FINANCE AND FACILITIES COMMITTEE
MARCH 21, 2012
8:45 A.M.

MCCORMICK ROOM
30 7TH STREET EAST
SAINT PAUL, MN

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

Committee Chair Dan McElroy calls the meeting to order.

(1) Minutes of January 17, 2012 (pp. 1-8)
(2) Finance and Facilities Update
(3) FY2014-2019 Capital Budget Guidelines – first reading (pp. 9-15)
(4) Minnesota State College – Southeast Technical Transportation Building Addition Approval (pp. 16-18)
(5) Refunding of Revenue Bonds Series A and B and Reauthorization of Guarantee for St. Cloud State University Projects (pp. 19-68)
(6) Revenue Fund Reallocation – Alexandria Technical and Community College (pp.69-73)
(7) Microsoft Campus Agreement Contract Approval (pp.74-76)

<u>Members</u>
Dan McElroy, Chair
Michael Vekich, Vice Chair
Jacob Englund
Clarence Hightower
Phil Krinkie
Thomas Renier
James Van Houten

Bolded items indicate action required.

MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD OF TRUSTEES

FINANCE AND FACILITIES COMMITTEE

MEETING MINUTES

January 17, 2012

Finance and Facilities Committee Members Present: Dan McElroy, Chair, Trustees Jacob Englund, Clarence Hightower, Phil Krinkie, Tom Renier, James Van Houten and Michael Vekich

Other Board Members Present: Trustees Brett Anderson, Duane Benson, Cheryl Dickson, Alfredo Oliveira, Louise Sundin, and Scott Thiss

Leadership Council Representatives Present: *Vice Chancellor Laura King, President Joe Opatz, and President Richard Hanson*

The Minnesota State Colleges and Universities Finance and Facilities Policy Committee held its meeting on January 17, 2012, 4th Floor, McCormick Room, 30 East 7th Street in St. Paul. Chair McElroy called the meeting to order at 1:08 p.m.

1. **MINUTES OF November 16, 2011**

The minutes of the November 16, 2011 meeting were approved as published.

2. **FINANCE AND FACILITIES UPDATE**

Vice Chancellor King reported that the Finance division hosted its annual meeting of the CFOs in mid-November at the system office with all campuses sending representation. There was great feedback on the format and the agenda. The Facilities officers and related leadership will be meeting April 11-13, 2012 at the system office covering topics in facilities, construction, public safety and compliance.

The Campus Service Cooperative (CSC) is using the tagline *One Team, Many Campuses* to tackle work in the "cloud" through virtual common work queues across member campuses. The payroll service is now live at Normandale, Anoka Technical College, Pine Technical College, Ridgewater College, and the system office, with five more schools showing interest. The system office will be the first to go live in January with Payroll 2.0, an expanded offering of reconciliations, audits, and leave accrual services. Direct lending has expanded to include an automated end of the month reconciliation at the request of members with pricing to come. Three schools are looking at joining this service offering. South Central and Mesabi Range have enrolled in account reconciliation, joining Normandale, Anoka Tech and Mesabi Range as clients and two more schools indicated interest. Dakota County Technical College, with the help of US Bank and M/State, are now in the pilot phase of purchase cards and electronic purchase requests, with a school-wide roll out February 9th. The system office is preparing to pilot this program and two other schools are considering being part of this pilot as well. The launching of the Higher One Card (typically to load financial aid disbursements) will be determined by each campus. An estimated $1 million in volume discounts/group purchasing savings are estimated for the print management service. A new Master Contract with Xerox is coming next week and other vendor contracts are likely.

The development of Project 2022, an Excel-based financial analysis and planning tool, is well underway. The Project 2022 financial model will be presented at the Board of Trustees' March meeting.

Minnesota Management and Budget (MMB) released its budget forecast in December, projecting a budget surplus of $876 million at the end of the FY2012-2013 biennium. The additional revenues will be used to replenish the state's cash flow account to $350 million and to build the budget reserve to $648 million. The improved budget picture reduces, but does not eliminate, the likelihood that the state appropriation for Minnesota State Colleges and Universities (MnSCU) will be reduced in the current biennium. Because the budget solution relied heavily on the use of one-time funds to balance the FY2012-13 biennial budget, a $1.3 billion structural deficit is still projected for the FY2014-15 biennium.

Fiscal year 2013 budget planning is underway. The instructional cost study is being finalized for use in the FY2013 allocation framework.

As reported at the November Board meeting, MMB drew down $550 million in cash from MnSCU's account in October to help meet the state's cash flow requirements. In November, MMB repaid $100 million leaving $450 million outstanding. The improved economic outlook and the restoration of the state's cash flow account should lessen the state's dependency on MnSCU to meet its cash flow needs.

Communication with MMB continues regarding the state's new SWIFT payroll and accounting system. There has been communication with the commissioner and steady improvement in operations but it remains burdensome to campuses and incomplete in its utility. Teams are in place to assist campuses with continuing problems. The problems are raising the risk profile for closing the books in June.

All financial reports are back from the printer and posted to the web. Single audit work with the auditors is wrapping up.

With the startup of the legislative session, a proposed statutory amendment will be included which would clarify MnSCU's authority to access its own receipts in the event of a state shutdown. The amendment is expected to be well received. There is no indication of any supplemental budget expectation from the executive branch.

Governor Dayton released his bonding recommendation totaling $775 million at a press conference today. Of MnSCU's $278.7 million request, the governor is recommending $111.9 million (40%). The most disappointing news of the recommendation is of the

$110 million requested for Higher Education Asset Preservation and Replacement (HEAPR) projects, only $20 million (18%) was approved. This was the lowest percentage since 1996, but Vice Chancellor King noted that this is the first step in a long process. Capital projects were approved at $91 million (50%) and Vice Chancellor King said that to the Governor's credit, they were approved in the priority order that they were submitted with the exception of Rochester. By following the list, a compliment was paid to the Board for their work. Local projects are the system's competition for capital bonding and Vice Chancellor King is hopeful that we can end in a stronger position than what is outlined here. Trustee Van Houten inquired about the "catch up" and "keep up" amounts for HEAPR projects. Vice Chancellor King replied each is at $60 million per year for a total of $120 million and it was the "catch up" projects where the governor did not give much support. The Board's work over the past fifteen years, with support from the governor and the legislature, has stopped the increase in deferred maintenance.

3. **FY2011 AND FY2010 AUDITED FINANCIAL STATEMENTS**

Vice Chancellor King introduced Associate Vice Chancellor Colin Dougherty who presented an expanded version of what was presented to the Board in November, including more detailed information concerning the financial conditions of the individual MnSCU institutions.

Mr. Dougherty reported that 13 colleges and universities were audited and for the second year running, MnSCU received "clean opinions", no material weaknesses and no significant deficiencies.

FY2011 saw a 2% FYE and 1% headcount growth, whereas, it had been flat in FY2010. Total assets equal approximately $2.9 billion. Taking into account liabilities, net assets were approximately $1.9 billion, with a good portion of that being facilities. Operating fund reserves grew by $9.2 million ending FY2011 at 6% of revenue and within the Board recommendation of 5 – 7%. The system's Composite Financial Index (CFI) is 2.91, which was flat from FY2010. Primary reserve and viability are two factors that are keeping the system below the desired benchmark of 3.0 CFI. Mr. Dougherty noted that MnSCU is above the range in operating revenue and return on assets. Mr. Dougherty went on to say that of the institutions that are currently at or above a 3.0 CFI, all are colleges (13 total) and that colleges carry a lower amount of debt than universities.

The income statement reflects net operating revenue of $75.6 million in FY2011. For every $100 in revenue, there was a $3.67 surplus. Change in net assets totals $146.4 million, a decrease of $33.3 million from FY2010.

Trustee Hightower questioned if it was a good idea to increase reserves considering the climbing tuition rates. Mr. Dougherty replied that is a balancing act to reach long-term equilibrium. It is desirable to be in a surplus mode and back in FY2009 the system was in a deficit position.

Chancellor Rosenstone responded that the numbers have to be looked at over a period of time. A year from now there will be a realization that the surplus was essential to balance the books. If the surplus allows us to stay within our current CFI and provides a cushion, then it would be prudent in the long-run. It is not the desire to build an excessive reserve. Vice Chancellor King added that enrollment projections indicate a slight decline due to students finishing 18-24 month programs, those that have exhausted their benefits and resources, and those entering the labor force. It would be a poor strategy to not look at this picture over a number of years and take into account the right numbers to balance the books.

Trustee McElroy questioned if there should be a different CFI measurement for universities. Vice Chancellor King replied that the Higher Learning Commission already assesses universities individually – they are not measured in terms of being part of a system. Additionally, the CFI numbers are sensitive to activity in the capital program year to year, so that volatility could be a false predictor on the financial health of the universities.

Mr. Dougherty reported FY2011 experienced an 11% growth in financial aid revenue and 4% more students received that aid. Overall, 62% of credit-taking students received some sort of financial aid including loans, grants, scholarships and work study. Craig Shoenecker, System Director for Research, clarified that in terms of federal and state grants, the two of them count as one type of assistance. Grants and loans saw an increase of 11% and 12%, where scholarships saw a decline of 8%. A noteworthy trend from 2003 to 2011 is that financial aid recipients grew 48% while enrollment grew 17%. The average award of all types of aid grew by 64%.

Trustee Van Houten commented that providing aid increases accessibility and perhaps there should be an analysis of cost of living compared to the amount of borrowing and also look at the tuition rates compared to the amount of borrowing, particularly with the continued rise in tuition rates. There is also a shift with more students attending two-year colleges (which have a lower cost) and also, the number of students taking college courses while in high school. Trustee McElroy added that grants cover more than tuition, they cover living expenses too. Mr. Schoenecker was asked to follow up. Chair Thiss reminded the committee that the Board was going to be mindful of additional assignments to system employees and the impact it has on their regular workload. Trustee McElroy responded that Vice Chancellor King will moderate if what was requested is reasonable and if so, how much, how soon and how fast.

FY2012 enrollment is projected to decrease by 2.4% and that will be taken into account for FY2013 planning. The Trends and Highlights campus meetings will include a discussion of audit performance and how Project 2022 will factor in.

4. **FY2012 CAPITAL PROGRAM UPDATE**

Associate Vice Chancellor Brian Yolitz thanked Sally Grans and Jana Carr–Weertz for their work on the capital program. He reported on the proposed basic framework for developing capital budget guidelines for the system's FY2014-2019 capital bonding request. The framework was developed with guidance from Chancellor Rosenstone and input from campus leadership.

Mr. Yolitz reported that capital requirements emerge from approved facility master plans, which are on a 5 year cycle. Capital bonding scoring is based on the guidelines. Capital bonding requests can include HEAPR projects, major projects and/or initiatives such as Science, Technology, Engineering and Math (STEM) or energy.

The capital program ties to the strategic framework by providing access to baccalaureate programs, supporting STEM programs, achieving efficient use of existing space, net reduction of total space, cooperation among campuses, sharing opportunities, sustainability, preservation of facilities and infrastructure and the reduction of operating costs.

Other components will be refined and included as part of the final guidelines and ultimate scoring process. These can include objective data or documentation, accounting for additional funds a campus can bring forth to reduce general obligation supported capital project costs, taking special consideration for FY2012 projects that aren't funded in the legislative session, accommodation for emergencies or late emerging opportunities, and acknowledging new square footage due to program needs that can't be accommodated in renovated or leased spaces.

For FY2012-2017, the total capital request is $278.7 million; $168.7 million for major and initiative projects, and $110 million for HEAPR. Based on the Board's feedback today, staff will prepare specific guidelines for a first reading in March 2012 and a final approval in April 2012.

Trustee Hightower asked if there is any impact from on-line learning on capital projects. Mr. Yolitz replied that there has been no need to decrease campus footage, largely because students still come to campus to attend other classes, study, use the internet, and attend activities. Blended classes still require access to physical space. Trustee Dickson inquired if there was any progress in catching up on science classrooms. Mr. Yolitz responded that many campuses have projects underway, including Metro State, Anoka Ramsey, and Hennepin Tech and assured the Board that there is still focus on liberal arts courses as well as STEM. Trustee Hightower felt there should be some examination of how students are learning now, relative to capital projects and build on how we think students will learn in the future. Mr. Yolitz commented that there is flexibility in project designs such as pods, table reconfigurations, connecting with other resources, and collapsible walls. Trustee Renier asked if "HEAPR-like projects" have the same effect as HEAPR projects. Mr. Yolitz responded yes, because they impact the Facilities Condition Index (FCI) and reduce the backlog of deferred maintenance. The same is true of demolition.

Vice Chancellor King remarked that universities carry the majority of the Revenue Fund related outstanding debt. In terms of the capital program, MnSCU has 100% of the asset value and 1/3 of the debt and it shows as a capital contribution on the balance sheet; none of the debt is taken on in HEAPR projects. On occasion, various Board members have inquired if it would be wise to submit an all HEAPR bonding request, including back-logs. Vice Chancellor King sought input and said if the Board wants to move in that direction, the staff would be redirected from their work on the capital program. It was disappointing that the governor came in with such a low number in support of HEAPR. Trustee McElroy added that capital projects are politically attractive because they come with glamor in ribbon cuttings and ground breakings, whereas HEAPR projects are largely behind the scenes. Vice Chancellor King stated that unfunded HEAPR projects for FY2012 will be brought forward again in FY2014.

Vice Chancellor King said the guidelines will come before the Board again in March and what is outlined today can go forward.

5. **REVENUE FUND UPDATE**

Associate Vice Chancellor Brian Yolitz thanked Greg Ewig and Heather Anderson for their work on the Revenue Fund. The purpose of the presentation is to provide the Board of Trustees a sense of the scope of the Revenue Fund program in terms of physical assets and to advise the Board of the staff's intention to seek a legislative increase in Revenue Fund bond authority. The authority allows campuses to proceed with new projects through the design phase before they come to the Board for approval.

Revenue Fund programs include student unions, residence halls, dining facilities, parking, health and wellness centers. Mr. Yolitz provided a comparison of GO Funds and Revenue Fund processes, including the Board's role of approving and prioritizing the GO Fund list and approving projects for financing through the Revenue Fund bond sale.

Most square footage for the Revenue Fund program is in residence halls, but wellness centers are an emerging market. Universities far outweigh colleges both in Revenue Fund square footage and outstanding debt. Trustee Thiss asked if technology could be included in the fund since technology fees are collected from students. Trustee Dickson responded that the lifetime of technology is too short and the investment would wear out before the debt is paid off.

The FY2013 candidate projects, developed by the campuses, amount to $116 million in new debt. Current bonding authority is at $300 million. Outstanding bonds after 2012 payments are at $254 million, leaving availability of $46 million and resulting in a $70 million shortfall. The planning estimate for 2015 is $60 million, resulting in a request to increase the authority by $130 million for a total of $430 million, which is within the system's debt capacity.

Vice Chancellor King spoke about viability ratios. As projects come to the Board individually, each will have their own cash flow profile meeting debt service criteria.

She added that deferred maintenance and changing student expectations factor in. President Hanson noted that students have certain expectations for their college or university and it is important for facilities to look good to attract them.

Mr. Yolitz said there are a number of reasons why campuses wish to take on Revenue Fund projects including aging facilities, marketing venues, a shift to places that offer a sense of community and emerging popularity of health and wellness centers.

Chancellor Rosenstone confirmed that upon Board approval, the authority for the increase comes from the legislature. By gaining the authority, the option to move ahead with projects is preserved. Vice Chancellor King added that the additional authority will keep planning on track. Most of the projects on the list are renovations and the Board will decide which projects will move forward.

Trustee Krinkie asked what would happen if the legislature doesn't increase the authority. Mr. Yolitz responded that the list would need to be prioritized and whittled down which is something we have not had to do in the past. It would also mean there would be an increase in the backlog of projects that are on the list.

Trustee Englund proposed giving local businesses the opportunity to offer services such as fitness centers and coffee shops at a discounted rate. Mr. Yolitz said that some campuses are already partnering with businesses due to space issues. Chancellor Rosenstone remarked that there is student consultation on each of these projects and it is up to the students if projects will be approved.

Vice Chancellor King added with limited capital investment dollars, projects historically funded under the GO program have been funded through the Revenue Fund. Additionally, substantial underinvestments in maintenance prior to the merger and changing student expectations have all contributed to the increase in the Revenue Fund.

Trustee McElroy stated that there is no expiration on debt authority and just because we have the capacity does not mean that all of it will be used. He added that the entire request may not be approved by the legislature.

Trustee Dickson commended the Facilities staff and campus leaders for continually looking for partners and also managing limited funds in a frugal way.

6. **ACQUITION OF REAL PROPERTY – BERGWALL ARENA, MINNESOTA STATE COLLEGE – SOUTHEAST TECHNICAL**

Associate Vice Chancellor Brian Yolitz sought approval from the Board of Trustees to acquire the Bergwall Hockey Arena, which is physically connected to the Red Wing Campus building at Minnesota State College – Southeast Technical College. The Red Wing school district has retained and managed the arena since 1995 and the local hockey association is the primary user. The acquisition of the property has been a priority for the campus for many years with plans for demolition.

The Red Wing school district is planning a capital campaign to replace the arena elsewhere in the community. The college will lease back the arena to the school district for up to three years or when a new arena is constructed. If there are any repairs needed

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Finance and Facilities **Date of Meeting:** March 21, 2012

Agenda Item: FY2014-2019 Capital Budget Guidelines

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

Cite policy requirement, or explain why item is on the Board agenda:
The purpose of this request is to seek Board of Trustee approval of guidelines in preparing the capital budget request for 2014-2019. This is the first reading.

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

Outline of Key Points/Policy Issues:
The Minnesota State Colleges and Universities Board of Trustees will review and approve a capital budget request for fiscal years (FY) 2014-2019 for submission to Minnesota Management and Budget in June 2013. The approved budget will be submitted to the Minnesota legislature and governor for consideration as part of a FY2014 capital bonding bill.

Background Information:
The state of Minnesota is asked to issue general obligation bonds as a part of the biennial capital budget for academic and direct support facilities and infrastructure. Capital investments for dormitories, student unions, wellness centers, and parking lots and ramps area made through system's revenue fund bonding authority.

First Reading

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

ACTION ITEM
FY2014 - 2019 Capital Budget Guidelines

PURPOSE

The purpose of this request is to seek Board of Trustee approval of guidelines for the preparation of the capital budget plan for 2014-2019. Committee feedback will be incorporated into the final document for committee and Board review and approval scheduled for April, 2012.

BACKGROUND

The Minnesota State Colleges and Universities Board of Trustees will review and approve a capital budget plan for fiscal years (FY) 2014-2019 for submission to Minnesota Management and Budget in June 2013. The approved plan will be submitted to the Minnesota legislature and governor for consideration as part of an FY2014 capital bonding bill. The state of Minnesota is asked to issue general obligation bonds as a part of the biennial capital budget for academic and direct support facilities and infrastructure. Capital investments for dormitories, student unions, wellness centers, and parking lots and ramps area made through system's revenue fund bonding authority.

The general obligation capital bonding plan for academic and direct support facilities and infrastructure has three primary elements:

Higher Education Asset Preservation and Replacement (HEAPR): Capital requirements addressing code compliance including health and safety, Americans with Disabilities Act (ADA), hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements; or building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; or renewal to support the existing programmatic mission of the campuses. Projects contained in this element are subject to the statutory definition of eligibility. Up to ten percent of a HEAPR appropriation may be used for design costs for future HEAPR projects. The system pays no debt service on HEAPR appropriations.

Major Capital Projects: this element includes capital requirements, typically over $2 million, for major maintenance, repair, and renewal; reconfiguration and rightsizing; demolition; and construction of new facility spaces. All major projects are part of an approved facilities master plan and have a completed predesign evaluating project scope, cost, value, return on investment, alternatives, phasing, and schedule implications. The predesigns also identify design and construction delivery options and offer extensive justification. Wherever possible, campus planners are encouraged to blend projects to address a facilities deferred maintenance backlog.

Projects that are smaller than $5 million have typically sought both design and construction funding in a single biennium with the expectation that all work will be completed within two – three years. Larger projects, greater than $5 million, seek design funding in one biennium and construct in the next.

For major capital projects, the system is responsible for one-third of the debt. The Board historical policy has assigned one-sixth of the debt is covered to the system as a whole and one-sixth to the institution requesting the project. The state typically sells 20-year bonds, so the system and institution's debt service obligation is similarly 20 years.

System Initiatives: the third element concerns smaller capital projects, typically less than $750,000, bundled together under a theme addressing a specific program need at several campuses in a single line item capital request. System initiative themes in the past have sought to address program needs for demolition, small projects, real estate acquisition, smart classrooms, classroom renovation, energy, and science technology, engineering and math (STEM) spaces.

Similar to major capital projects, the system is responsible for one-third of the debt for initiative projects. One-sixth of the debt is covered from the system as a whole and one-sixth is paid by the institution requesting the project. Again, these are typically 20 year obligations.

Capital Investment Strategy: The basic capital investment strategy has been to "keep up and catch up". The strategy seeks to "keep up" with the anticipated life cycle facility renewal needs and to "catch up" by reducing the deference maintenance backlog. Recognizing that resources for facility investment are limited, a ten year goal was set to cut the deferred maintenance backlog by 50%. The result would improve the overall system facility condition index (FCI), the ratio of the deferred maintenance backlog to the plant replacement value, form .11 to .06.

Based on calendar year 2010 data, the estimated renewal needs (keep up) for the system academic and support facilities is $800 million, the deferred maintenance backlog (catch up) is $655 million and the estimated plant replacement value for these assets is $6.0 billion. This puts the system current FCI at 0.11.

Applying the "keep up and catch up" strategy to the next 10 years results in :

- an annual "keep up" requirement of $80 million ($800M / 10 years),
- an annual "catch up" requirement of roughly $33 million ($655 X 50% / 10 years)
- In addition, there are an estimated $30 million in annual capital investments needs for campus infrastructure renewal and facility modernization.

The 10 year investment plan results in a total annual requirement of $143 million or $286 million over a biennium. Funding for new or substantially re-purposed facility space would be on top of these figures.

Capital Investment Sourcing: Funds for the upkeep and maintenance of academic and support facility spaces comes from HEAPR, major capital projects that have renovation/modernization and backlog reduction as key components of their scope of work, and campus repair and replacement (R&R) funding.

The investment strategy in support of the above requirements has historically been:

- An annual target of $55 million from HEAPR
- An annual target of $65 million for major capital projects with HEAPR-like renovation/modernization and backlog reduction
- A Board approved annual target of $22 million in campus funded repair and replacement - (based on goal of $1.00 / academic and support square foot)

The above three strategies represent a total target investment in the existing plant of $142 million annually or $284 million over a biennium.

FY2012-2017 Capital Program Assessment:

The total capital budget plan for FY2012-2017 seeks $278.7 million for FY2012 and proposed $204 million for 2014 and $158 million for 2016.

Within the FY2012 plan, $110 million is for HEAPR and $101 million in HEAPR-like work in the requested major capital projects.

Campus R&R investment has exceeded the target in FY2010 and FY2011 at $1.22/square foot. If the pattern continues, an additional $54 million will be invested annually in FY2012 and FY2013 by the campuses.

Were the 2012 capital request to be fully funded, the investment strategy would be slightly below the above outlined targets at a total biennial investment of $265 million or $132.5 million annually.

CAPITAL BUDGET GUIDELINES FOR FY2014-2019

The overarching principles for capital planning in FY2014-2019 are:

- Take care of what we have
- Make campus space more efficient and flexible
- Mothball or demolish what is no longer viable in terms of conditions, operating costs and programs, and
- Only consider new square footage if the requirement meets the three priorities in the strategic framework.

Projects meeting the above criteria will also be asked to demonstrate their role in advancing the system strategic framework.

Ensure access to an extraordinary education for all Minnesotans: Projects must reflect state and regional demographic trends, advance workforce related certificate as well as baccalaureate programming, enhance access, and address underrepresentation issues. Projects shall have evidence that they:

- Support redesign of the classroom experience or academic programs to create an extraordinary education,
- Increase access to baccalaureate programs,
- Contribute to academic success of students traditionally underrepresented in higher education,
- Enable greater collaboration among colleges and universities in courses, academic programs, and student services,
- Advance a regional and/or state-wide academic plan, and
- Meet changes in student demand in programs where there is evidence that the demand will be sustained into the future.

Be the partner of choice to meet Minnesota's workforce and community needs: Projects will reflect partnerships with current and emerging workforce and community as partnerships and collaboration with the system. Projects shall have evidence that it will:

- Contribute to the delivery of programs that address continuing or emerging workforce and/or community needs
- Advance growth in programs demonstrating strong and sustained future demand that align with workforce needs
- Support and enhance STEM programs, and
- Increase retention, completion, and transfer within the system.

Deliver to students, employers, communities and taxpayers the highest value / most affordable option: Projects will represent value through academic multipurposing of spaces and improved utilization, energy efficiency, improved utilities or infrastructure, improved facility conditions/reduced deferred maintenance, and institutional financial stability. Projects shall have evidence that it will:

- Advance cooperation among campuses to reduce costs and enable the sharing of administrative operations, academic programs, and academic support.
- Demonstrate an investment to preserve and protect facilities, infrastructure and reduce operating costs.
- Maximize the efficient use of existing space on campus or within the region.
- Represent a net neutral or reduction of total campus space through a combination of construction, renovation, reutilization and demolition.
- Create flexible space with greater capacity for changes in program utilization and/or individual program growth.

- Represent a 'major' reduction in deferred facility maintenance backlog and a positive impact on the FCI.
- Indicate sound planning in terms of overall project cost through metrics such as dollars per square foot, cost per FYE, etc.
- Support evidenced by campus local investment in terms of sustained R&R rates.
- Minimize the need to create new or additional utility and support infrastructure.
- Represent a financially viable effort in terms of current and future campus financial position and Composite Financial Index (CFI).
- Incorporate substantial resource (water/utility) savings and conservation. and "rightsizing" of the campus fulfill financial ability, ensure access to all regions and advance academic programs.

Workforce Alignment: Minnesota State Colleges and Universities are where Minnesotans turn for workforce preparation and training. Emerging from regional meetings jointed hosted by system office Academic and Student Affairs staff and the Department of Employment and Economic Development "25 Occupations in Demand." Capital project documentation, including HEAPR work, will include evidence of their support to these workforce areas**.**

Quality classrooms supporting general studies and liberal arts play an important role in creating a foundation for all of our workforce preparation, transfer programs, advanced studies and in supporting 4-year baccalaureate studies. Projects that protect, renovate, and create these spaces will also be documented and supported.

Other Components: In streamlining the project evaluation process, both the written documentation and the evaluation methods will be more precise in a number of areas. Improved guidance will be given on criteria to avoid vagueness.

- Process will be looking for objective data or documentation to demonstrate evidence of the framework.
- Scoring instrument will favor additional funds that the campus can bring to the table to reduce the cost of the capital project.
- Projects previously approved in the 2012 budget cycle will be reviewed for their priority in relationship to other carry forward projects as well as new proposed projects. Staff will also evaluate both prior approved projects and new projects for cost, schedule and any scope changes along with inflation.

OVERALL SIZE OF CAPITAL BUDGET REQUEST

A report to the Board on Physical Plant and Budget Size in April 2011 indicated the system had debt capacity to handle a request for major and initiative projects of between $150 million and $250 million in FY2012 and $150 million per biennium thereafter. The major and initiative project target is in addition to a biennial HEAPR request of $110 million. For FY2012-2017, the total system capital plan is $278.7 million which includes $168.7 million for major and initiative capital projects and $110 million for HEAPR.

In keeping with the "keep up and catch up" strategy, the chancellor will prepare a FY2014 capital program substantially weighted toward HEAPR and HEAPR-like major capital projects with a combined target funding of $240 million. Capital projects will be supported after individual assessments and settlement of the 2012 capital program discussion with the legislature. The overall total program is expected to come in at less than $350 million.

RECOMMENDED COMMITTEE ACTION:

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

The Board of Trustees approves the FY2014-2019 Capital Budget Guidelines as presented.

RECOMMENDED MOTION:

The Board of Trustees approves the FY2014-2019 Capital Budget Guidelines as presented.

Presented to the Board of Trustees: March 21, 2012

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Finance and Facilities **Date of Meeting:** March 21, 2012

Agenda Item: Minnesota State College – Southeast Technical Transportation Building Addition Approval

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

☐ Information

Cite policy requirement, or explain why item is on the Board agenda:
Contracts with a value greater than $3 million require Board approval pursuant to *Board policy 5.14*.

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

Outline of Key Points/Policy Issues:
The purpose of this request is to seek Board approval for Minnesota State College – Southeast Technical to proceed with construction contracts which collectively exceed $3 million for their Transportation Building project on the Winona campus.

Background Information:

The law allows the Board to use proceeds from the sale for use on capital projects at the institution that was responsible for management of the land or improvement, after paying all expenses incurred in selling or disposing of the land.

Southeast Technical plans to use the sale proceeds of the Aviation Training Center building at the college's Winona campus to construct a 25,000 square foot Transportation Center addition to their existing truck driver training building at a cost of $3.8 million.

The campus also plans to complete campus road enhancements to improve traffic flow and pedestrian safety totaling $390,000. The campus intends to use its own operating funds to finance the differential between the sale proceeds and the project cost. The project is consistent with the campus's 2009 Facilities Master Plan.

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD ACTION

Minnesota State College – Southeast Technical
Transportation Building Addition Approval

PURPOSE

The purpose of this request is to seek Board approval for Minnesota State College – Southeast Technical to proceed with construction contracts which collectively exceed $3 million for their Transportation Building project on the Winona campus. Contracts with a value greater than $3 million require Board approval pursuant to *Board policy 5.14*.

BACKGROUND

In March 2011, the Board approved the sale of the Minnesota State College – Southeast Technical Aviation Training Center building in Winona for $2.25 million, after declaring it as surplus property in January 2009. The college planned to use the sale proceeds to construct a Transportation Center addition to their existing truck driver training building at the college's main Winona campus.

The law allows the Board to use proceeds from the sale or disposition of land or improvements for use on capital projects at the institution that was responsible for management of the land or improvement, after paying all expenses incurred in selling or disposing of the land. Additional legislation enacted in 2009 for the sale of the Aviation Center exempted the Board from certain provisions of Minn. Stat. §16A.695 related to the repayment of general obligation bonds. In addition, the legislation explicitly authorized the Board to use the net proceeds from the sale of the Aviation Center for a capital project at the Winona campus.

The project under consideration is a 25,000 square feet addition for new auto body collision, automotive technology space, improved truck driving instruction space, and includes restrooms and computer space. The total project cost is $3.8 million.

The total project includes a construction contract estimated at $2.6 million. In addition, the campus provided and will install furnishings, fixtures and equipment including 11 automotive hoists, pulling and alignment racks, paint booths, dust collection system, tire balancers and changers, and additional miscellaneous shop equipment, storage, and furniture totaling approximately $810,000. The campus also plans to complete campus road enhancements to improve traffic flow and pedestrian safety totaling $390,000. The campus intends to use its own operating funds to finance the differential between the sale proceeds and the project cost. The project is consistent with the campus's 2009 Facilities Master Plan.

RECOMMENDED COMMITTEE ACTION:

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

The Board of Trustees authorizes construction contracts that collectively exceed $3 million for the Minnesota State College – Southeast Technical Winona campus Transportation Building Addition project, subject to the Chancellor or his designee's approval of final design documents and project costs.

RECOMMENDED MOTION:

The Board of Trustees authorizes construction contracts that collectively exceed $3 million for the Minnesota State College – Southeast Technical Winona campus Transportation Building Addition project, subject to the Chancellor or his designee's approval of final design documents and project costs.

Presented to the Board of Trustees: on March 21, 2012

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
- [x] 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

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 16th to formally authorize the refunding action, subject to the Board of Trustee'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.

Presented to the Board of Trustees: March 21, 2012

Attachment List

PROJECTS ORIGINALLY PROPOSED FOR 2002 REVENUE BOND SALE

Minnesota State University, Mankato – Student Union

<u>Centennial Renovations</u>

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

<u>Residence Hall Upgrades</u>

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

<u>Comstock Memorial Union HVAC System Replacement</u>

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

<u>Lawrence Hall Renovation</u>

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

<u>Purchase Stateview Apartments</u>

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

<u>Atwood Center Ballroom</u>

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

Schedule: Summer 2002

Estimated Cost: $400,000

<u>Reroof Atwood Center</u>

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

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

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

	Projected Future Value Savings	Projected Present Value Savings
Series A	$2,195,000	$2,000,000
Series B	$1,532,000	$1,331,000
	$3,727,000	$3,331,000

	Projected average annual future value debt service savings per year
Series A	$220,000
Series B	$150,000
	$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.

ATTACHMENT C

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

TABLE OF CONTENTS

RESOLUTION

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

WITNESSETH

WHEREAS:

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

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

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

4. The Board has determined that 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 2012Bonds 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 en electronic mail address, and by sending a notice of such redemption to each Depository in the same manner as an "occurrence notice' under Section 4.5(B)(2) hereof.

(4) To effect the partial redemption of 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 in common UNIF GIFT MIN ACT . . . . . Custodian. . . . . .
(Cust) (Minor)

TEN ENT -- as tenants by the entireties

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

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

Additional abbreviations may also be used.

ASSIGNMENT

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

Dated:__________________ ________________________________

Signature

____

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

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

EXHIBIT 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 in common

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

TEN ENT -- as tenants by the entireties

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

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

Additional abbreviations may also be used.

ASSIGNMENT

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

Dated:__________________

____
Signature

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

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

EXHIBIT B
ANNUAL REPORT INFORMATION

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

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

2. The following financial and operating data:

    a. Revenues

        - Gross Revenues
        - Maintenance and Operations Costs
        - Net Revenues

    b. Facilities

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

    c. Revenue Fund Bonds

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

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

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

e. Guarantees

- Maximum exposure
- Amount paid in the last fiscal year

EXHIBIT C

Blanket Issuer Letter of Representations

[To be Completed by Issuer]

Minnesota State Colleges and Universities
[Name of Issuer]

September 10, 2001
[Date]

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

Ladies and Gentlemen:

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

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

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

Very truly yours,

Minnesota State Colleges and Universities
(Issuer)

By: LMKing
(Authorized Officer's Signature)

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

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

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

(651) 649-5778
(Phone Number)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY

By: [signature]

St. Cloud HRA Series 2002

2002 Bonds	**2002 Balance to refund**	**2012 Refunding**
$16,500,000	$11,345,000	$11,605,000

Rates on remaining 2002 bond maturities	**Projected yields on corresponding refunding bonds**
4.25% to 5.00%	0.60% to 2.75%

Projected Future Value Savings	**Projected Present Value Savings**
$1,270,000	$1,156,000

Projected average annual future value debt service savings per year
$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^{th}) 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

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

Committee: Finance and Facilities **Date of Meeting:** March 21, 2012

Agenda Item: Revenue Fund Reallocation - Alexandria Technical and Community College

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

Cite policy requirement, or explain why item is on the Board agenda:
The Board is obligated by master bond indenture to identify the projects that it is authorizing for revenue bond proceeds.

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

Outline of Key Points/Policy Issues:
The purpose of this report is to seek Board of Trustees approval to reallocate $500,000 of 2009 Series B taxable revenue bonds to the Alexandria Technical and Community College for the purpose of renovating the main campus surface parking lots.

Background Information:
The Board authorized a $35 million revenue bond sale in May 2009 to finance several revenue fund projects, and included $1,000,000 of taxable bonds to be used to advance design and planning for future projects. $500,000 has not been utilized for advanced planning. Bond counsel recommends that bond proceeds should be fully committed within three (3) years of a bond sale.

Alexandria Technical College can leverage the revenue fund along with its parking lot reserves to complete the updating and refurbishing of their existing surface parking lots surrounding their campus buildings this year instead of next year. The college's entry into the revenue fund will place the remaining system level revenue fund taxable debt with a worthwhile project.

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

ACTION ITEM
Revenue Fund Reallocation **Alexandria Technical and Community College**

PURPOSE

The purpose of this report is to seek Board of Trustees approval to reallocate $500,000 of 2009 Series B taxable revenue bonds to the Alexandria Technical and Community College for the purpose of renovating the main campus parking lots.

BACKGROUND

The Board authorized a $35 million revenue bond sale in May 2009 to finance several revenue fund projects. The sale included $1,000,000 of taxable bonds to be used to advance design and planning for future projects. Of the taxable amount, Bemidji State University used $500,000 for advanced planning of the Birch Hall renovation (a 2011 project). The remaining $500,000 has not been utilized for advanced planning. Bond counsel recommends that bond proceeds should be fully committed within three (3) years of a bond sale.

After discussions commenced for a 2013 revenue bond sale, the college discussed a small revenue bond project to help update and refurbish the existing surface parking lots that surround the main campus building. Eventually, a proposal emerged to update the campus parking lots in the summer of 2012. The benefit to the college is that it can leverage the revenue fund along with its parking lot reserves to complete the update this year instead of next year, and the college's entry into the revenue fund will place the remaining system level revenue fund taxable debt with a worthwhile project.

The Board is required by master bond indenture to identify the project that it is authorizing for revenue bond proceeds.

PROJECT DESCRIPTION

The project refurbishes the college's six main parking lots containing 470 stalls out of a total of 1369. The project includes the North Lot, South Lot (Diesel), West Lot (visitor), East Lots (staff and 600 building). An aerial showing the subject parking lots is provided as **Attachment A.** All of the areas are surfaced with bituminous asphalt paving and striped for parking. The project will result in a negligible increase in stalls, and is primarily designed to refurbish the primary lots, which have deteriorated badly.

The college currently estimates a total project cost of approximately $800,000, of which $500,000 will be from the 2009 taxable revenue fund bonds and $300,000 will be contributed from the campus's parking reserves.

The initial student fee impact is projected to be $2.40 per credit in FY13 ($72/year full time), increasing to $2.50 ($75/year full time) in FY14 and $2.60 ($78/year full time) in FY15. A student consultation letter is attached in this package as **Attachment B.**

RECOMMENDED COMMITTEE ACTION:

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

The Board authorizes the Chancellor or his designee to reallocate the approximately $500,000 plus any earned interest of 2009 Series B taxable revenue bond proceeds to Alexandria Technical and Community College for renovating its campus surface parking lots.

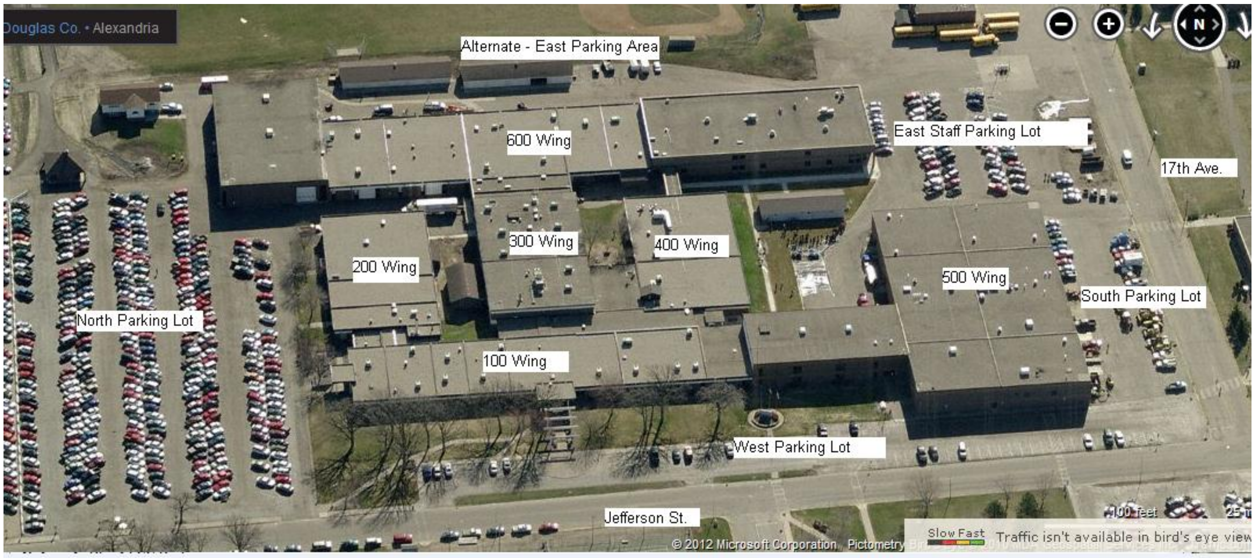
RECOMMENDED MOTION:

The Board of Trustees approves the following:

The Board authorizes the Chancellor or his designee to reallocate the approximately $500,000 plus any earned interest of 2009 Series B taxable revenue bond proceeds to Alexandria Technical and Community College for renovating its campus surface parking lots.

Presented to the Board of Trustees: March 21, 2011

ATTACHMENT A



ATTACHMENT B

ALEXANDRIA
TECHNICAL & COMMUNITY COLLEGE

1601 Jefferson Street • Alexandria, MN 56308-3799 • www.alextech.
Phone: 320-762-0221 • Minnesota Relay Service 1-800-627-3529 • Fax: 320-762-4
A Member of Minnesota State Colleges & Universities Sys
An Equal Opportunity Employer/Educ

On January 17, 2012 Student Senate meeting a presentation was given regarding the parking lot improvements. The improvements would provide for better traffic flow, lighting, landscaping, and pedestrian safety. Presenters David Bjelland, CFO, and Tim Tougas, Director of Facilities, gave an overview of the bonding request, proposed improvements, as well as the Parking Fund Pro-Forma and anticipated increase to parking fees. All information was presented through a handout which was provided for all members.

The Student Senate at Alexandria Technical and Community College is satisfied with the level of consultations we have received. We are supportive of the proposed parking lot improvements. The Student Senate looks forward to continuing with consultations as we move forward into the final design and construction phases.

Adam Klinkner

Student Senate President

Alexandria Technical and Community College

Received in system office February 9, 2012 via email

MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES

Agenda Item Summary Sheet

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

Agenda Item: Microsoft Campus Agreement Contract Approval

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

Cite policy requirement, or explain why item is on the Board agenda:
Board Policy 5.14, Procurement and Contracts, requires pre-approval by the Board of Trustees for contracts valued greater than $3 million dollars.

Scheduled Presenter(s): Marty Gang, Associate Vice Chancellor ITS – Infrastructure
Chris McCoy, Associate Vice President IT – Metropolitan State University

Outline of Key Points/Policy Issues:
The system office seeks approval to enter into a three year system-wide Microsoft Campus Agreement beginning July 1, 2012 through June 30, 2015, which will then allow the system office to conduct a competitive sourcing request for Microsoft products. Total consideration for the contract is expected to exceed $3 million, and not to exceed $4.5 million, and consequently requires approval by the Board of Trustees pursuant to *Board Policy 5.14.*

Background Information:
Since 2009, the Microsoft Campus Agreement has allowed all 31 Minnesota State Colleges and Universities (MnSCU) access to the latest versions of this important suite of software for students, faculty, and staff. The enterprise agreement significantly reduces the total cost of software ownership and system-wide licensing compliance. The proposed action item seeks Board approval of the Microsoft Campus Agreement which will then allow the system office to conduct a competitive sourcing event for Microsoft products for the system. Each institution determines their product needs and pays for their campus usage.

BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES

BOARD ACTION
Microsoft Campus Agreement Contract Approval

REQUEST:

The system office seeks approval to enter into a three year system-wide Microsoft Campus Agreement beginning July 1, 2012 through June 30, 2015, which will allow the system to conduct a competitive sourcing event for Microsoft products. Total consideration for the contract is expected to exceed $3 million, and consequently requires approval by the Board of Trustees pursuant to *Board Policy 5.14.*

BACKGROUND:

Since 2009, the Microsoft Campus Agreement has allowed all 31 Minnesota State Colleges and Universities (MnSCU) access to the latest versions of this important suite of software for students, faculty, and staff. Under the Microsoft Campus Agreement, MnSCU leverages its economies of scale and purchasing power which would not otherwise be possible by individual colleges or universities. The licensing contract offers educational discounts, electronic distribution of software, and simplified software asset management. A significant benefit of system-wide participation is assuring licensing compliance for both the latest software as well as legacy software versions. The entire Microsoft catalog of software products is included in the agreement from operating systems to desktop productivity tools to server licenses. In addition to the institutional benefits of this agreement, students, faculty, and staff have access to discount software products from Microsoft's Home Use Program and free academic software through Microsoft DreamSpark. Annually, each institution determines their product needs and pays for their campus usage.

MICROSOFT CAMPUS AGREEMENT:

The system office and the Minnesota State Attorney General's office are currently negotiating the terms and conditions of this agreement. The licensing terms will allow Minnesota State Colleges and Universities to purchase Microsoft software licenses for a three year term starting July 1, 2012 and ending June 30, 2015.

The primary cost driver of licensing includes the variable full time equivalent counts of students, faculty, and staff; which is anticipated to be stable or decline marginally. The Manufacturers Suggested Retail Price of Microsoft's product offering is anticipated to increase approximately nine percent from the previous three year agreement.

Below is a summary of the historical cost of the Microsoft Campus Agreement:

	2010	2011	2012	Total
Total	$1,263,709	$1,377,725	$1,445,415	$4,086,849

The Microsoft Campus Agreement sets the stage for the system office to conduct a competitive Request for Bid with the State of Minnesota "Approved Software Resellers" based upon the aggregate size of the Microsoft Campus Agreement for a three year term.

RECOMMENDED COMMITTEE MOTION:

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

The Board of Trustees approves the system-wide Microsoft Campus Agreement for the period of July 1, 2012 through June 30, 2015 and the competitive source process described in this narrative, not to exceed $4.5 million, subject to final approval by the Chancellor or his designee.

RECOMMENDED BOARD MOTION:

The Board of Trustees approves the system-wide Microsoft Campus Agreement for the period of July 1, 2012 through June 30, 2015 and the competitive source process described in this narrative, not to exceed $4.5 million, subject to final approval by the Chancellor or his designee.

Presented to the Board of Trustees: March 21, 2012