12,500,000.

**ATTACHMENT C**

# SERIES RESOLUTION

# OF

# THE BOARD OF TRUSTEES

# OF

# MINNESOTA STATE COLLEGES AND UNIVERSITIES

# RELATING TO

# STATE COLLEGE AND UNIVERSITY REVENUE FUND BONDS SERIES 2011C

**ADOPTED: June 22, 2011**

## TABLE OF CONTENTS

## RESOLUTION

BE IT RESOLVED by the Board of Trustees (the "Board" or the "Issuer") of Minnesota State Colleges and Universities ("MnSCU") as follows:

## WITNESSETH

WHEREAS:

1. MnSCU is a public body and agency of the State of Minnesota duly created and existing under Minnesota Statutes, Chapter 136F, as amended (the "Act"), having the rights, powers, privileges and duties provided in the Act, including those set forth in the Master Indenture (defined herein).

2. The Board has previously entered into an Amended and Restated Master Indenture of Trust (the "Master Indenture"), dated as of June 1, 2009, with U.S. Bank National Association (the "Trustee"), pursuant to which the Board and the Trustee agreed to the terms and conditions governing the Revenue Fund Bonds issued by MnSCU pursuant to the Master Indenture.

3. All terms capitalized but not otherwise defined herein have the meanings assigned to those terms in the Master Indenture.

4. The Board has determined that the capital expenditure needs of the Facilities make it necessary and desirable for MnSCU to issue its State College and University Revenue Fund Bonds in an original principal amount up to $12,500,000 (the "2011C Bonds" or the "Bonds") and to use the proceeds of the 2011C Bonds to fund capital costs incurred in connection with the Facilities, the Debt Service Reserve Account, and to pay certain costs of issuing the 2011C.

5. Normandale Community College, which will use proceeds of the 2011C Bonds to finance a proposed 724 stall parking ramp, has advised the Board that predesign work has been completed and that they will seek to have certain costs incurred prior to the proposed issuance of the 2011C Bonds reimbursed from the proceeds of the 2011C Bonds.

6. The Board intends to use a portion of the proceeds of the 2011C Bonds to reimburse Normandale Community College for eligible costs incurred in connection with the financed Facilities.

7. The execution and delivery of this Series Resolution and the issuance of the 2011C Bonds have been in all respects duly and validly authorized by the Issuer.

8. All things necessary to make the 2011C Bonds, when authenticated by the Trustee and issued and secured as provided in the Master Indenture and this Series Resolution, valid, binding and legal limited obligations of the Issuer according to the import thereof, have been done and performed; and the creation, execution and delivery of this Series Resolution, and the creation, execution and issuance of said 2011C Bonds, subject to the terms hereof, have in all respects been duly authorized.

NOW THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS SERIES RESOLUTION WITNESSETH:

The Issuer, in consideration of the premises and the purchase and acceptance of the 2011C Bonds by the Holders thereof, in order to secure the payment of the principal of, interest on, and premium, if any, on the 2011C Bonds according to their tenor and effect, does hereby grant a security interest in and assign to the Holders of the 2011C Bonds and all Revenue Fund Bonds (other than Subordinate Bonds) issued pursuant to the Master Indenture and any Series Resolution (including this Series Resolution), and to the beneficiaries of any Senior Guarantees, regardless of when such Senior Bonds or Senior Guarantees were or are issued, on an equal and parity basis, except as expressly stated below, the following:

FIRST

The "Net Revenues" as defined in the Master Indenture as heretofore amended and as amended by this Series Resolution;

SECOND

All proceeds, earnings and investment income derived from the foregoing (except Rebate Amounts); and

PROVIDED that:

First, the foregoing equal and ratable parity pledge shall not extend to Subordinate Bonds which shall be secured solely by moneys held in the Surplus Fund as provided in the Master Indenture and therein; and

Second, the proceeds of any Credit Enhancement Instrument issued to secure a particular Series of Revenue Fund Bonds shall benefit only that Series of Revenue Fund Bonds and the proceeds of such Credit Enhancement Instrument shall not be applied for the benefit of or payment of any other series of Revenue Fund Bonds; and

Third, moneys applied to the payment of Revenue Fund Bonds and Senior Guarantees shall be withdrawn from the funds and accounts created by the Master Indenture in strict order of the priority set forth therein.

SUCH PLEDGE having been made, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders from time to time of the Revenue Fund Bonds, and all Senior Bonds and Senior Guarantees heretofore issued and to be issued under and secured by the Master Indenture and this Series Resolution and other Series Resolutions (but excluding Subordinate Bonds) without privilege, priority or distinction as to lien or otherwise of any of such bonds or guarantees over any of the others except as otherwise provided therein and herein.

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the 2011C Bonds and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the 2011C Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Master Indenture and this Series Resolution to be kept, performed and observed by it, and shall pay to the Registrar and Paying Agent all sums of money due or to become due in accordance with the terms and provisions of the Master Indenture and this Series Resolution as from time to time supplemented, then this Series Resolution and the rights hereby granted shall cease, terminate and be void except as otherwise provided herein; otherwise, the Master Indenture and this Series Resolution shall be and remain in full force and effect.

UNDER THE PROVISIONS OF THE ACT and the Series Resolution, the 2011C Bonds may not be payable from or be a charge upon any funds of the Issuer or the State other than the revenues pledged to the payment thereof nor shall the Issuer or State be subject to any pecuniary liability thereon except from moneys expressly pledged, and no Holder or Holders of the 2011C Bonds shall ever have the right to compel any exercise of the taxing power of the Issuer or the State to pay any Revenue Fund Bond or the interest and premium, if any, thereon, or to enforce payment thereof against any property of the Issuer or the State, except as above provided; the 2011C Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer, except as above provided; but nothing in the Act impairs the rights of Holders of 2011C Bonds issued under the Master Indenture and this Series Resolution and any other Series Resolutions and the beneficiaries of Senior Guarantees to enforce the covenants made for the security thereof, to the extent specifically provided herein, for the equal and proportionate benefit of all Holders of the 2011C Bonds, all other Revenue Fund Bonds, and the beneficiaries of Senior Guarantees, as follows:

## ARTICLE 1

## DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. All terms capitalized but not otherwise defined in this Series Resolution shall have the meanings assigned to such terms in the Master Indenture.

In this Series Resolution the following terms have the following respective meanings unless the context hereof clearly requires otherwise.

Authorized Denomination means $5,000, or any integral multiple thereof.

Closing Certificate means the certificate of the Issuer executed by an Authorized Representative reflecting the final principal amounts, maturity dates, interest rates, and sinking fund redemption dates of the Bonds, established by the Original Purchaser in the winning bid or bids for the Bonds accepted by the Issuer, as well as the allocation of Bond proceeds among the various funds and accounts.

Interest Payment Date means, with regard to the 2011C Bonds, each April 1 and October 1, commencing October 1, 2012.

Master Indenture means the Amended and Restated Master Indenture of Trust dated as of June 1, 2009, relating to MnSCU's State College and University Revenue Fund Bonds, as amended from time to time.

Maturity Date means any date on which principal of or interest or premium, if any, on the 2011C Bonds is due, whether at maturity, on a scheduled Interest Payment Date, or upon redemption or acceleration, or otherwise.

MnSCU or the Issuer means Minnesota State Colleges and Universities, or any successor to its functions.

Original Purchaser means the original purchaser(s) of the 2011C Bonds, as determined after the acceptance of the bids, as identified in the Closing Certificate.

Prior Bonds means all bonds issued or secured under the Master Indenture prior to the issuance of the 2011C Bonds.

Rating Agency means Moody's Investors Service, Inc. or Standard & Poor's Ratings Group or Fitch's, Inc. or any other nationally recognized credit rating agency which has been solicited to issue a rating on, and has issued a rating on, the 2011C Bonds; and with respect to the credit rating (claims payment ability rating) of an insurance company, A.M. Best & Company or any other nationally recognized credit rating agency rating the claims payment ability of insurance companies.

Registrar and Paying Agent means U.S. Bank National Association, whose principal corporate trust office is located in Saint Paul, Minnesota.

Revenue Fund Bonds means, collectively, the Prior Bonds and the 2011C Bonds.

Series Resolution means this Series Resolution adopted on June 22, 2011 by the Minnesota State Colleges and Universities Board of Trustees.

Term Bonds means the 2011C Bonds identified as such pursuant to Section 2.3(A)(2), and the Closing Certificate.

2011C Bonds or Bonds means the Minnesota State Colleges and Universities, College and University Revenue Fund Bonds dated as of the date of delivery and issued in the original principal amount of up to $12,500,000 pursuant to this Series Resolution.

Trustee means U.S. Bank National Association, its successors and assigns.

Section 1.2 Effect of this Series Resolution.

(a) Except as expressly supplemented or amended by this Series Resolution, all of the terms and provisions of the Master Indenture, as heretofore amended, shall apply to the 2011C Bonds.

(b) To the extent of any inconsistency between the terms and provisions of this Series Resolution and the terms and provisions of the Master Indenture, this Series Resolution shall control. Except as provided in the preceding sentence, the terms and provisions of this Series Resolution shall be construed with the terms and provisions of the Master Indenture so as to give the maximum effect to both.

(c) This Series Resolution shall take effect on the date of issue of the 2011C Bonds.

(d) The Rules of Interpretation stated in Section 2.02 of the Master Indenture shall apply to this Series Resolution.

Section 1.3 Exhibits. The following Exhibits are attached to and by reference made a part of this Series Resolution:

(1) Exhibit A: form of 2011C Bond;
(2) Exhibit B: form of Annual Disclosure Report;
(3) Exhibit C: DTC Letter.

## ARTICLE 2

## THE 2011C Bonds

Section 2.1 The 2011C Bonds.

(A) The 2011C Bonds shall be issued as:

(1) Tax-Exempt Bonds

(2) Book-Entry Form Bonds; and

(3) as Revenue Fund Bonds bearing interest at a fixed rate of interest.

The 2011C Bonds are expected to be issued in the approximate principal amount of $12,500,000, with the actual principal amount issued to be identified in the Closing Certificate relating to the 2011C Bonds. The total principal amount of 2011C Bonds which may be Outstanding hereunder is expressly limited to the amount identified in the Closing Certificate relating to the 2011C Bonds unless duplicate 2011C Bonds are issued as provided in Section 3.07 of the Master Indenture. The 2011C Bonds shall be issued in Authorized Denominations and in substantially the form of Exhibit A hereto, with such variations, additions or deletions as may be appropriate to conform the terms of such 2011C Bonds to the terms of this Article 2. The Vice Chancellor-Chief Financial officer is hereby authorized to provide for the sale of the 2011C Bonds by competitive sale, and to complete the Closing Certificate for the 2011C Bonds to establish their specific terms on the basis of the highest and best bid meeting the criteria established herein and in the Master Indenture. The maximum discount at which the Original Purchaser may purchase the 2011C Bonds is 1.5% of par.

(B) Upon issuance, the net proceeds of the 2011C Bonds (the original principal amount thereof, plus any premium or less any discount allowed to the Original Purchaser) shall be deposited by the Board into such accounts as shall be determined by the Issuer in the Closing Certificate. A portion of the amount deposited in the Capital Expenditures Account, in the amount stated in said Closing Certificate, shall be applied to pay the costs of issuing the 2011C Bonds.

Section 2.2 The 2011C Bonds - Initial Issue. The 2011C Bonds shall be initially issued in the aggregate principal amount set forth in the Closing Certificate relating to the 2011C Bonds and shall:

(1) be initially dated as of the date of delivery, and thereafter be dated the date of their registration as provided in Section 3.04 of the Master Indenture;

(2) be issued in Book-Entry Form and delivered by the Original Purchaser to the Depository as set forth in Section 3.11 of the Master Indenture;

(3) mature on October 1 in the years and amounts set forth in the Closing Certificate, subject to prior redemption as provided in the Closing Certificate;

(4) (a) Interest shall accrue on the 2011C Bonds from the date of issuance until the principal amount is paid or payment is duly provided for in accordance with this Series Resolution, and shall be payable on each Interest Payment Date. Interest accrued on any 2011C Bond or portion thereof redeemed pursuant to Sections 2.3(A) and 2.4 shall also be payable on the Redemption Date as to 2011C Bonds called for redemption.

(b) the 2011C Bonds shall mature on October 1 in the years and in the amounts, and bear interest at the rate or rates, set forth in the Closing Certificate. Interest payable shall be computed at the rates set forth below based on a 360-day year of twelve, 30-day months, for the actual number of complete months, and of days less than a complete month, and shall not exceed a true interest cost of 5%, or the mathematical equivalent after taking into account any federal credit if the Bonds are issued as Taxable Build America Bonds.

(5) be payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the principal trust office of the Trustee, or a duly appointed successor Trustee, except that interest on the 2011C Bonds will be payable by check or draft mailed by the Trustee to the Holders of such 2011C Bonds on the applicable Regular Record Date (the "Record Date Holders") at the last addresses thereof as shown in the Bond Register on the applicable Regular Record Date, provided that interest shall be paid to a Holder of $1,000,000 or more of the principal amount of the 2011C Bonds outstanding by electronic funds transfer if such Holder so requests in writing in a form acceptable to the Paying Agent and principal of and any premium on any 2011C Bonds shall be payable at the principal office of the Trustee; and

(6) be subject to redemption upon the terms and conditions and at the prices specified in Sections 2.3(A) and 2.4 hereof.

Notwithstanding the foregoing, if the date for payment of the principal of, premium, if any, or interest on, of any 2011C Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date of payment.

The 2011C Bonds shall be delivered by the Trustee to the Original Purchaser thereof upon receipt by the Trustee and/or Issuer of the items listed in Section 3.08 of the Master Indenture, and satisfaction by the Issuer of the conditions stated in Section 3.09 of the Master Indenture.

Section 2.3 The 2011C Bonds - Redemption.

(A) Pursuant to the provisions of Section 3.12 of the Master Indenture and 2.4 hereof, the 2011C Bonds are subject to redemption prior to maturity as follows:

(1) *Damage or Destruction or Condemnation*. In the event of damage to or destruction of any Facility, in whole or part, the 2011C Bonds are subject to redemption in whole or in part at the principal amount thereof plus accrued interest to the date of redemption, without premium, on the first day of any month for which timely notice of redemption can be given, whether or not an Interest Payment Date, from the proceeds of

any insurance claim payment or condemnation award or portion thereof not applied to repair, restore or replace the damaged or taken Facility.

(2) *Scheduled Mandatory Redemption*. The 2011C Bonds are subject to mandatory redemption prior to maturity by mandatory sinking fund installments in the amounts and on the dates reflected in the Closing Certificate.

(3) *Optional Redemption*. The 2011C Bonds maturing on or after October 1, 2022 are subject to optional redemption and prepayment upon direction by the Issuer to the Trustee in whole on any date on or after October 1, 2021 and in part, on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

(4) *Excess Proceeds Redemption*. If, upon the earlier of either (i) the completion of the work planned to be financed by the proceeds of the 2011C Bonds, or (ii) three years from the date of issuance of the 2011C Bonds, proceeds of the 2011C Bonds remain in the related subaccount in the Capital Expenditures Account in excess of those required to pay then unpaid but incurred capital expenditures, such excess shall be transferred to the Escrow Account and applied to the redemption of the 2011C Bonds, to the extent of the funds so transferred, at their principal amount, plus interest accrued to the redemption date, without premium, on the first day of the next succeeding month for which timely notice of redemption can be given; provided, however, that the three-year limit contained in clause (ii) shall not apply if the Issuer obtains an opinion of bond counsel stating that the delay in the expenditure of proceeds will not cause the 2011C Bonds to lose their tax-exempt status.

(B) No Other Redemption Prior to Maturity. Except as provided in Section 2.3(A) herein, the Series 2011C Bonds shall not be subject to redemption prior to their stated maturity date.

Section 2.4 Method of Redemption.

(1) To effect the redemption of the 2011C Bonds under Section 2.3(A)(1),(3) or (4), the Issurer, at least 40 days before the redemption date, shall notify the Trustee of its intention to effect such redemption. The funds required for such redemption shall be provided to the Trustee at least three business days before the redemption date.

(2) The Trustee, on or before the thirtieth day preceding any specified redemption date, shall select the 2011C Bonds to be redeemed by lot. The Trustee shall make the selection in such manner as the Trustee determines to be fair and appropriate, which may include random selection by lot. If and to the extent 2011C Bonds are redeemed in part pursuant to Section 2.3(A)(1), (3) or (4), the amounts shown on the tables in those Section and the serial maturities of the applicable series of 2011C Bonds shall be reduced as the Issuer shall direct in its notice to the Trustee.

(3) The Trustee shall give notice of redemption of 2011C Bonds mailed not less than 30 days prior to the redemption date by mailing a written notice of redemption, first class mail, postage prepaid, to the Holders of the 2011C Bonds to be redeemed at the addresses for such Holder shown on the books of the Registrar, and by sending such notice by electronic mail to the Holders of 2011C Bonds for whom the Registrar has en electronic mail address, and by sending a notice of such redemption to each Depository in the same manner as an "occurrence notice' under Section 4.5(B)(2) hereof.

(4) To effect the partial redemption of 2011C Bonds under Section 2.3(A) after receipt by the Trustee of notice from the Issuer, as provided herein, the Trustee, prior to giving notice of redemption, shall assign to each 2011C Bond then Outstanding a distinctive number for each Authorized Denomination of the principal amount of such 2011C Bond. The Trustee shall then, using such method of selection as it shall deem proper in its discretion but consistent with subsection (2), from the numbers so assigned to such 2011C Bonds, select as many numbers as, at the Authorized Denomination for each number, shall equal the principal amount of such 2011C Bonds to be redeemed. The 2011C Bonds to be redeemed shall be the 2011C Bonds to which were assigned numbers so selected; provided that if, as a result of partial redemption there is a 2011C Bond outstanding in a principal amount less than the Authorized Denomination, such 2011C Bond shall be redeemed first at the next succeeding redemption date and the Trustee shall provide a written notice to that effect of the affected Holder and the Original Purchaser.

(5) As soon as 2011C Bonds are called for redemption pursuant to this Section 2.4, sums in the Escrow Account in the Revenue Fund sufficient to effect such redemption shall be irrevocably set aside for such purpose and applied for no other purpose under this Series Redemption.

## ARTICLE 3

## ADDITIONAL PROVISIONS RELATING TO THE 2011 Bonds

Section 3.1 Revenue Fund Accounts.

(A) 2011C Revenue Receipts Subaccount. There is hereby created within the Revenue Receipts Account a subaccount titled the 2011C Revenue Receipts Subaccount. All "private payments" (within the meaning of Section 141 of the Code) derived from Facilities financed by the 2011C Bonds shall be deposited therein and applied as provided in Paragraph (B) of this Section and Section 4.03 of the Master Indenture. No such "private payments: shall be initially deposited in any other Fund or Account. Any excess funds held therein as of each March 2 shall be transferred to the Surplus Account.

(B) 2011 Debt Service Subaccounts. The Trustee is hereby directed to create a 2011 Debt Service Subaccount pursuant to the Master Indenture. Net Revenues held in the

2011 Revenue Receipts Account shall be transferred by MnSCU on each March 1 and September 1 to the Trustee for deposit to the 2011 Debt Service Subaccount, and there applied prior to the use of any other funds, to pay principal of, interest on and redemption price of 2011 Bonds.

Section 3.2 Capital Expenditure Account. The Trustee is hereby directed to create a Capital Expenditure Account for the 2011C Bonds pursuant to the Master Indenture, and to deposit proceeds of the 2011C Bonds therein as described in Sections 2.1 hereof. Proceeds of the 2011C Bonds may be used to reimburse the colleges and universities which are using proceeds of the Bonds for costs incurred in connection with their respective financed Facilities as directed by the Issuer.

Section 3.3 Notices to Rating Agency.

Annually, at or about the time that the Issuer provides its Annual Disclosure Report pursuant to Section 4.5 hereof, the Issuer shall provide the same information to each national credit rating agency then maintaining a rating in effect for the 2011C Bonds. In addition, the Issuer shall provide to such rating agencies such other information relating to the 2011C Bonds, all other Revenue Fund Bonds issued under the Master Indenture, and the Revenue Fund, as they may reasonably request.

## ARTICLE 4

## SERIES COVENANTS

Section 4.1 Payment of Principal, Purchase Price, Premium and Interest. Solely from the Net Revenues and sums held in the Accounts in the Revenue Fund, the Issuer will duly and punctually pay the principal of, premium, if any, and interest on the 2011C Bonds in accordance with the terms of the 2011C Bonds, the Master Indenture and this Series Resolution. Nothing in the 2011C Bonds or in this Series Resolution shall be considered as assigning or pledging funds or assets of the Issuer other than those expressly pledged to secure the 2011C Bonds (and other Senior Bonds and Senior Guarantees) set forth in the Master Indenture, as supplemented by this Series Resolution.

Section 4.2 Performance of and Authority for Covenants. The Issuer covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in the Master Indenture and this Series Resolution, in any and every 2011C Bond executed, authenticated and delivered hereunder and in all proceedings of the Board pertaining thereto; that it is duly authorized under the Constitution and laws of the State of Minnesota, including particularly and without limitation the Act, to issue the 2011C Bonds authorized hereby, to adopt this Series Resolution, to apply the 2011C Bond proceeds to make capital expenditures for the Facilities and to pledge the Net Revenues and moneys held in the Revenue Fund and its Accounts equally and ratably to secure the 2011C Bonds (and other Senior Bonds and any Senior Guarantees), in the manner and to the extent set forth in the Master Indenture and herein; that all action on its part for the issuance of the 2011C Bonds and the execution and delivery of this Series Resolution has been duly and effectively taken; and that the 2011C Bonds in the hands of the Holders thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof.

Section 4.3 Books and Records. The Registrar and Paying Agent will, so long as any Outstanding 2011C Bonds issued hereunder shall be unpaid, keep proper books or records and accounts, in which full, true and correct entries will be made of all its financial dealings or transactions in relation to the 2011C Bonds. At reasonable times and under reasonable regulations established by the Registrar and Paying Agent, such books shall be open to the inspection of the Original Purchaser, the Holders and such accountants or other agencies as the Registrar and Paying Agent may from time to time designate.

Section 4.4 Bondholders' Access to Bond Register. At reasonable times and under reasonable regulations established by the Registrar and Paying Agent, the Bond Register or a copy thereof may be inspected and copied by Holders (or a designated representative thereof) of twenty-five percent (25%) or more in principal amount of the then Outstanding 2011C Bonds, such authority of any such designated representative to be evidenced to the satisfaction of the Registrar and Paying Agent. Except as otherwise may be provided by law, the Bond Register shall not be deemed a public record and shall not be made available for inspection by the public, unless and until notice to the contrary is given to the Registrar and Paying Agent by the Issuer.

Section 4.5 Continuing Disclosure.

(A) Purpose; Definitions. Disclosure of information about the 2011C Bonds shall be made as provided in this Section. This Section is intended for the benefit of the Holders of the 2011C Bonds.

For the purposes of this Section, the following terms shall have the following meanings:

(1) *Rule* means Securities and Exchange Commission Rule 15c2-12, as from time to time amended;

(2) *Revenue Fund Bonds* means the Prior Bonds and the 2011C Bonds; 2011C Bonds means the Bonds issued pursuant to this Series Resolution;

(3) *Obligated Person* means:

(a) the Issuer; and

(b) any person who provides 10% or more of the Net Revenues securing the Revenue Fund Bonds (but an Institution shall not be deemed a person independent of the Issuer);

provided that “obligated person” shall not mean a Credit Enhancer;

(4) *MSRB* means the Municipal Securities Rulemaking Board; and

(B) Periodic and Occurrence Notices. Except to the extent this subsection (B) is modified or otherwise altered in accordance with subsection (F) below, the Registrar and Paying Agent or Financial Advisor on behalf of the Issuer shall make or cause to be made public, but solely as provided in subsection (D) below, the information set forth in subsections (1), (2) and (3) below:

(1) Periodic Reports.

(a) the annual audited financial statements for the Revenue Fund of the Issuer; and

(b) annual financial information as to each Obligated Person (subject to subsection (E)(1) below); and

(c) an Annual Disclosure Report in substantially the form of Exhibit B hereto disclosing financial and operating data of the type disclosed in the Official Statement relating to the 2011C Bonds; provided that the form of Annual Disclosure Report shall be amended or changed each year so as to fairly and accurately present financial and operating data required to be disclosed under the Rule.

(2) Occurrence Notices. The Issuer shall give, or shall cause to be given notice of the occurrence of any of the following events within a timely manner, not in excess of ten business days, after the occurrence of the event, and in accordance with the Rule, by filing such notice with the MSRB, in an electronic format prescribed by the MSRB:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Senior Bonds, or other material events affecting the tax-exempt status of the Senior Bonds;

(g) modifications to rights of Bondholders, if material;

(h) Bond calls, if material, and tender offers;

(i) defeasances;

(j) release, substitution or sale of property securing repayment of the Senior Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of either the Borrower or the Guarantor;

(m) consummation of a merger, consolidation, or acquisition involving the Borrower or the Guarantor, the or sale of all or substantially all of the assets of the Borrower or the Guarantor, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(3) Notice of Failure to Provide Information. In the event the information described in (1) or (2) above is not made public as required by this Section, such failure shall itself be made public by a notice filed with the Repositories and the MSRB.

(C) Information Provided to the Public.

(1) The Registrar and Paying Agent on behalf of the Issuer shall make public every communication which the Registrar and Paying Agent is required to make (or is

permitted to make and in fact makes) to Holders, in each case in accordance with subsection (D) and on the same day such communication is transmitted to Holders hereunder.

(2) The Registrar and Paying Agent on behalf of the Issuer shall make public in accordance with subsection (D) and within the time frame set forth in subsection (3) below, the following, but only to the extent information is actually known by the Issuer or Registrar and Paying Agent or is within the possession, custody or control of the Issuer or Registrar and Paying Agent:

> (a) all information which the Registrar and Paying Agent on behalf of the Issuer has agreed to make public under subsections (1), (2) and (3) of subsection (B); and
>
> (b) such other information which the Issuer shall in writing request to be made public, so long as such information is permitted by law to be made public.

(3) (a) The Registrar and Paying Agent on behalf of the Issuer shall make public the periodic information described in subsection (B)(1), within 30 days after receipt by the Registrar and Paying Agent of each annual audited financial statement of the Issuer.

(b) The Registrar and Paying Agent shall, within three business days of obtaining actual knowledge of the occurrence of any of the events described in subsection (B)(2) contact the Issuer, in form the Issuer of the event, and request that the Issuer promptly notify the Dissemination Agent in writing whether or not the event is required to be reported. If the Registrar and Paying Agent has been instructed by the Issuer to report the occurrence, the Registrar and Paying Agent shall file a notice of such occurrence with the MSRB with a copy to the Issuer. Notwithstanding the foregoing, notice of an event described in subsection (B)(2)(d) and (e) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Holders of affected Bonds pursuant to the Master Indenture.

(D) <u>Means of Making Information Public</u>. Information shall be made public by the Registrar and Paying Agent on behalf of the Issuer under this Section if it is transmitted as follows:

(1) all information to be made public under this Section 4.5 shall be provided to each Repository, by electronic transmittal or by such other means as the applicable Repository shall require;

(2) if and when the State of Minnesota establishes a SID, all information to be made public under this Section 4.5 shall be provided to the SID in accordance with its rules and procedures;

(3) notices required by subsections (B)(2) and (3) shall be provided to the MSRB in accordance with its rules and procedures; and

(4) to Holders, in the manner provided herein for notices to Holders.

(E) Obligated Persons; Financial Information.

(1) In making public information about Obligated Persons which file financial information with the SEC, the Repositories or a SID, the Issuer may, for each Obligated Person that has complied or will comply with the next sentence, disclose financial information about such Obligated Person by cross-reference to information on file with, and publicly available from, the SEC, the Repositories or a SID. The Issuer shall cause each such Obligated Person to provide an annual notice stating (a) where its annual reports have been filed, and (b) that the annual reports so filed constitute its annual financial information as an Obligated Person hereunder. Annually the Issuer shall provide to each such Obligated Person a form of such notice and shall direct that such notice be executed by the Obligated Person and returned to the Issuer. In the event such Obligated Person fails or refuses to provide the executed notice, the Issuer shall provide to the Registrar and Paying Agent a notice stating (a) the identity of such Obligated Person and the fact that such Obligated Person has failed and refused to provide the annual notice required by this subsection, and (b) if known to the Issuer, the place where annual financial information about such Obligated Person may be found. The Issuer shall then provide all such notices to the Registrar and Paying Agent concurrently with delivery of the Issuer's annual financial statements and shall direct the Registrar and Paying Agent to forward such notices to each Repository and the Minnesota SID, if any.

(2) In determining whether a specific person is an "Obligated Person," the Institution shall

(a) aggregate all contracts executed by such person;

(b) aggregate all buildings or structures, or portions thereof, owned, leased or operated by such person; and

(c) aggregate all entities under common control or ownership.

(3) The Issuer shall determine who are Obligated Persons for each fiscal year and disclose in the Annual Disclosure Report the identity(ies) of each such Obligated Person; the disclosure relating to the identity of Obligated Persons in each Annual Disclosure Report shall be for the same fiscal year as that covered by the audited financial statement of the Issuer made public concurrently with the Annual Disclosure Report.

(4) Financial information about the Issuer, and about each Obligated Person, shall be prepared in accordance with, as applicable, generally accepted accounting principles, accounting principles applicable to state and local governments and agencies, or for

persons whose equity or debt securities are registered with the State, the accounting principles then in effect governing filings of financial information with the SEC. Financial information about Obligated Persons which are public entities shall be prepared in accordance with Financial Accounting Standards Board principles as modified by Government Accounting Standards Board principles and by the accounting principles then applied by the Minnesota State Auditor, if applicable.

(F) Amendment of this Section. This Section shall be subject to modification or amendment as provided in Article 9.03 of the Master Indenture. In addition to the requirements and limitations of Article 9.03 of the Master Indenture, no modification or amendment of this Section shall be made unless:

(1) the amendment or modification is made in connection with a change of circumstance arising from a change of legal requirements, change in law, or change in the identity, nature or status of the Obligated Person(s); and

(2) this Section, as amended or modified, would have complied with the Rule on the date of issue of the 2011C Bonds, taking into account any subsequent amendments or interpretations of the Rule and any change of circumstances.

The Registrar and Paying Agent and the Issuer may rely in good faith upon an opinion of counsel familiar with the law governing disclosure in connection with municipal securities as to compliance with the requirements of this Section and of the Rule.

Section 4.6 Resignation or Removal of Registrar and Paying Agent. Notwithstanding anything to the contrary contained herein or in the Master Indenture, the Registrar and Paying Agent shall not resign or be removed until a successor Registrar and Paying Agent has been appointed. The Issuer shall promptly (within 30 days) appoint a successor Registrar and Paying Agent upon the resignation or removal and the then serving Registrar and Paying Agent. Any successor Registrar and Paying Agent shall be a financial institution having trust powers and a capital and surplus of not less than $50,000,000.

Section 4.7 Compliance with DTC Requirements. So long as the 2011C Bonds are held in Book-Entry form at the Depository Trust Company, as Depository, the Registrar and Paying Agent shall comply with the provisions of the Blanket Letter of Representations between the Issuer and The Depository Trust Institution, and shall also comply with the letter from the Issuer to The Depository Trust Institution dated September 10, 2001 and attached hereto as Exhibit C.

**EXHIBIT A**

**Form of 2011C Bond**

**R-_________________ $_________________**

**UNITED STATES OF AMERICA**
**STATE OF MINNESOTA**

**MINNESOTA STATE COLLEGES**
**AND UNIVERSITIES**

**REVENUE FUND BOND**
**Series 2011C**

| Interest Rate | Maturity Date | Date of Original Issue | CUSIP |
|---|---|---|---|

**Registered owner: Cede & Co.**

**Stated Principal Amount: _______ DOLLARS**

KNOW ALL MEN BY THESE PRESENTS that Minnesota State Colleges and Universities (the "Issuer"), for value received, acknowledges itself to be specially indebted and promises to pay to the registered owner named above, or registered assigns, but only from the sources specified herein, the Stated Principal Amount specified above on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable semiannually on April 1 and October 1 in each year, commencing October 1, 2011, to the person or entity in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) preceding the date on which the interest is payable (all subject to the provisions hereof with respect to the redemption of this Bond prior to the maturity date specified above). The interest hereon and, upon presentation and surrender hereof at maturity or upon earlier redemption, the principal hereof, are payable in lawful money of the United States of America, by check or draft issued on each interest payment date by U.S. Bank National Association, in Saint Paul, Minnesota (the "Trustee"), which has been designated as Registrar and Paying Agent for the Revenue Fund Bonds; or at the office of such successor, if any, to said bank as may be designated by the Issuer in accordance with the Master Indenture.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Master Indenture until the Certificate of Authentication hereon shall have been executed by the Registrar and Paying Agent by the manual signature of one of its authorized representatives.

This Bond is one of a Series in the Stated Principal Amount of $12,500,000 each of like date and tenor except as to registration number, interest, maturity date, redemption privilege, and denomination, issued for the purpose of financing the construction or improvement of dormitory, residence hall, student union, food service or other revenue producing buildings and related facilities located or to be located on the campuses of the Institutions comprising the Minnesota State University System (the "System"). The Revenue Fund Bonds of this Series are issued under authority of, and in strict conformity with, the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 136F (the "Act"), and under and pursuant to an Amended and Restated Master Indenture of Trust (the "Master Indenture") dated as of June 1, 2009 and entered into between the Issuer and the Trustee and a Series Resolution adopted by the Issuer on June 22, 2011 (the "Series Resolution").

Under the Act and the Master Indenture, the principal of and interest on this Bond are payable solely from and secured by an irrevocable pledge of certain Net Revenues (as defined in the Master Indenture) to be derived by the Issuer from the operation of certain revenue producing Facilities of the System which have been pledged and appropriated to the Debt Service Account in the Issuer's Revenue Fund, on a parity as to both principal and interest with certain other Senior Bonds heretofore or hereafter issued under and pursuant to the Master Indenture, and are further secured by a Reserve Requirement required to be established and maintained in the Debt Service Reserve Account. Such pledge and appropriation is junior and subordinate to the pledge and appropriation of such Net Revenues for the payment of the principal of and interest on certain Outstanding Revenue Fund Bonds of the Issuer. All covenants and provisions made for the payment and security of Revenue Fund Bonds payable from the Debt Service Account are set forth in the Master Indenture which is available for inspection by the registered owner of this Bond at the Issuer's administrative office in St. Paul, Minnesota, and which is incorporated herein by reference.

This Bond is not a general obligation of the Issuer, and the full faith and credit of the Issuer is not pledged for its payment. The Issuer has no taxing authority. This Bond does not constitute a debt or obligation of the State of Minnesota within the meaning or application of any constitutional or statutory limitation or provision.

Revenue Fund Bonds of this Series maturing on or after October 1, 2022 are subject to optional redemption and prepayment upon direction of the Issuer in whole on any date after October 1, 2021 and in part, on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

Revenue Fund Bonds of this Series maturing on October 1 in the years ____ and ____ are subject to mandatory redemption prior to maturity by mandatory sinking fund installments, and are to be redeemed by lot, at 100% of the principal amount thereof plus accrued interest to the redemption date, on the following dates and in the following principal amounts:

[to be provided]

If, upon the earlier of either (i) the completion of the work planned to be financed by the proceeds of these Revenue Fund Bonds, or (ii) three years from the date of issuance of these, proceeds of these Revenue Fund Bonds remain in the related subaccount in the Capital Expenditures Account in excess of those required to pay then unpaid but incurred capital expenditures, such excess shall be transferred to the Escrow Account and applied to the redemption of these Revenue Fund Bonds, to the extent of the funds so transferred, at their principal amount, plus interest accrued to the redemption date, without premium, on the first day of the next succeeding month for which timely notice of redemption can be given; provided, however, that the three-year limit contained in clause (ii) shall not apply if the Issuer obtains an opinion of bond counsel stating that the delay in the expenditure of proceeds will not cause these Revenue Fund Bonds to lose their tax-exempt status.

In the event of damage to or destruction of any Facility, in whole or part, these Revenue Fund Bonds are subject to redemption in whole or in part at the principal amount thereof plus accrued interest to the date of redemption, without premium, on the first day of any month for which timely notice of redemption can be given, whether or not an Interest Payment Date, from the proceeds of any insurance claim payment or condemnation award or portion thereof not applied to repair, restore or replace the damaged or taken Facility.

Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days prior to the Redemption Date, to each holder of Revenue Fund Bonds to be redeemed at the address of the holder appearing in the Bond Register. No defect in or failure to give notice by mail to any holder shall affect the validity of the proceedings for redemption of any Revenue Fund Bond held by any holder to which proper notice by mail has been given. If notice by publication is required by law, the Paying Agent shall cause publication to be made in the form and at the time provided by law. All notices of redemption shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the principal amount of Revenue Fund Bonds to be redeemed and the identification (and, in the case of partial redemption, the respective principal amounts) of the Revenue Fund Bonds to be redeemed, specifying their CUSIP number, their registration number and Maturity Date; (iv) that on the Redemption Date, the Redemption Price will be due and payable upon each Revenue Fund Bond, and interest will cease to accrue from and after such date (unless, under a redemption conditioned on sufficient funds, such condition is not met); and (v) the place or places where such Revenue Fund Bonds are to be surrendered for payment.

The Revenue Fund Bonds of this Series are issuable only as fully registered Bonds, in Stated Principal Amounts of $5,000 or any multiple thereof of a single maturity.

As provided in the Master Indenture and subject to certain limitations set forth therein, this Bond is transferable upon the books of the Issuer at the principal corporate trust office of the Trustee, as Registrar and Paying Agent, in Saint Paul, Minnesota, or its successor, by the registered owner hereof, in person or by his attorney, duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar and Paying Agent, duly executed by the registered owner or his duly authorized attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange, the Issuer will cause to be issued in the name of the transferee or owner a new Bond or Bonds of the same aggregate Stated Principal Amount, Series, type, maturity, interest rate and terms as the surrendered Bond, subject to reimbursement for any tax, fee or governmental charge required to be paid by the Issuer or the Registrar and Paying Agent with respect to such transfer. The Issuer and the Registrar and Paying Agent shall treat the person in whose name this Bond is registered upon the books of the Issuer as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment of or on account of the principal, redemption price or interest and for all other purposes, and all such payments so made to the registered owner or upon his order shall be valid and effectual to satisfy and discharge the Issuer's liability upon this Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Registrar and Paying Agent shall be affected by any notice to the contrary.

IT IS CERTIFIED AND RECITED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to exist, to happen and to be performed precedent to and in the issuance of this Bond in order to make it a valid and binding special obligation of the Issuer in accordance with its terms, do exist, have happened and have been performed in due form, time and manner as so required; that prior to the issuance of this Bond, the Issuer has provided for the payment of the principal of and interest on this Bond as described herein; and that the issuance of this Bond does not cause the indebtedness of the State or the Issuer to exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed by the manual or printed facsimile signature and countersignature of its Authorized Representative, and by a manual imprint or printed facsimile of its official seal, and has caused this Bond to be dated as of the date set forth below.

Dated: ______________________

________________________________
[Authorized Representative]

CERTIFICATE OF AUTHENTICATION

This is one of the Revenue Fund Bonds delivered pursuant to the Authorizing Resolution described within.

U.S. BANK NATIONAL ASSOCIATION

By ______________________________
Authorized Representative

**ABBREVIATIONS**

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

UNIF GIFT MIN ACT . . . . . Custodian. . . . . .
(Cust) (Minor)

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

under Uniform Gifts to Minors Act . . . . . . . . . . . . . . . .
(State)

Additional abbreviations may also be used.

## ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ______________________________________________________________ (Please Print or Typewrite Name and Address of Transferee) the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ________________ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:__________________ ________________________________

Signature

________________________

Please Insert Social Security Number or Other Identifying Number of Assignee.

Notice: The signature to this assignment must correspond with the name as it appears on the face of this Bond in every particular without alteration or any change whatever.

**EXHIBIT B**
**ANNUAL REPORT INFORMATION**

The Annual Report Date will be the date that is 210 days after each fiscal year end, commencing with the fiscal year ending June 30, 2012.

1. The audited financial statements for the Revenue Fund most recent complete fiscal year.

2. The following financial and operating data:

a. Revenues

- Gross Revenues
- Maintenance and Operations Costs
- Net Revenues

b. Facilities

- Repair and Replacement Expenditures
- Costs for New Facilities
- Debt Financed Capital Expenditures (other than for new facilities)

c. Revenue Fund Bonds

- Principal Amount of Bonds Outstanding
- ❑ Senior Bonds
- ❑ Subordinate Bonds
- Annual Debt Service
- ❑ Senior Bond Principal
- ❑ Senior Bond Interest
- ❑ Subordinate Bond Principal
- ❑ Subordinate Bond Interest
- Unscheduled Redemptions
- ❑ Senior Bonds
- ❑ Subordinate Bonds

d. Debt Service Coverage Ratio [Net Revenues divided by annual debt service]

- Senior Bonds
- ❑ Last fiscal year
- ❑ Preceding fiscal year
- ❑ Second preceding fiscal year

- Subordinate Bonds
- ❑ Last fiscal year
- ❑ Preceding fiscal year
- ❑ Second preceding fiscal year

e. Guarantees

- Maximum exposure
- Amount paid in the last fiscal year

EXHIBIT C

# Blanket Issuer Letter of Representations

[To be Completed by Issuer]

Minnesota State Colleges and Universities

[Name of Issuer]

September 10, 2001

[Date]

Attention: Underwriting Department — Eligibility
The Depository Trust Company
55 Water Street; 50th Floor
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with *respect to* all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to *the* Securities, Issuer represents *to* DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Very truly yours,

Minnesota State Colleges and Universities

(Issuer)

By: LMKing

(Authorized Officer's Signature)

Laura M. King, Vice Chancellor - Finance

(Typewrite Name & Title)

500 World Trade Center, 30 E. 7th Street

(Street Address)

Saint Paul MN 55101

(City) (State) (Zip)

(651) 649-5778

(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: [signature]

B-1947 12/95

Normandale
community college

9700 France Avenue South Bloomington MN 55431 4399
(952) 487-8200 / Fax (952) 487-8101 / TTY (952) 487-7032

April 29, 2011

James McCormick, Chancellor
Minnesota State Colleges and Universities
Wells Fargo Place
30 7th St. E., Suite 350
St Paul, MN 55101

Dear Dr. McCormick:

Subject: Parking Ramp Fee Consultation

On April 19, President Opatz shared and updated the Senate regarding the planning process to provide additional parking for the campus. This second consultation follows the first held on March 22.

Vice President Ed Wines indicated that the SRF Consulting Group completed the 90% Report summary which was shared with the Senate. Ed also presented the financial pro-forma indicating that parking fees would increase from $4/credit to $6/credit in FY12 and $9/credit thereafter. In response to student inquiry Ed indicated that it is unlikely, however should the college come into excess reserves they would use the funds to reduce fees.

The response of the Senate was positive although everyone recognized the added costs would affect students and employees. After questions and careful consideration, the Senate voted with overwhelming support to approve the parking ramp proposal and recommend its approval by the Board of Trustees.

Sincerely yours,

Neal Olmstead, President
Normandale Student Senate

Cc: Joe Opatz, President
Normandale Community College

Encl: March 22 Consultation Letter