

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

**Agenda Item Summary Sheet**

**Committee:** Finance and Facilities

**Date of Meeting:** March 21, 2012

**Agenda Item:** Refunding of Revenue Bonds Series A and B and Reauthorization of Guarantee for St. Cloud State University Projects

- Proposed Policy Change       Approvals Required by Policy       Other Approvals       Monitoring
- Information

**Cite policy requirement, or explain why item is on the Board agenda:**

The Board is being asked to authorize the issuance of refunding bonds to refinance the revenue bonds originally issued in 2002 by the system. The Board is also being asked to authorize a guarantee of the payment of refunding bonds proposed to be issued by the City of St. Cloud's Economic Development Authority ("EDA") to refinance revenue bonds originally issued by the City's Housing and Redevelopment Authority ("HRA") in 2002 and guaranteed by MnSCU to finance the construction and remodeling of several campus facilities at St. Cloud State University.

**Scheduled Presenter(s):** Brian Yolitz – Associate Vice Chancellor of Facilities

**Outline of Key Points/Policy Issues:**

The cost savings from the refunding of revenue bonds are expected to be substantial. The interest rate environment for high-quality revenue bonds, such as bonds issued by MnSCU, remains very favorable. If current interest rates remain stable, the net present value savings that could be realized from refunding Series 2002 revenue bonds is projected to be approximately \$3.3 million over ten years. This is expected to mean an average reduction in annual debt service of approximately \$370,000.

**Background Information:**

The Board authorized a revenue bond sale in October 2001 to finance projects for MSU, Mankato, MSU Moorhead, St. Cloud State University and Southwest Minnesota State University. The sale occurred February 1, 2002 and totaled approximately \$36 million, and was designed to address deferred maintenance issues within state university facilities. The Board, as issuer of bonds, may invoke a call option after ten years for any reason, most notably the opportunity to achieve cost savings by borrowing at more favorable interest rates.

In January 2002, the Board approved a plan between the system, St. Cloud State University, the City of St. Cloud, and the St. Cloud State University Foundation to finance and construct a multi-purpose recreational stadium. The Foundation obtained tax exempt bond financing

through the City of St. Cloud's Housing and Redevelopment Authority (HRA) to finance the project. The Board authorized a stand-alone facility fee as the primary revenue pledge to the HRA bonds. The Foundation is the primary obligor and Minnesota State Colleges and Universities is the guarantor of the bonds, therefore, the bonds are not treated as Revenue Fund debt. The system's conditional obligation to pay debt service is a factor in calculating Revenue Fund debt service coverage. Refunding the bonds at lower interest rates to achieve a cost savings would benefit the Foundation in terms of debt service paid and the Revenue Fund in terms of improving its debt service coverage ratio.

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

**ACTION ITEM**

**Refunding of Revenue Bonds Series A and B and  
Reauthorization of Guarantee for St. Cloud State University Projects**

**PURPOSE**

The purpose of this request is two-fold: 1) the Board is being asked to authorize the issuance of refunding bonds to refinance the revenue bonds originally issued in 2002 by the system, and 2) the Board is also being asked to authorize a guarantee of the payment of refunding bonds proposed to be issued by the City of St. Cloud's Economic Development Authority ("EDA") to refinance revenue bonds originally issued by the City's Housing and Redevelopment Authority ("HRA") in 2002 and guaranteed by MnSCU to finance the construction and remodeling of several campus facilities at St. Cloud State University.

**2002 REVENUE BONDS, SERIES A & B**

The Board authorized a revenue bond sale in October 2001 to finance projects for the benefit of MSU, Mankato, MSU Moorhead, St. Cloud State University and Southwest Minnesota State University. The 2002 sale was the first revenue bond sale undertaken by the Minnesota State Colleges and Universities system after merger. The sale occurred February 1, 2002 and totaled approximately \$36 million, of which \$23,545,000 were tax exempt revenue bonds (Series A) and \$12,730,000 were taxable revenue bonds (Series B). The 2002 Series A and B bonds were rated Aa3 and AA- by Moody's and S&P respectively.

The 2002 revenue bond sale was designed to address long-standing deferred maintenance issues within state university revenue fund facilities. The detailed list of the original projects is contained in **Attachment A**. In a subsequent action in January 2003, the Board authorized the use of the 2002 revenue bond proceeds for two additional campuses and their projects: a) Winona State University for the acquisition of Tau Hall and its Gateway project, and b) a parking ramp addition sponsored by Metropolitan State University at Minneapolis Community and Technical College to serve the planned co-location of Metropolitan State University on the Minneapolis campus.

The 2002 Series A and B bonds have a 20 year maturity date. A standard feature of the system's revenue bonds is that they are callable after ten (10) years. A "call option" means the bonds are subject to redemption at the option of the Board prior to their stated maturity date. The Board, as issuer of bonds, may invoke a call option for any reason, most notably the opportunity to achieve cost savings by borrowing at more favorable interest rates.

## **REFUNDING BONDS**

The 2002 Series A and B revenue bonds are eligible to be called in 2012. In preparation for the possible exercise of the call option, staff consulted with the revenue fund's financial advisor and sought an analysis of the projected savings from a refunding of the 2002 revenue bonds and issuance of refunding bonds at lower interest rates. The true interest cost for the 2002 tax exempt Series A bonds is 4.8398% and taxable Series B bonds is 6.4557%.

The cost savings from the refunding are expected to be substantial. The interest rate environment for high-quality revenue bonds, such as bonds issued by MnSCU, remains very favorable. If current interest rates remain stable, the net present value savings that could be realized from refunding Series 2002 revenue bonds is projected to be approximately \$3.3 million over ten years. This is expected to mean an average reduction in annual debt service of approximately \$370,000. **Attachment B** contains a summary comparison of the 2002 revenue bonds and the projected savings from the proposed refunding bonds.

The refunding action follows a process similar to a new bond sale, including the issuance of a Refunding Bond resolution and obtaining a bond rating from the national rating agencies, Moody's and Standard and Poor's. The system's financial advisors expect a refunding bond rating substantially similar to the original 2002 bonds. **Attachment C** contains the Refunding Bond resolution for the Board's consideration.

## **2002 REVENUE FUND GUARANTEE FOR ST CLOUD STATE UNIVERSITY**

In January 2002, the Board approved a fairly complex plan between the system, St. Cloud State University, the City of St. Cloud, and the St. Cloud State University Foundation to finance and construct a multi-purpose recreational stadium for intramural sports, demolishing grandstands, renovating and equipping Selke Field for recreational use, renovating a portion of Atwood Memorial Center (including a skyway link to Centennial Hall), and equipping and constructing the student fitness and recreational facility.

The \$16 million project involved a lease of land underlying the project areas to the St. Cloud State University Foundation and issuance of an operating agreement between the university and the Foundation. In turn, the Foundation obtained tax exempt bond financing through the City of St. Cloud's Housing and Redevelopment Authority (HRA) to finance the project. The City's HRA was the issuer of the bonds and the Foundation is the obligor. As additional security for the bonds, the system provided a Revenue Fund guarantee of timely payment of regularly scheduled bond principal and interest. The guarantee enhanced the creditworthiness of the bonds. As a result, the bonds were rated Aa3 and AA- by Moody's and S&P, respectively. The Board authorized a stand-alone facility fee as the primary revenue pledge to the HRA bonds.

The St. Cloud Series 2002 Bonds do not obligate the Revenue Fund to pay debt service on the bonds. The Foundation is the primary obligor and MnSCU is the guarantor. As such, the

*Refunding of Revenue Bonds, 2002 Series A and B  
Reauthorization of Guarantee for St. Cloud State University Projects*

St. Cloud Series 2002 Bonds are not treated as Revenue Fund debt, but the conditional obligation to pay debt service is a factor in calculating Revenue Fund debt service coverage. The Foundation would like to take advantage of the low rate environment, and the Foundation Board is expected to meet March 16<sup>th</sup> to formally authorize the refunding action, subject to the Board of Trustees's authorization to sign the guarantee. Refunding the bonds at lower interest rates to achieve a cost savings would benefit the Foundation in terms of debt service paid and the Revenue Fund in terms of improving its debt service coverage ratio.

The cost savings from the refunding are expected to benefit St. Cloud State University's debt payment regarding these particular bonds. Current projections suggest a net present value savings of approximately \$1 million over the remaining term of the bonds, translating to a reduction in annual debt service of about \$98,500/per year. The estimated cost savings are shown in **Attachment D**.

The proposed guarantee document reauthorizing the Board's consent to a Revenue Fund guarantee is contained in **Attachment E**.

**RECOMMENDED COMMITTEE ACTION:**

The Finance and Facilities Committee recommends the Board of Trustees adopts the following motion:

The Board of Trustees approves the following:

1. The Series Resolution attached hereto as **Attachment C**, providing for the issuance of refunding bonds to refund the tax exempt Series 2002A and taxable Series 2002B revenue bonds.
2. The execution of a guarantee in a form substantially similar to the guarantee attached hereto as **Attachment E**, providing for the guarantee of payment of the refunding bonds to be issued by the St. Cloud Economic Development Authority to refund the 2002 revenue bonds previously issued by the St. Cloud Housing and Redevelopment Authority and guaranteed by the Board.
3. Authorizes the Chancellor or his designee to take such action as may be necessary to complete the transactions noted above, including, without limitation, providing to the Trustee for the Series 2002A Bonds, the Series 2002B Bonds and the St. Cloud Bonds such consent or direction that they may require to provide for the optional redemption of such bonds, as described herein.

**RECOMMENDED MOTION:**

The Board of Trustees approves the following:

1. The Series Resolution attached hereto as **Attachment C**, providing for the issuance of refunding bonds to refund the tax exempt Series 2002A and taxable Series 2002B revenue bonds.
2. The execution of a guarantee in a form substantially similar to the guarantee attached hereto as **Attachment E**, providing for the guarantee of payment of the refunding bonds to be issued by the St. Cloud Economic Development Authority to refund the 2002 revenue bonds previously issued by the St. Cloud Housing and Redevelopment Authority and guaranteed by the Board.
3. Authorizes the Chancellor or his designee to take such action as may be necessary to complete the transactions noted above, including, without limitation, providing to the Trustee for the Series 2002A Bonds, the Series 2002B Bonds and the St. Cloud Bonds such consent or direction that they may require to provide for the optional redemption of such bonds, as described herein.

*Refunding of Revenue Bonds, 2002 Series A and B  
Reauthorization of Guarantee for St. Cloud State University Projects*

**Attachment List**

Attachment A	List of 2002 Series A and B financed projects (pp. 26 – 28)
Attachment B	Cost savings analysis for refunding 2002 Series A and B revenue bonds (page 29)
Attachment C	Refunding Bond Resolution (pp. 30 – 62)
Attachment D	Cost savings analysis for refunding 2002 Series Revenue Bonds issued by the St. Cloud Housing and Redevelopment Authority (pp. 63)
Attachment E	Guarantee of Refunding Bonds for St. Cloud Housing and Redevelopment Authority (pp. 64 – 68)

## PROJECTS ORIGINALLY PROPOSED FOR 2002 REVENUE BOND SALE

### Minnesota State University, Mankato – Student Union

#### Centennial Renovations

The existing “food court” style food service called “Stompers” is located on the main floor of the Centennial Student Union. It offers menu choices at multiple stations, serving an average of 3,000 meals per day. It is the largest of three food service facilities on campus. Neither the food preparation area nor the dining area has changed appreciably since 1967. The “Revenue Fund Reinvestment Study, January 2000” documents the food service areas of the Centennial Student Union as having high priority for renovation to correct non-functioning conditions, and to offer choices and amenities.

This renovation will allow for the expansion of the dining area and relocation of the restrooms. Numerous problems related to deferred maintenance, space utilization, accessibility and code deficiencies will be corrected.

**Schedule:** Begin design, September 2001. Renovation complete: August 2003

**Estimated Cost:** \$10.6 million

### Minnesota State University, Mankato - Residential Life

#### Residence Hall Upgrades

MSU,M’s first deficiency-reduction projects will focus primarily on items identified in the Biddison Heir report. Facilities improved are to be: Gage Complex, Carkoski Commons, Crawford A, B and C halls and McElroy G, H, and I halls. Priorities include:

- Updating electrical circuitry
- Updating and improving HVAC systems.
- Window replacement
- Upgrading plumbing systems
- Replace fire alarm systems and construct “safe havens”.
- Replace furnishings

**Schedule:** Projects will begin in 2001 and be phased over a four-year period.

**Estimated Cost:** \$8.7 million

### Minnesota State University Moorhead – Student Life

#### Comstock Memorial Union HVAC System Replacement

The heating, ventilating and air conditioning systems in the Comstock Memorial Union are nearly 30 years old. They have reached the end of their useful life. This project will replace the old systems with ones that are more energy and operationally efficient, and



which create a more healthful environment for the building occupants. A mechanical systems condition assessment was completed in 1997 that has led to formulation of an eight-phased systems replacement and upgrade plan. Primary components include:

- Replace heating and cooling coils; add return air ducts.
- Increase cooling capacity
- Replace supply and return piping
- Upgrade of electrical service.

**Schedule:** Project completion in approximately 18 months.

**Estimated Cost:** \$4.0 million

## **St. Cloud State University – Residence Life**

### Lawrence Hall Renovation

Lawrence Hall is an historically significant facility at SCSU. It has been unoccupied for several years due to deficiencies. This bond request accompanied by previously-approved state funding will renovate the structure for mixed academic and residential use. 100 beds will be added to the institution's inventory.

**Schedule:** Renovation complete for occupancy, August 2003.

**Estimated Cost:** State Funds \$3.7 million, Bond Funds: \$3.2 million. Total \$6.9 million

### Purchase Stateview Apartments

SCSU proposes to purchase Stateview Apartments, an existing apartment complex immediately adjacent to campus. It is comprised of two buildings, each containing 12 4-bedroom apartments. This is a preferred and much-requested housing option by today's students. This addition will increase SCSU's capacity/occupancy by 96 students. The apartments are currently in good shape, but some modernization and maintenance improvements will be made before occupancy.

**Schedule:** Purchase, renovate and complete for occupancy by September 2002.

**Estimated Cost:** \$2.3 million

## **St. Cloud State University – Student Union**

### Atwood Center Ballroom

Installation of fire sprinklers in the ballroom, including required asbestos abatement, to meet fire code requirements.

**Schedule:** Summer 2002

**Estimated Cost:** \$400,000

### Reroof Atwood Center

The roof of the Atwood Center will be replaced per consultant recommendation.

**Schedule:** Complete Summer 2002

**Estimated Cost:** \$1.0 million

### **Southwest State University – Residence Life**

#### Renovations to Food Service East

Miscellaneous deficiency reduction projects related to Biddison Heir report and to meet requirements of Health Department.

**Schedule:** Summer 2002

**Estimated Cost:** \$1.6 million

#### Renovations to GM2, GM3 and H halls

A series of renovations to reduce deficiencies identified on the Biddison Heir report. Of critical importance is replacement of deteriorated plumbing supply and drainage systems.

**Schedule:** Phased

**Estimated Cost:** \$1.8 million

### **System Capital Planning**

#### Planning Funds for Future Projects

Architectural design funding to allow development of accurate scope, budgets and schedules in advance of requesting approval for future projects.

**Budgeted Amount:** \$3.4 million

**MnSCU Series 2002A and 2002B and Savings Expected**

	<b>Original 2002 bonds</b>	<b>Outstanding 2002 bonds</b>	<b>Projected 2012 Refunding</b>
Series A	\$23,545,000	\$15,615,000	\$14,310,000
Series B	<u>\$12,730,000</u>	<u>\$ 8,890,000</u>	<u>\$ 8,100,000</u>
Total:	\$36,275,000	\$24,505,000	\$22,410,000

	<b>Rates on remaining 2002 bond maturities</b>	<b>Projected yields on corresponding refunding bonds</b>
Series A	4.50% to 5.00%	0.45% to 2.45%
Series B	6.375% to 6.50%	1.45% to 3.45%

	<b>Projected Future Value Savings</b>	<b>Projected Present Value Savings</b>
Series A	\$2,195,000	\$2,000,000
Series B	<u>\$1,532,000</u>	<u>\$1,331,000</u>
	\$3,727,000	\$3,331,000

	<b>Projected average annual future value debt service savings per year</b>
Series A	\$220,000
Series B	<u>\$150,000</u>
	\$370,000

The estimated combined cost of issuance for this refunding is \$86,800 for Series A and \$47,560 for Series B. Total of approximately \$135,000.

The projected present value savings are net of the cost of issuance.

**SERIES RESOLUTION**  
**OF**  
**THE BOARD OF TRUSTEES**  
**OF**  
**MINNESOTA STATE COLLEGES AND UNIVERSITIES**  
  
**RELATING TO**  
  
**STATE COLLEGE AND**  
**UNIVERSITY REVENUE REFUNDING FUND BONDS**  
**SERIES 2012**

**ADOPTED: March 21, 2012**

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**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 proposed debt service savings make it necessary and desirable for MnSCU to issue its State College and University Revenue Refunding Fund Bonds, Series 2012A (the “Series A Bonds”) and Taxable Series 2012B (the “Series B Bonds,” and together with the Series A Bonds, the “2012 Bonds” or the “Bonds”) in an original aggregate principal amount up to \$25,000,000 and to use the proceeds of the 2012 Bonds to advance refund MnSCU’s previously issued \$23,545,000 Revenue Fund, Series 2002A and \$12,730,000 Revenue Fund Bonds - Taxable, Series 2002B (the “2002 Bonds”), and to pay certain costs of issuing the 2012 Bonds.

5. The execution and delivery of this Series Resolution and the issuance of the 2012 Bonds have been in all respects duly and validly authorized by the Board.

6. All things necessary to make the 2012 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 2012 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 2012 Bonds by the Holders thereof, in order to secure the payment of the principal of, interest on, and premium, if any, on the 2012 Bonds according to their tenor and effect, does hereby grant a security interest in and assign to the Holders of the 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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 2012 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, initial Interest Payment Date, 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 2012 Bonds, each April 1 and October 1, commencing on the date identified in the Closing Certificate.

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 2012 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 2012 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 2012 Bonds.

Rating Agency means Moody's Investors Service, Inc. or Standard & Poor's Ratings Services Group or Fitch, 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 2012 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.

Refunding Account means the fund identified as the 2012 Refunding Account created by Section 3.1(C) hereof, into which the net proceeds of the 2012 Bonds are to be deposited.

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 2012 Bonds.

Series Resolution means this Series Resolution adopted on March \_\_\_\_, 2012 by the Minnesota State Colleges and Universities Board of Trustees.

Term Bonds means the 2012 Bonds identified as such pursuant to Section 2.3(A)(2), and the Closing Certificate.

2002 Bonds means the Minnesota State Colleges and Universities, College and University Revenue Fund, \$23,545,000 Series 2002A and Revenue Fund Bonds - \$12,730,000 Taxable, Series 2002B.

2012 Bonds or Bonds means the Minnesota State Colleges and Universities, College and University Revenue Refunding Fund Bonds, Series 2012A and Taxable Series 2012B dated as of the date of delivery and issued in the original aggregate principal amount of up to \$25,000,000 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 2012 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 2012 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-1: form of A Bond;
- (2) Exhibit A-2: form of B Bond;
- (3) Exhibit B: form of Annual Disclosure Report;
- (4) Exhibit C: DTC Letter.

## ARTICLE 2

### THE 2012 Bonds

Section 2.1 The 2012 Bonds.

(A) The 2012 Bonds shall be issued as:

- (1) the Series A Bonds as Tax-Exempt Bonds; the Series B Bonds as Taxable Bonds;
- (2) Book-Entry Form Bonds; and
- (3) as Revenue Fund Bonds bearing interest at a fixed rate of interest.

The Series A Bonds are expected to be issued in the approximate principal amount of \$14,310,000 and the Series B Bonds are expected to be issued in the approximate principal amount of \$8,100,000, with the actual principal amount issued to be identified in the Closing Certificate relating to the 2012 Bonds. The total principal amount of 2012 Bonds which may be Outstanding hereunder is expressly limited to the amount identified in the Closing Certificate relating to the 2012 Bonds unless duplicate 2012 Bonds are issued as provided in Section 3.07 of the Master Indenture. The 2012 Bonds shall be issued in Authorized Denominations and in substantially the forms of **Exhibits A-1** and **Exhibit A-2** hereto, with such variations, additions or deletions as may be appropriate to conform the terms of such 2012 Bonds to the terms of this Article 2. The Vice Chancellor-Chief Financial officer is hereby authorized to provide for the sale of the 2012 Bonds by competitive sale, and to complete the Closing Certificate for the 2012 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 2012 Bonds is 1.5% of par.

(B) Upon issuance, the net proceeds of the 2012 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 proceeds will be deposited in the Capital Expenditures Account, in the amount stated in said Closing Certificate, and shall be applied to pay the costs of issuing the 2012 Bonds.

Section 2.2 The 2012 Bonds - Initial Issue. The 2012 Bonds shall be initially issued in the aggregate principal amounts set forth in the Closing Certificate relating to the 2012 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 2012 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 2012 Bond or portion thereof redeemed pursuant to Sections 2.3(A) and 2.4 shall also be payable on the Redemption Date as to 2012 Bonds called for redemption.  
  
(b) the 2012 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%.
- (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 2012 Bonds will be payable by check or draft mailed by the Trustee to the Holders of such 2012 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 2012 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 2012 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 2012 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 2012 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 2012 Bonds - Redemption.

(A) Pursuant to the provisions of Section 3.12 of the Master Indenture and 2.4 hereof, the 2012 Bonds are subject to redemption prior to maturity as follows:

(1) *Damage, Destruction or Condemnation.* In the event of partial or complete damage to or destruction or condemnation of any Facility refinanced with proceeds of the 2012 Bonds, the 2012 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 2012 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 2012 Bonds are not subject to optional redemption or prepayment prior to maturity.

(B) No Other Redemption Prior to Maturity. Except as provided in Section 2.3(A) herein, the Series 2012 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 2012 Bonds under Section 2.3(A)(1) or(3), the Issuer, 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 2012 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 2012 Bonds are redeemed in part pursuant to Section 2.3(A)(1) or (3), the amounts shown on the tables in those Section and the serial maturities of the applicable series of 2012 Bonds shall be reduced as the Issuer shall direct in its notice to the Trustee.

(3) The Trustee shall give notice of redemption of 2012 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 2012 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 2012 Bonds for whom the Registrar has an 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 2012 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 2012 Bond then Outstanding a distinctive number for each Authorized Denomination of the principal amount of such 2012 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 2012 Bonds, select as many numbers as, at the Authorized Denomination for each number, shall equal the principal amount of such 2012 Bonds to be redeemed. The 2012 Bonds to be redeemed shall be the 2012 Bonds to which were assigned numbers so selected; provided that if, as a result of partial redemption there is a 2012 Bond outstanding in a principal amount less than the Authorized Denomination, such 2012 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 2012 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 2012 Bonds

##### Section 3.1 Revenue Fund Accounts.

(A) 2012 Revenue Receipts Subaccount. There is hereby created within the Revenue Receipts Account a subaccount titled the 2012 Revenue Receipts Subaccount. All “private payments” (within the meaning of Section 141 of the Code) derived from Facilities refinanced by the 2012 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) 2012 Debt Service Subaccounts. The Trustee is hereby directed to create a 2012 Debt Service Subaccount pursuant to the Master Indenture. Net Revenues held in the 2012 Revenue Receipts Account shall be transferred by MnSCU on each March 1 and September 1 to the Trustee for deposit to the 2012 Debt Service Subaccount, and there applied prior to the use of any other funds, to pay principal of, interest on and redemption price of 2012 Bonds.

(C) 2012 Refunding Account. There is hereby created a 2012 Refunding Account, with two subaccounts titled “Series A Refunding Subaccount” and “Series B Refunding Subaccount.” All proceeds of the 2012 Bonds, except that amount deposited in the Capital Expenditures Account

to pay costs of issuance of the 2012 Bonds, shall be deposited in the respective series Refunding Subaccount and from there transferred by the Trustee to the respective Bond Funds previously created for the 2002 Bonds and used, together with other amounts on deposit in such Bond Funds and the amounts in the Debt Service Reserve Funds created for the 2002 Bonds, to redeem the 2002 Bonds on October 1, 2012.

Section 3.2 Capital Expenditure Account. The Trustee is hereby directed to create a Capital Expenditure Account for the 2012 Bonds pursuant to the Master Indenture, and to deposit proceeds of the 2012 Bonds therein as described in Sections 2.1 hereof.

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 2012 Bonds. In addition, the Issuer shall provide to such rating agencies such other information relating to the 2012 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 2012 Bonds in accordance with the terms of the 2012 Bonds, the Master Indenture and this Series Resolution. Nothing in the 2012 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 2012 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 2012 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 2012 Bonds authorized hereby, to adopt this Series Resolution, to apply the 2012 Bond proceeds to refinance the 2002 Bonds and to pledge the Net Revenues and moneys held in the Revenue Fund and its Accounts equally and ratably to secure the 2012 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 2012 Bonds and the execution and delivery of this Series Resolution has been duly and effectively taken; and that the 2012 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 2012 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 2012 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 2012 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 2012 Bonds shall be made as provided in this Section. This Section is intended for the benefit of the Holders of the 2012 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 2012 Bonds; 2012 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); and

provided that "obligated person" shall not mean a Credit Enhancer;

(4) *MSRB* means the Municipal Securities Rulemaking Board.

(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 2012 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 difficulties;
- (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 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) Means of Making Information Public. 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 by electronic transmittal to MSRB;
- (2) notices required by subsections (B)(2) and (3) shall be provided to the MSRB in accordance with its rules and procedures; and
- (3) 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 or the MSRB, 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 or the MSRB. 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 the MSRB.

- (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 2012 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 2012 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-1**

**Form of 2012A Bond**

R-\_\_\_\_

\$\_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA**

**MINNESOTA STATE COLLEGES  
AND UNIVERSITIES**

**REVENUE REFUNDING FUND BOND  
Series 2012A**

**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 \_\_\_\_\_, 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 \$\_\_\_\_\_ each of like date and tenor except as to registration number, interest, maturity date, redemption privilege, and

denomination, issued for the purpose of refinancing the Issuer's \$23,545,000 Revenue Fund, Series 2002A (the "2002 Bonds"), which financed 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 March 21, 2012 (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 are not subject to optional redemption or prepayment prior to maturity.

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]

In the event of partial or complete damage to or destruction or condemnation of any Facility, 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 UNIF GIFT MIN ACT . . . . Custodian. . . . .  
in common (Cust) (Minor)
  
- TEN ENT -- as tenants  
by the entirety
  
- JT TEN -- as joint tenants under Uniform Gifts to  
with right of Minors Act . . . . .  
survivorship and (State)  
not as tenants  
in common

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 A-2**

**Form of 2012B Bond**

R-\_\_\_\_

\$\_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA**

**MINNESOTA STATE COLLEGES  
AND UNIVERSITIES**

**REVENUE REFUNDING FUND BOND  
Taxable Series 2012B**

**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 \_\_\_\_\_, 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 \$\_\_\_\_\_ each of like date and tenor except as to registration number, interest, maturity date, redemption privilege, and

denomination, issued for the purpose of refinancing the Issuer's \$12,730,000 Revenue Fund Bonds - Taxable, Series 2002B (the "2002 Bonds"), which financed 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 March 21, 2012 (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 Taxable Bond Debt Services Subaccount in 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 Taxable Bond Debt Services Reserve Subaccount 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 Taxable Bond Debt Service Subaccount in 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 are not are subject to optional redemption or prior to maturity.

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]

In the event of partial or complete damage to or destruction or condemnation of any Facility, 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 UNIF GIFT MIN ACT . . . . . Custodian. . . . .  
in common (Cust) (Minor)
  
- TEN ENT -- as tenants  
by the entirety
  
- JT TEN -- as joint tenants under Uniform Gifts to  
with right of Minors Act . . . . .  
survivorship and (State)  
not as tenants  
in common

Additional abbreviations may also be used.

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**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  
35 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: [Signature]  
(Authorized Officer's Signature)

Laura M. King, Vice Chancellor - Finance  
(Typewrite Name & Title)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: [Signature]

500 World Trade Center, 30 E. 7th Street  
(Street Address)

Saint Paul MN 55101  
(City) (State) (Zip)

(651) 649-5778  
(Phone Number)

**St. Cloud HRA Series 2002**

<b>2002 Bonds</b> \$16,500,000	<b>2002 Balance to refund</b> \$11,345,000	<b>2012 Refunding</b> \$11,605,000
<b>Rates on remaining 2002 bond maturities</b> 4.25% to 5.00%		<b>Projected yields on corresponding refunding bonds</b> 0.60% to 2.75%
<b>Projected Future Value Savings</b> \$1,270,000		<b>Projected Present Value Savings</b> \$1,156,000
<b>Projected average annual future value debt service savings per year</b> \$115,000 (over 11 years)		

The estimated cost of issuance is \$153,500.

The projected present value savings are net of the cost of issuance.

**EXHIBIT E**

*LS&D Draft: \_\_\_\_\_, 2012*

**GUARANTEE**

Issued by the

**BOARD OF TRUSTEES**

**OF**

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

with respect to the

**THE ECONOMIC DEVELOPMENT AUTHORITY  
IN AND FOR THE CITY OF ST CLOUD, MINNESOTA**

**REVENUE REFUNDING BONDS  
(ST. CLOUD STATE UNIVERSITY FOUNDATION PROJECT)**

Dated: \_\_\_\_\_ 1, 2012

THIS GUARANTEE is issued by the Board of Trustees of MINNESOTA STATE COLLEGES AND UNIVERSITIES (“MnSCU”) with respect to The Housing and Redevelopment Authority of the City of St. Cloud, Minnesota, Revenue Refunding Bonds (St. Cloud State University Foundation Project) dated \_\_\_\_\_ 1, 2012 (the “Bonds” or the “2012 Bonds”), issued in the original principal amount of \$\_\_\_\_\_.

In consideration of issuance of the Bonds pursuant to the Trust Indenture dated as of \_\_\_\_\_ 1, 2012 (the “Indenture”) between The Economic Development Authority of the City of St. Cloud (the “Issuer”) and U.S. Bank National Association (the “Trustee”) to refinance the revenue bonds (St. Cloud State University Foundation Project) previously issued by The Housing and Redevelopment Authority of the City of St. Cloud (the “HRA”) (the “Prior Bonds”), the proceeds of which were loaned to the St. Cloud State University Foundation (the “Foundation”) pursuant to the Loan Agreement dated as of March 1, 2002 among the HRA, the Foundation and MnSCU, which Loan Agreement has been amended by the \_\_\_\_\_ in connection with the issuance of the 2012 Bonds (as amended, the “Loan Agreement”) hereby guarantees the full and timely payment of regularly scheduled principal of and interest on the Bonds, when due, subject to the terms of this Guarantee.

This Guarantee is subject to the following terms and conditions:

1. This Guarantee guarantees the payment of scheduled principal of and interest (and Defaulted Interest) on the Bonds, in the principal amounts and at the rates of interest per annum set forth in Sections 2.01(e) and 3.01(b) of the Indenture (as the principal amounts stated therein may be reduced as provided in the Indenture). This Guarantee further guarantees the payment of the principal of and interest on any Bonds called for redemption pursuant to scheduled mandatory redemption or optional redemption at the direction of MnSCU, and replenishment of the Reserve Fund held under the Indenture, if drawn upon. No optional or non-scheduled redemption may occur without the written approval of MnSCU. This Guarantee does not apply to any redemptions other than those described in the preceding sentence, nor to any other unscheduled payment of the principal of or interest on the Bonds whether arising from acceleration or any other cause. This Guarantee does not apply to any late payment penalty or fee, any fees or reimbursement of costs or expenses payable to the Trustee or the Issuer or to any indemnification payments due from the Foundation.

2. All payments made pursuant to this Guarantee shall be payable solely from revenues received by, or funds on deposit in, the Revenue Fund, as defined by the Amended and Restated Master Indenture of Trust (the “Master Indenture”), dated as of June 1, 2009, between MnSCU and U.S. Bank National Association (the “Trustee”), and shall not be payable from any other revenue, fund or asset of the State of Minnesota, MnSCU, or other state agency or political subdivision. This Guarantee is not a general obligation of MnSCU, but is solely a special obligation of the MnSCU Revenue Fund. The obligation evidenced by this Guarantee is on a parity as to right of payment with all other Senior Bonds and Senior Guarantees (both as defined in the Master Indenture) from time to time issued and outstanding. In no event shall any tuition revenues, or funds appropriated to MnSCU by act of the Minnesota Legislature, be used to pay the Bonds or to honor any demand made under this Guarantee.

3. Nothing in this Guarantee, the Bonds, the Indenture, the Loan Agreement or any related document or agreement shall be construed to limit the right or discretion of MnSCU to operate and administer educational, recreational, student housing and other campus programs at St. Cloud State University (“SCSU”).

To receive payment pursuant to this Guarantee, the Trustee or its successor trustee shall submit a written demand to MnSCU, at the office of its Chief Financial Officer, which notice shall be given no later than five (5) business days prior to the date on which funds will be paid to honor the demand. Each such demand must relate to amounts due on a specific Interest Payment Date (as defined in the Indenture) including (without duplication) the amount of Defaulted Interest, if any. Such notice shall:

- (a) clearly identify the Series 2012 Bonds by their full title;
- (b) state the Outstanding principal amount of the Series 2012 Bonds, the scheduled amount of principal of the Series 2012 Bonds due on the applicable Interest Payment Date, and the dollar amount of interest payable on the applicable Interest Payment Date;
- (c) state the amount then held in the Bond Fund or otherwise available to pay the principal of and interest on the Series 2012 Bonds, or which was applied to pay the principal of and interest on the Series 2012 Bonds on such Interest Payment Date, on the next applicable Interest Payment Date, and the amount demanded under the Guarantee in order to make full payment of the scheduled principal of and interest on the Series 2012 Bonds due on such Interest Payment Date; and
- (d) state the amount of the scheduled payment(s) due under Section 4.02(a) of the Loan Agreement which are in default, and stating separately the amount of principal in default and the amount of interest in default.

Such written demand shall be delivered to MnSCU (to the office of its Chief Financial Officer) by certified mail, return receipt requested, postage prepaid. Such notice shall further state the name and address of the contact person at the Trustee, and provide wiring instructions for the electronic transfer of funds. The Trustee shall give telephonic or electronic mail notice to MnSCU that a written demand shall be made, but failure to give such telephonic or electronic mail notice shall not invalidate the written demand, when given.

MnSCU shall then have the option to pay only the amount then required, in addition to funds on hand in the Bond Fund and Reserve Fund held under the Indenture, to make payment in full of the principal of and interest on the Series 2012 Bonds due on the applicable Interest Payment Date, or to make such payment and to direct that the Series 2012 Bonds be redeemed in their entirety, at par, without premium, with accrued interest thereon to the date of redemption on the earliest date for which proper notice of redemption can be given.

Payment pursuant to a properly presented demand for payment under this Guarantee shall be made on or before the fifth (5<sup>th</sup>) business day following the date of the written demand for the applicable Interest Payment Date in immediately available funds; provided that if MnSCU



directs redemption of the Series 2012 Bonds, an additional payment under the Guarantee shall be made on or before the redemption date.

Any amendment to or modification of the Bonds, Indenture, Loan Agreement or other financing documents, or appointment of any successor trustee, shall not be valid or effective without MnSCU's prior written consent. This Guarantee may not be amended except by a writing executed by MnSCU and acknowledged by the Trustee.

The term of this Guarantee shall be from the date of issue of the Bonds until the earlier of the date of payment in full of the Bonds, or release and cancellation of this Guarantee as provided in the Indenture. This Guarantee is irrevocable so long as any Bonds remain Outstanding unless the Guarantee is released pursuant to, and in strict accord with, the Indenture.

The Guarantee shall be binding upon MnSCU and any successor to its functions as the state agency with jurisdiction over the Revenue Fund.

MnSCU hereby represents and warrants that all acts and conditions required to be taken or to exist under the Constitution and laws of the State of Minnesota, including particularly Minnesota Statutes, Chapter 136F, as amended, and under the Master Indenture, have been taken or do exist, and that this Guarantee is the valid, binding and enforceable special obligation of the MnSCU Revenue Fund.

MINNESOTA STATE COLLEGES AND  
UNIVERSITIES

By: \_\_\_\_\_

Laura M. King

Its: Vice Chancellor-Chief Financial Officer

Guarantor address:

Minnesota State Colleges and Universities  
500 World Trade Center  
30 East Seventh Street  
St. Paul, MN 55101

Attn: Vice Chancellor – Chief Financial Officer

ph: (651) 201-1732

fax: (651) 297-2997

em: [laura.king@so.mnscu.edu](mailto:laura.king@so.mnscu.edu)