

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

**Agenda Item Summary Sheet**

**Name:** Finance and Facilities Committee

**Date:** October 21, 2014

**Title:** 2015 Revenue Fund Bond Sale (First Reading)

**Purpose (check one):**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Proposed<br>New Policy or<br>Amendment to<br>Existing Policy | <input checked="" type="checkbox"/> Approvals<br>Required by<br>Policy | <input type="checkbox"/> Other<br>Approvals |
| <input type="checkbox"/> Monitoring /<br>Compliance                                   | <input type="checkbox"/> Information                                   |   |

**Brief Description:**

Minnesota State Colleges and Universities (MnSCU) relies on two major programs to buy, build, renovate and repair the majority of its buildings and infrastructure, primarily based on the type of use: 1.) State issued general obligation bonds through the capital bonding program for academic and student support facilities, and 2.) MnSCU-issued revenue bonds for auxiliary-type facilities, such as residence halls, student unions, athletic and fitness facilities, parking ramps and other eligible revenue generating facilities.

The Board of Trustees is being asked to approve a 2015 revenue bond sale of approximately \$45 million to finance projects at three campuses and a sale of approximately \$31.7M in order to refund outstanding 2005 revenue bonds.

**Scheduled Presenter(s):**

Brian Yolitz, Associate Vice Chancellor for Facilities

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

<b>ACTION ITEM</b>
<b>2015 Revenue Fund Bond Sale (First Reading)</b>

**EXECUTIVE SUMMARY**

The Board of Trustees is being asked to issue up to \$84 million of new and refunding bonds for a 2015 revenue bond sale. The new projects funded in this sale include:

- Minnesota State University, Mankato - Construction of an approximately 60,000 sq. ft. new dining facility at Minnesota State University, Mankato to replace the dining capacity of Gage Hall and planned demolition of Carkoski Commons - Total project cost of \$31.5 million
- Minnesota State University Moorhead - Renovation of 37,000 sq. ft. and construction of an approximately 3,100 sq. ft. addition of the Minnesota State University Moorhead student union – Total project cost of \$9 million
- Vermilion Community College - Replacing 84 beds of “temporary” modular student housing at Vermilion Community College in Ely with 120 beds of new townhouse style housing – Total project cost of \$5.5 million
- System Planning/Advance Design - Advancing design work on future projects or issuing funds for smaller, initiative-style projects in between bond sales - \$1.5 million.

Details on source and use of funds are found further in this narrative.

The proposed sale also involves a bond refunding of the 2005 revenue bond sale. The amounts shown are the projected new bond principal amounts for each of the refunding portions. The amounts assume that existing debt service reserve funds and fund earmarked for debt service are applied to the refunding and also take into account the creation of new debt service reserve funds and payment of all costs of issuance:

- Minnesota State University, Mankato – bond refunding of Julia Sears residence hall – \$28.75 million.
- St. Cloud State University – bond refunding of proceeds for campus parking ramp - \$2.99 million.

The 2015 revenue bond sale highlights:

- Projects include two (2) of the seven (7) university campuses and adds a new member to the revenue fund, Vermilion Community College in Ely

- The projects in Ely and Moorhead will remove between \$3-4 million worth of current and future deferred maintenance in the revenue fund
- Approximately \$1.5 million of the Vermilion project is funded from state housing grant funds and IRRRB infrastructure grants
- The bond refunding is expected to save campuses between \$3.6 million to \$4 million (net present value) in bond costs over the remaining term

## **BACKGROUND – OVERVIEW OF CAPITAL PLANNING AND FUNDING**

Minnesota State Colleges and Universities (MnSCU) relies on two major programs to buy, build, renovate and repair the majority of its buildings and infrastructure, primarily based on the type of use:

- 1) State issued general obligation bonds through the capital bonding program for academic and student support facilities, and
- 2) Minnesota State Colleges and Universities-issued revenue bonds for auxiliary-type facilities, such as residence halls, student unions, athletic and fitness facilities, parking ramps and other eligible revenue generating facilities

### **Academic and Student Support Facilities**

The state's capital bonding program addresses funding for academic and student support space. Such space represents approximately 78 percent of overall system facility square footage or about 22 million square feet. To fund academic facility needs, the system participates in the biennial capital budget process, typically held during even-numbered year legislative sessions. During such sessions, the Board develops and puts forth a prioritized capital budget list to be considered by the legislature and governor, competing for state-issued general obligation bond financing with other state and local agencies.

The state and system share in paying the debt associated with this work. The state carries and pays the debt for all asset preservation work through Higher Education Asset Preservation and Renovation (HEAPR) and two-thirds of the debt associated with major line-item capital projects. The system bears the one-third debt associated with major line-item capital projects. The system as a whole pays one half of the one-third debt service. The campus gaining the capital improvement is responsible for the other half of one-third. This campus portion is serviced through state appropriation, tuition and other fees.

Minn. Stat. §135A.034 directs the Board of Trustees to consider the following criteria in establishing priorities for requests for general obligation bond funds for capital projects:

- (1) maintenance and preservation of existing facilities;
- (2) completion of projects that have received funding;
- (3) updating facilities to meet contemporary needs;

- (4) providing geographic distribution of capital projects; and
- (5) maximizing the use of non-state contributions.

During the 2014 legislative session, Minn. Stat. §135A.034 was amended to clarify that the priorities are not in rank order. This approach to prioritizing capital investment in facilities is well recognized by the executive and legislative branches and internal constituencies and consistent with the Board's long standing practices.

### **Revenue Fund Facilities**

The revenue fund program is authorized by statute to address facilities traditionally considered "auxiliary" on a campus. The revenue fund represents about 6 million square feet of buildings owned and operated by the system. Under the revenue fund program, MnSCU issues revenue bonds to buy, build, renovate or repair residence halls, student unions, parking, dining and similar revenue-generating facilities.

The Board possesses statutory authority to issue revenue bonds on behalf of the system to finance these needs, subject to consultation with the legislature. The full cost of the projects, including debt service, is paid for by student and user fees. No tuition or appropriation revenues are used to pay to build or renovate revenue fund facilities or for their operating costs.

### **REVENUE FUND CAPITAL PLANNING AND FINANCING**

During its March 2014 meeting, the Board endorsed six capital planning and financing principles for the revenue fund program that included:

1. Evidence of strong student involvement and support consistent with Board Policy 2.3, Student Involvement in Decision-Making and related system procedures
2. Reduction of deferred maintenance backlog
3. Balances student expectations with physical and financial realities
4. Takes into account enrollment and occupancy projections
5. Responds to competitive pressures
6. Leverages partnership or private industry to generate additional income

### **REVENUE BOND SALE PROCESS**

Revenue fund projects follow similar planning, design, and construction processes as any other system capital project with some variations to accommodate specific revenue bonding requirements. Below are highlights of the revenue fund project process.

- Revenue Fund Sale Cycle. The system operates and plans revenue bond sales on a 2 year, odd-numbered year cycle. The 2-year cycle is designed to give campuses ample time to develop the projects and refine the project scope and cost, and consult with

students. The cycle also provides enough time to finalize financial statements from the most recent fiscal year.

- Facilities Master Plan. Campuses update their Facilities Master Plans, including revenue-funded capital projects, on a five-year cycle. Most residential campuses supplement a Facilities Master plan with residential life plans.
- Debt Capacity Study. Before each revenue bond cycle, the system office obtains a debt capacity study from our financial advisor to determine the debt capacity of the revenue fund program as a whole and for each individual campus. This study sets the basic parameters of what a campus can afford in a given bond sale.
- Predesign and Feasibility. Campus leadership and students refine the need for a revenue fund project. The first formal step in the revenue fund project planning process is for campus leadership to initiate a predesign to evaluate the feasibility of the project. The campus also works with system office staff to develop a financial pro forma that models the financial requirements for a viable project.
- Student Consultation. Since student fees are the primary source of revenue for the repayment of revenue fund debt and operating costs, students are expected to be involved in project planning. At critical stages, student consultation letters are solicited from student leadership and forwarded to the chancellor and the Board of Trustees.
- Project List. After the predesign process and evaluation of a project's financial viability, a final project list is assembled for consideration by the chancellor and the Board of Trustees.

## REVENUE FUND CAMPUSES AND FACILITIES

The following chart identifies the fifteen (15) campuses that operate in the revenue fund and the types of facilities at each campus. This chart includes the addition of Vermilion Community College, which would be new to the fund with the 2015 sale. The revenue fund program includes all seven (7) universities and eight (8) colleges.

	<b>Campus</b>	Res Hall	Union	Parking	Health	Athletic Fields	Hockey
1	Alexandria Technical and Community College						
2	Anoka Ramsey Community College Coon Rapids						
3	Bemidji State University						
4	Century College						
5	Metropolitan State University						

*2015 Revenue Fund Bond Sale (First Reading)*

6	Minnesota State Community and Technical College Moorhead						
7	Minnesota State University, Mankato						
8	Minnesota State University Moorhead						
9	Minneapolis Community & Technical College						
10	Normandale Community College						
11	St. Cloud State University						
12	Saint Paul College						
13	Southwest Minnesota State University						
14	Vermilion Community College*						
15	Winona State University						

\* *New addition to the fund with 2015 revenue bond sale*

**REVENUE BOND AUTHORITY**

During the 2012 legislative session, the system successfully obtained an increase in the revenue fund debt authority from \$300 to \$405 million. Revenue bond authority is the maximum amount of outstanding principal the system may incur. The current outstanding revenue fund debt is approximately \$281 million.

**FUND FINANCES AND FISCAL SUSTAINABILITY**

The fund's net position improved between FY2011 and FY2013 from \$189.5 million in FY2011 to \$217.6 million FY2013. Total operating revenues were flat between FY2012 from FY2013 at \$109 million both years, and early indications are that total operating revenues will remain fairly flat for FY2014. The residential hall program typically constitutes 70 percent of total operating revenues in the fund.

Each project in this sale represents the culmination of careful planning on behalf of the campuses to ensure that the campus maintains long term financial sustainability through targeted investment in its residential or student union space. Each campus has balanced the cost of these projects with the impact on student fees and affordability.

In Mankato and Moorhead, each university had planned for the projects as part of their overall strategy to maintain and enhance their capacity to serve students. Moorhead predicts their project will significantly modernize their student union space and is financing half the total cost of the project through bonds and the remainder with fund balances that have been accumulated for this purpose. Mankato's project will be financed partially (about 10 percent)

through program operating revenues. Vermilion, in addition to the bond proceeds, is using a \$1.1 million targeted state housing grant and is expected to receive a \$500,000 grant from the Iron Range Resources and Rehabilitation Board (IRRRB) to offset infrastructure costs of the project.

### **Bond Refunding**

This bond sale also includes refunding the 2005 revenue bonds that remain outstanding. Similar in concept to a mortgage refinancing, a bond refunding involves the issuance of “refunding bonds” to take advantage of lower interest rates and achieve cost savings for the campus(es). The Board last approved a bond refunding in 2012 for the 2002 revenue bonds.

The 2005 sale involved three projects, two of which are candidates for bond refunding consideration: 1) Julia Sears residence hall at MSU, Mankato and 2) St. Cloud State University’s parking ramp. The remaining project (Winona residence) will be paid off in October of 2015 with Winona’s funds on hand including the related debt service reserve balance.

The 2015 revenue bond sale would include the bond refunding in the same issuance for new revenue bonds. The purpose of including the bond refunding with the same sale as new projects is to minimize the risk of interest rate fluctuation, save the cost of separate bond issuance, and lock in the expected savings now for the two campuses to plan for the future.

The system anticipates a total of \$3.6 million to \$4 million total net present value savings after the refunding is completed. The cost savings accrue to the two campuses whose projects are refunded. This translates to be between \$300,000 - \$350,000 total savings per year in debt service cost. Mankato, as the campus with the larger of the two projects in 2005, will receive the majority of the interest cost savings.

Additional summary details on the bond refunding are contained in the Attachment A-1.

### **BOND STRUCTURE**

The system proposes to sell two series of bonds: Series A tax exempt revenue bonds to fund the Vermilion Community College project and the tax exempt refunding bonds and Series B taxable revenue bonds for the dining facility at Mankato, the student union at Moorhead, and a small portion for MnSCU planning purposes.

The new project bonds will mature in 20 years and the MnSCU planning bonds will mature in 10 years. The refunding bonds will be structured to match the maturities on the bonds they refund, which result in 18 years for the Mankato portion of the refunding and 11 years for the St. Cloud portion of the refunding.

System revenue bonds have typically been sold in a competitive sale process, and are usually purchased by financial institutions and brokers. Depending on the particular bond issue, the system has the option of issuing bonds via negotiated sale.

Tax exempt bonds typically serve as the primary financing vehicle for revenue fund projects, although taxable bonds are also issued for future planning and design funds, for smaller projects, and for portions of construction or renovation of projects such as dining services and student unions because those facilities often house for-profit retail services, such as here.

## **2015 REVENUE FUND BOND PROJECTS**

All campuses in this sale have completed predesigns and financial pro formas for their projects, and have sought student consultation letters. All project requests are described below. A portion of taxable bonds will be sold to be used for planning funds for future projects.

### **Project Terms**

- The bond proceeds may finance up to 100 percent of project costs, although many campuses choose to contribute funds to reduce the amount of debt carried on a project. Both Mankato and Moorhead are contributing campus funds. Vermilion advanced funds for design from their operating budget.
- The estimated project cost listed below includes all source of funds used to finance the project.
- The portion of a project financed with revenue bonds includes an additional 11 percent which represents an estimated cost of issuance estimate. The majority of issuance costs represents debt service reserve equal to one full year of debt service; the remainder of costs include advisory costs, such as bond counsel, financial counsel, cost of document preparations for regulatory compliance, such as publication of the official statement and related costs.
- Student consultation letters that have been received in time for this meeting are attached and incorporated in this report as **Attachment D**.
- Square footage and cost amounts are based on the most current information available. As the projects advance through the design process, square footages and costs may fluctuate slightly from what is represented here.

The proposed projects for the 2015 revenue bond sale are as follows:

### **1. Construction of New Dining Facility, MSU, Mankato**

<b>CURRENT CAMPUS:</b>	1,725,252 sq. ft.
<b>NEW CONSTRUCTION:</b>	60,614 sq. ft.
<b>OCCUPANCY:</b>	Summer 2017

**PROJECT DESCRIPTION:** New construction of a 61,800 gross sq. ft. student dining facility, which is part of the next phase in MSU, Mankato's residential life master plan. This project replaces the dining capacity lost after the demolition of Gage Towers and consolidates dining around the residential precinct, which included Julia Sears and Preska residence halls. Upon completion, this facility will serve up to 2,850 students. The existing



dining hall (Carkoski Commons) will remain in place until at least 2019, at which time it is expected to be demolished for the final phase of student housing.

**STUDENT FEES:** The campus is proposing a 3 percent - 4.5 percent increase per year in room and board rates to accommodate this project. The fee schedule has been developed with student consultation.

**ESTIMATED PROJECT COST:** \$31,500,000

**SOURCE OF FUNDS:**

Revenue Bonds	\$28,500,000
Revenue Fund Reserve (campus)	\$ 3,000,000

**2. Addition and Renovation of Comstock Memorial Student Union, Minnesota State University Moorhead**

<b>CURRENT CAMPUS:</b>	1,163,688 sq. ft.
<b>RENOVATED SPACE</b>	36,402 sq. ft.
<b>NEW SPACE:</b>	3,100 sq. ft.
<b>OCCUPANCY:</b>	January 2017

**PROJECT DESCRIPTION:** This project includes design, renovation and a small addition to Comstock Memorial Union, the university's existing student union constructed in two phases in 1965 and 1970. This renovation will greatly enhance the usability of the student union, and bolsters the student activities areas and addresses ADA accessibility issues. The project is estimated to remove approximately \$1 million in current and projected deferred maintenance.

**STUDENT FEES:** The campus is proposing a 3 percent increase in the student union facility fee to accommodate the new debt and allow for increases in operating expenses. This will bring the annual student cost to the maximum of \$300 per year.

**TOTAL ESTIMATED COST:** \$9,000,000

**SOURCE OF FUNDS:**

Revenue Bonds	\$4,500,000
Revenue Fund Reserve	\$4,500,000

**3. Construction of new student housing at Vermilion Community College in Ely.**

<b>CURRENT FACILITIES:</b>	125,760 sq. ft.
<b>DEMOLISHED SPACE:</b>	18,480 sq. ft.
<b>NEW SPACE:</b>	29,750 sq. ft.
<b>COMPLETION:</b>	July 2016

**PROJECT DESCRIPTION:** Due to its proximity to the Boundary Waters Canoe Area, limited student housing options within Ely, and specialized natural resource programs, Vermilion Community College has operated a residential life program for over 30 years. This project will replace 84 beds of “temporary” modular housing units that were brought on site in 1993 and will eliminate \$471,000 of current maintenance backlog and over \$1 million of future renewal needs. The project consists of constructing five (5) new buildings, each containing 3 units in a townhome style. Each townhouse will include 8 beds (120 beds total). The result will be the replacement of 84 substandard beds with a net total addition of 36 beds. The older units are scheduled to be demolished sometime before FY2017. This will avoid \$1.028 million of future scheduled maintenance for the modular units and will address the college’s unique situation as a destination college adjacent to the Boundary Waters Canoe Area.

**FEES:** The campus is proposing an initial increase of 6 percent to the room rates in FY2015 and 11 percent in FY2016 to bring it in line with the market and debt service costs. After that time, the project is expected to stabilize and rates are anticipated to smooth out with any rate increases in line with representative inflation rates. The fee structure has been developed with student consultation.

**TOTAL ESTIMATED COST:** \$5,500,000

**SOURCE OF FUNDS:**

Revenue Bonds	\$4,000,000
Housing Grant (2014 Bonding bill)	\$1,100,000
IRRRB Grant	\$ 500,000

**4. TAXABLE BONDS / PLANNING FUNDS FOR FUTURE PROJECTS**

Each bond sale includes a taxable component to offset private use that may impact ordinary tax exempt bond financing. Taxable bond funds are also available for campuses to use for design of future projects.

The system's revenue fund operations budget pays the debt service on these planning monies until the bonds are placed at a campus.

**TAXABLE AMOUNT:** \$1,500,000

**BOND RATING**

Presentations are expected to be scheduled in January 2015 with Moody’s Investors Service and to Standard & Poor’s on the proposed sale. Moody’s and Standard & Poor’s have most recently rated MnSCU revenue fund bonds a favorable Aa2 and AA- respectively. Considering the financial condition of the revenue fund, similar ratings are anticipated for the new sale.

As a comparison, the State of Minnesota's ratings are Moody's: Aa1, Standard & Poor's: AAA, and Fitch: AAA. The General Obligation of the state bonds carries the full faith and credit of the State of Minnesota, while the MnSCU revenue bonds only pledge the facilities of the Fund and the revenue generated therein.

## BOND SALE RESOLUTION

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

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

## STUDENT CONSULTATION

Student consultation letters have been received in the system office confirming that student consultation has taken place regarding these projects. Copies of the letters are attached and incorporated in this report as **Attachment D**.

## SUMMARY

The Board of Trustees is being asked to authorize approximately \$36 million in tax exempt bonds allocated among the following purposes:

<b>Project (Tax Exempt)</b>	<b>Par Amount</b>	<b>Term</b>
Refund Series 2005A, Mankato portion	\$28,745,000	18 yrs
Refund Series 2005B, St. Cloud portion	2,985,000	11 yrs
New Vermilion project, student housing	4,330,000	20 yrs
	<u>\$36,060,000</u>	

The Board of Trustees is being asked to authorize approximately \$40.7 million in taxable bonds allocated among the following purposes:

<b>Project (Taxable)</b>	<b>Par Amount</b>	<b>Term</b>
New Mankato project, dining hall	\$34,040,000	20 yrs
New Moorhead project, student union	4,950,000	20 yrs
New funding, system office/design	1,655,000	10 yrs
	<u>\$40,645,000</u>	

To allow for market movement or premium or discount bids received, the Board motion allows for authorization of up to \$40 million for tax exempt and \$44 million taxable bonds.

**RECOMMENDED COMMITTEE ACTION:**

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

The Board of Trustees authorizes a revenue bond sale for not more than \$40,000,000 of tax-exempt Series 2015A Bonds and for not more than \$44,000,000 of taxable Series 2015B Bonds subject to the sale parameters as presented on **Attachment A**. The Board of Trustees approves the Series Resolution as described in **Attachment B**.

**RECOMMENDED BOARD OF TRUSTEES MOTION:**

The Board of Trustees authorizes a revenue bond sale for not more than \$40,000,000 of tax-exempt Series 2015A Bonds and for not more than \$44,000,000 of taxable Series 2015B Bonds subject to the sale parameters as presented on **Attachment A**. The Board of Trustees approves the Series Resolution as described in **Attachment B**.

*Date Presented to the Board: October 21, 2014*

**ATTACHMENT A**

**SALE PARAMETERS**

**Series 2015A (Tax Exempt) (Including new money bonds and refunding bonds)**

- 1. Maximum Interest Rate (TIC): up to 4.50%**
- 2. Maximum Principal: \$ \$40,000,000**
- 3. Maximum Discount: 1.5 % of par or \$1.50/\$1,000 Bond. Minimum bid of 98.5% is required per the Official Statement**
- 4. Earliest Redemption date: October 1, 2025**

**Series 2015B (Taxable)**

- 1. Maximum Interest Rate (TIC): up to 5.00%**
- 2. Maximum Principal: \$44,000,000**
- 3. Maximum Discount: 1.2 % of par or \$12.00/\$1,000 Bond. Minimum bid of 98.8% is required per the Official Statement**
- 4. Redemption date: October 1, 2025**

**In any event, the total principal for Series 2015A and 2015B may not exceed \$84,000,000.**

**ATTACHMENT B**

**SERIES RESOLUTION**

**OF**

**THE BOARD OF TRUSTEES**

**OF THE**

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**RELATING TO**

**REVENUE FUND BONDS**  
**SERIES 2015A and TAXABLE SERIES 2015B**

**FIRST READING: October 21, 2014**  
**ADOPTED: November [18], 2014**

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RESOLUTION

BE IT RESOLVED by the Board of Trustees of the Minnesota State Colleges and Universities (the “Issuer” or “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. MnSCU has previously entered into an Amended and Restated Master Indenture of Trust, dated as of June 1, 2009, as amended by the First Amendment to the Amended and Restated Indenture, dated as of March 1, 2013 (together, as amended, the “Master Indenture”), with U.S. Bank National Association (the “Trustee”), pursuant to which MnSCU 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. MnSCU has previously issued its Revenue Fund Bonds, Series 2005A (the “Series 2005A Bonds”) in the original aggregate principal amount of \$41,930,000, which are outstanding in the aggregate principal amount of \$31,945,000 as of October 1, 2015.

4. MnSCU has determined that the capital expenditure needs of the Facilities and the debt service savings on the Series 2005 Bonds make it necessary and desirable for MnSCU to issue its Revenue Fund Bonds in an original principal amount up to \$84,000,000 (the “Series 2015 Bonds” or the “Bonds”) consisting of its Revenue Fund Bonds, Series 2015A (the “Series 2015A Bonds”) and its Revenue Fund Bonds, Taxable Series 2015B (the “Series 2015B Bonds”), and to use the proceeds of the Series 2015 Bonds to: (i) fund capital costs incurred in connection with the Facilities; (ii) advance refund a portion of the outstanding Series 2005A Bonds; (iii) fund the Debt Service Reserve Account in the amount of the Reserve Requirement; (iv) pay certain costs of issuing the Series 2015 Bonds; and (v) pay interest on a portion of the Series 2015 Bonds for an initial period.

5. The Institutions which anticipate using proceeds of the Bonds for their Facilities have advised MnSCU that they need to begin work on planning and other activities related to such Facilities prior to the issuance of the Bonds in order to complete the Facilities in a timely manner, and expect to incur expenditures for this purpose prior to the issuance of the Series 2015 Bonds which they will seek to have reimbursed from the proceeds of the Series 2015 Bonds.

6. MnSCU intends to use a portion of the proceeds of the Series 2015 Bonds to reimburse the Institutions for eligible costs incurred in connection with the financed Facilities.

7. The execution and delivery of this Series Resolution and the issuance of the Series 2015 Bonds have been in all respects duly and validly authorized by the Issuer.

8. All things necessary to make the Series 2015 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 Series 2015 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 Series 2015 Bonds by the Holders thereof, in order to secure the payment of the principal of, interest on, and premium, if any, on the Series 2015 Bonds according to their tenor and effect, does hereby grant a security interest in and assign to the Holders of the Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 Bonds, all other Revenue Fund Bonds, and the beneficiaries of Senior Guarantees, as follows:

## ARTICLE 1

### DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.1 Definitions. All terms capitalized but not otherwise defined in this Series Resolution shall have the meanings assigned to such terms in the Master Indenture. In this Series Resolution the following terms have the following respective meanings unless the context hereof clearly requires otherwise.

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

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

Interest Payment Date means, with regard to the Series 2015 Bonds, each April 1 and October 1, commencing with October 1, 2015.

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

Maturity Date means any date on which principal of or interest and premium, if any, on the Series 2015 Bonds is due, whether at maturity, on a scheduled Interest Payment Date, or upon redemption or acceleration, or otherwise.

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

Original Purchaser means the original purchaser(s) of the Series 2015 Bonds, (i) in the case of a competitive sale, as determined after the acceptance of the bids, as identified in the Closing Certificate, or (ii) in the case of a negotiated sale, as selected by the Issuer.

Prior Bonds means all bonds issued or secured under the Master Indenture prior to the issuance of the Series 2015 Bonds.

Rating Agency means Moody's Investors Service or Standard & Poor's Ratings Services or Fitch Ratings or any other nationally recognized credit rating agency which has been solicited to issue a rating on, and has issued a rating on, the Series 2015 Bonds; and with respect to the credit rating (claims payment ability rating) of an insurance company, A.M. Best & Company or any other nationally recognized credit rating agency rating the claims payment ability of insurance companies.

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

Revenue Fund Bonds means, collectively, the Prior Bonds and the Series 2015 Bonds.

Series 2005 Refunding Subaccount means the fund identified as the Refunding Account created by Section 3.4 hereof, into which a portion of the proceeds of the Series 2015 Bonds are to be deposited for the purpose of refunding a portion of the Series 2005A Bonds.

Series Resolution means this Series Resolution adopted on November [18], 2014 by the Board of Trustees of Minnesota State Colleges and Universities.

Term Bonds means the Series 2015 Bonds identified as such pursuant to Section 2.3(A)(2), and the Closing Certificate, if any.

Series 2015 Bonds or Bonds means the Board of Trustees of Minnesota State Colleges and Universities, Revenue Fund Bonds dated as of the date of delivery and issued in the original principal amount of up to \$84,000,000, consisting of the Series 2015A Bonds and the Series 2015B Bonds issued pursuant to this Series Resolution.

Series 2015A Bonds means the Board of Trustees of Minnesota State Colleges and Universities, Revenue Fund Bonds, Series 2015A, dated as of the date of delivery and expected to be issued in an original principal amount of no more than \$40,000,000 pursuant to this Series Resolution.

Series 2015B Bonds means the Minnesota State Colleges and Universities, Revenue Fund Bonds, Taxable Series 2015B, dated as of date of delivery and expected to be issued in an original principal amount of no more than \$44,000,000 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 Series 2015 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 Series 2015 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 Series 2015A Bonds;
- (2) Exhibit A-2: Form of Series 2015B Bonds;
- (3) Exhibit B: Annual Report Information;
- (4) Exhibit C: Blanket Issuer Letter of Representation.

## ARTICLE 2

### THE SERIES 2015 BONDS

#### PART A — THE SERIES 2015A BONDS

##### Section 2.1A The Series 2015A Bonds.

(A) The Series 2015A Bonds shall be issued as:

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

The Series 2015A Bonds are expected to be issued in a principal amount not to exceed \$40,000,000, with the actual principal amount issued to be identified in the Closing Certificate relating to the Series 2015A Bonds, provided that the total principal amount of the Series 2015 Bonds will not exceed \$84,000,000. The total principal amount of Series 2015A Bonds which may be Outstanding hereunder is expressly limited to the amount identified in the Closing Certificate relating to the Series 2015A Bonds unless duplicate Series 2015A Bonds are issued as provided in Section 2.12 of the Master Indenture. The Series 2015A Bonds shall be issued in Authorized Denominations and in substantially the form of Exhibit A-1 hereto, with such variations, additions or deletions as may be appropriate to conform the terms of such Series 2015A Bonds to the terms of this Article 2.

The Vice Chancellor-Chief Financial Officer, in her discretion, is hereby authorized to provide for the sale of the Series 2015A Bonds by: (i) a competitive sale pursuant to Section 2.18(a) of the Master Indenture or (ii) a negotiated sale pursuant to Section 2.18(b) of the Master Indenture. In the case of a negotiated sale, the Vice Chancellor-Chief Financial Officer is authorized to select an underwriter as the Original Purchaser and is authorized to enter into a Bond Purchase Agreement with such Original Purchaser. The Vice Chancellor-Chief Financial Officer or her designee is authorized to complete the

Closing Certificate for the Series 2015A Bonds to establish their specific terms on the basis of: (i) in the case of a competitive sale, the highest and best bid meeting the criteria established herein and in the Master Indenture, or (ii) in the case of a negotiated sale, the specific terms and conditions negotiated by MnSCU and the Original Purchaser in the Bond Purchaser Agreement. The maximum discount at which the Original Purchaser may purchase the Series 2015A Bonds is 98.5% of par.

(B) Upon issuance, the net proceeds of the Series 2015A Bonds (the original principal amount thereof, plus any premium or less any discount allowed to the Original Purchaser) shall be deposited by MnSCU into such accounts as shall be determined by the Issuer in the Closing Certificate. A portion of the amount deposited in the Capital Expenditures Account, in the amount stated in said Closing Certificate, shall be applied to pay the costs of issuing the Series 2015A Bonds.

Section 2.2A The Series 2015A Bonds – Initial Issue. The Series 2015A Bonds shall be initially issued in the aggregate principal amount set forth in the Closing Certificate relating to the Series 2015A 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 2.6(a) 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 2.15 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 Series 2015A 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 Series 2015A Bond or portion thereof redeemed pursuant to Sections 2.3A(A) hereof shall also be payable on the Redemption Date as to Series 2015A Bonds called for redemption.

(b) the Series 2015A 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 4.50%.

(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 Series 2015A Bonds will be payable by check or draft mailed by the Trustee to the Holders of such Series 2015A 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 Series 2015A 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 Series 2015A 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 2.3A(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 Series 2015A 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 Series 2015A 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 2.13 of the Master Indenture, and satisfaction by the Issuer of the conditions stated in Section 2.5 of the Master Indenture.

Section 2.3A The Series 2015A Bonds – Redemption.

(A) Pursuant to the provisions of Section 3.1 of the Master Indenture and 2.4 hereof, the Series 2015A Bonds are subject to redemption prior to maturity as follows:

(1) *Damage or Destruction or Condemnation.* In the event of damage to or destruction of any Facility, in whole or part, the Series 2015A 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 Series 2015A 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 Series 2015A Bonds maturing on or after October 1, 2025 are subject to optional redemption and prepayment upon direction by the Issuer to the Trustee in whole on any date on or after April 1, 2025 and in part, on such date or on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

(4) *Excess Proceeds Redemption.* If, upon the earlier of either (i) the completion of the work planned to be financed by the proceeds of the Series 2015A Bonds, or (ii) three years from the date of issuance of the Series 2015A Bonds, proceeds of the Series 2015A Bonds remain in the related subaccount in the Capital Expenditures Account in excess of those required to pay then unpaid but incurred capital expenditures, such excess shall be transferred to the Escrow Account and applied to the redemption of the Series 2015A Bonds, to the extent of the funds so transferred, at their principal amount, plus interest accrued to the redemption date, without premium, on the first day of the next succeeding month for which timely notice of redemption can be given; provided, however, that the three-year limit contained in clause (ii) shall not apply if the Issuer obtains an opinion of bond counsel stating that the delay in the expenditure of proceeds will not cause the Series 2015A Bonds to lose their tax-exempt status.

(B) No Other Redemption Prior to Maturity. Except as provided in Section 2.3A(A) herein, the Series 2015A Bonds shall not be subject to redemption prior to their stated maturity date.

**PART B — THE SERIES 2015B BONDS**

Section 2.1B The Series 2015B Bonds.

- (A) The Series 2015B Bonds shall be issued as:
- (1) Taxable Bonds;
  - (2) Book-Entry Form Bonds; and
  - (3) as Bonds bearing interest at a fixed rate of interest.

The Series 2015B Bonds are expected to be issued in a principal amount not to exceed \$44,000,000, with the actual principal amount issued to be identified in the Closing Certificate relating to the Series 2015B Bonds, provided that the total principal amount of the Series 2015 Bonds will not exceed \$84,000,000. The total principal amount of Series 2015B Bonds which may be Outstanding hereunder is expressly limited to the amount identified in the Closing Certificate relating to the Series 2015B Bonds unless duplicate Series 2015B Bonds are issued as provided in Section 2.12 of the Master Indenture. The Series 2015B Bonds shall be issued in Authorized Denominations and in substantially the form of Exhibit A-2 hereto, with such variations, additions or deletions as may be appropriate to conform the terms of such Series 2015B Bonds to the terms of this Article 2.

The Vice Chancellor-Chief Financial Officer, in her discretion, is hereby authorized to provide for the sale of the Series 2015B Bonds by: (i) a competitive sale pursuant to Section 2.18(a) of the Master Indenture or (ii) a negotiated sale pursuant to Section 2.18(b) of the Master Indenture. In the case of a negotiated sale, the Vice Chancellor-Chief Financial Officer is authorized to select an underwriter as the Original Purchaser and is authorized to enter into a Bond Purchase Agreement with such Original Purchaser. The Vice Chancellor-Chief Financial Officer or her designee is authorized to complete the Closing Certificate for the Series 2015B Bonds to establish their specific terms on the basis of: (i) in the case of a competitive sale, the highest and best bid meeting the criteria established herein and in the Master Indenture, or (ii) in the case of a negotiated sale, the specific terms and conditions negotiated by MnSCU and the Original Purchaser in the Bond Purchase Agreement. The maximum discount at which the Original Purchaser may purchase the Series 2015B Bonds is 98.8% of par.

(B) Upon issuance, the net proceeds of the Series 2015B Bonds (the original principal amount thereof, plus any premium or less any discount allowed to the Original Purchaser) shall be deposited by MnSCU into such accounts as shall be determined by the Issuer in the Closing Certificate. A portion of the amount deposited in the Capital Expenditures Account, in the amount stated in said Closing Certificate, shall be applied to pay the costs of issuing the Series 2015B Bonds.

Section 2.2B The Series 2015B Bonds – Initial Issue. The Series 2015B Bonds shall be initially issued in the aggregate principal amount set forth in the Closing Certificate relating to the Series 2015 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 2.6(a) 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 2.15 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 Series 2015B 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 Series 2015B Bond or portion thereof redeemed pursuant to Sections 2.3B(A) hereof shall also be payable on the Redemption Date as to Series 2015B Bonds called for redemption.

(b) the Series 2015B 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 5.00%.

(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 Series 2015B Bonds will be payable by check or draft mailed by the Trustee to the Holders of such Series 2015B Bonds on the applicable Regular Record Date 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 Series 2015B 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 Revenue Fund 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 2.3B(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 Series 2015B 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 Series 2015B Bonds shall be delivered by the Registrar and Paying Agent to the Original Purchaser thereof upon receipt by the Registrar and Paying Agent and/or Issuer of the items listed in Section 2.13 of the Master Indenture, and satisfaction by the Issuer of the conditions stated in Section 2.5 of the Master Indenture.

Section 2.3B The Series 2015B Bonds – Redemption.

(A) Pursuant to the provisions of Section 3.1 of the Master Indenture and 2.4 hereof, the Series 2015B Bonds are subject to redemption prior to maturity as follows:

(1) *Damage or Destruction or Condemnation.* In the event of damage to or destruction of any Facility, in whole or part, the Series 2015B 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 Series 2015B 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 Series 2015B Bonds maturing on or after October 1, 2025 are subject to optional redemption and prepayment upon direction by the Issuer to the Trustee in whole on any date on or after April 1, 2025 and in part, on such date or on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

(4) *Excess Proceeds Redemption.* If, upon the earlier of either (i) the completion of the work planned to be financed by the proceeds of the Series 2015B Bonds, or (ii) three years from the date of issuance of the Series 2015B Bonds, proceeds of the Series 2015B Bonds remain in the related subaccount in the Capital Expenditures Account in excess of those required to pay then unpaid but incurred capital expenditures, such excess shall be transferred to the Escrow Account and applied to the redemption of the Series 2015B Bonds, to the extent of the funds so transferred, at their principal amount, plus interest accrued to the redemption date, without premium, on the first day of the next succeeding month for which timely notice of redemption can be given; provided, however, that the three-year limit contained in clause (ii) shall not apply if the Issuer obtains an opinion of bond counsel stating that the delay in the expenditure of proceeds will not cause the Series 2015B Bonds to lose their tax-exempt status.

(B) No Other Redemption Prior to Maturity. Except as provided in Section 2.3B(A) herein, the Series 2015B Bonds shall not be subject to redemption prior to their stated maturity date.

#### Section 2.4 Method of Redemption for the Series 2015 Bonds.

(1) To effect the redemption of the Series 2015 Bonds under Section 2.3A(A) (1), (3), or (4), or Section 2.3B(A) (1), (3) or (4), the Issuer, at least forty (40) days before the redemption date, shall notify the Trustee of its intention to effect such redemption. The funds required for such redemptions 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 Series 2015 Bonds of the applicable series to be redeemed. In the event and to the extent the Series 2015 Bonds are redeemed in part, the outstanding amounts shown on the tables in those Sections and the serial maturities of the applicable series of Series 2015 Bonds shall be reduced as the Issuer shall direct in its notice to the Trustee. In the absence of such direction, the Trustee shall make such selection in such manner as the Trustee determines to be fair and appropriate, which may include random selection by lot.

(3) The Trustee shall give notice of redemption of Series 2015 Bonds mailed not less than thirty (30) days prior to the redemption date by mailing a written notice of redemption, first class mail, postage prepaid, to the Holders of the Series 2015 Bonds to be redeemed at the addresses for such Holders shown on the books of the Registrar, and by sending such notice by electronic mail to the Holders of Series 2015 Bonds for whom the Registrar has an electronic mail address, and by sending a notice of such redemption to each Depository in the same manner as an “event notice” under Section 4.5(B)(2) hereof.

(4) To effect the partial redemption of Series 2015 Bonds under Section 2.3A(A) or 2.3B(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 Series 2015 Bond of the applicable Series then Outstanding a distinctive number for each Authorized Denomination of the principal amount of such Series 2015 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 Series 2015 Bonds, select as many numbers as, at the Authorized Denomination for each number, shall equal the principal amount of such Series 2015 Bonds to be redeemed. The Series 2015 Bonds to be redeemed shall be the Series 2015 Bonds to which were assigned numbers so selected; provided that if, as a result of partial redemption there is a Series 2015 Bond outstanding in a principal amount less than the Authorized Denomination, such Series 2015 Bond shall be redeemed first at the next succeeding redemption date and the Trustee shall provide a written notice to that effect to the affected Holder and the Original Purchaser.

(5) As soon as Series 2015 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 Resolution.

### ARTICLE 3

#### FUNDS AND ACCOUNTS

Section 3.1 Series 2015 Revenue Receipts Subaccounts. The Trustee is hereby directed to create a Series 2015A Revenue Receipts Subaccount and a Series 2015B Revenue Receipts Subaccount. All payments derived from the Facilities financed by the Series 2015A Bonds shall be deposited to the Series 2015A Revenue Receipts Subaccount. All payments derived from the Facilities financed by the Series 2015B Bonds shall be deposited to the Series 2015B Revenue Receipts Subaccount.

Section 3.2 Series 2015 Debt Service Subaccounts. The Trustee is hereby directed to create a Series 2015A Debt Service Subaccount and a Series 2015B Debt Service Subaccount pursuant to the Master Indenture. Net Revenues held in the Series 2015 Revenue Receipts Subaccounts shall be transferred by MnSCU on each March 1 and September 1 to the Trustee for deposit to the Series 2015 Debt Service Subaccounts, and there applied prior to the use of any other funds, to pay principal of, interest on and redemption price of Series 2015 Bonds.

Section 3.3 Capital Expenditure Account. The Trustee is hereby directed to create a Capital Expenditure Account for the Series 2015 Bonds (the "Series 2015 Capital Expenditure Subaccount") pursuant to the Master Indenture, with subaccounts therein as set forth in the Closing Certificate relating to the Series 2015 Bonds. The Trustee is directed to deposit proceeds of the Series 2015 Bonds therein as described in Section 2.1 hereof. Proceeds of the Series 2015 Bonds may be used to reimburse the colleges and universities which are using proceeds of the Bonds for costs incurred in connection with their respective financed Facilities as directed by the Issuer.

Section 3.4 Series 2005 Refunding Subaccount. There is hereby created a Series 2005 Refunding Subaccount within the Escrow Account, to be held by the Trustee. Certain proceeds of the Series 2015 Bonds, in the amount to be set forth in the Closing Certificate relating to the Series 2015 Bonds, shall be deposited in the Series 2005 Refunding Fund as described in Section 2.1 hereof and from there transferred by the Trustee to the Debt Service Subaccount previously created for the Series 2005A Bonds and used, together with other amounts on deposit in such Series 2005A Debt Service Subaccount

and the amounts on deposit the Debt Service Reserve account or subaccount related to the Series 2005A Bonds, to redeem the Series 2005 Bonds on October 1, 2015.

Section 3.5 Establishment of Accounts. MnSCU and the Trustee may, for ease of administration, establish additional subaccounts with any of the accounts held and maintained by them hereunder and under the Master Indenture, and shall establish such subaccounts as are necessary to: (a) separate accounts for debt service on Tax Exempt Revenue Fund Bond and Taxable Revenue Fund Bonds, (b) distinguish funds held for the benefit of different Institutions, (c) hold funds to be paid to a Credit Enhancer, (d) hold funds to be paid pursuant to Senior Guarantees, and (e) comply with Section 136F.94(b) of the Act.

## **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 Series 2015 Bonds in accordance with the terms of the Series 2015 Bonds, the Master Indenture and this Series Resolution. Nothing in the Series 2015 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 Series 2015 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 Series 2015 Bond executed, authenticated and delivered hereunder and in all proceedings of MnSCU 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 Series 2015 Bonds authorized hereby, to adopt this Series Resolution, to apply the Series 2015 Bond proceeds to make capital expenditures for the Facilities and to pledge the Net Revenues and moneys held in the Revenue Fund and its Accounts equally and ratably to secure the Series 2015 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 Series 2015 Bonds and the execution and delivery of this Series Resolution has been duly and effectively taken; and that the Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 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 Series 2015 Bonds shall be made as provided in this Section. This Section is intended for the benefit of the Holders of the Series 2015 Bonds.

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

(1) *EMMA* means the Electronic Municipal Market Access system operated by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule (Website: <http://emma.msrb.org/>)

(2) *MSRB* means the Municipal Securities Rulemaking Board;

(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) *Revenue Fund Bonds* means the Prior Bonds and the Series 2015 Bonds;

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

(6) *Series 2015 Bonds* means the Bonds issued pursuant to this Series Resolution.

(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, 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 Series 2015 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, inform 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. The SEC has designated the EMMA system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA system is amended or altered by the MSRB or the SEC, the Registrar and Paying Agent and/or Dissemination Agent shall make all filings required under this Section 4.5 solely with EMMA

(E) Obligated Persons; Financial Information.

(1) In making information about Obligated Persons which file financial information with the SEC or the MSRB public, 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 and the Minnesota SID, if any.

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

(a) aggregate all contracts executed by such person;

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

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

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

(4) Financial information about the Issuer, and about each Obligated Person, shall be prepared in accordance with, as applicable, generally accepted accounting principles, accounting principles applicable to state and local governments and agencies, or for persons whose equity or debt securities are registered with the State, the accounting principles then in effect governing filings of financial information with the SEC. Financial information about Obligated Persons which are public entities shall be prepared in accordance with Financial Accounting Standards Board principles as modified by Government Accounting Standards Board principles and by the accounting principles then applied by the Minnesota State Auditor, if applicable.

(F) Amendment of this Section. This Section shall be subject to modification or amendment as provided in Article 10.2, 10.3, and 10.4 of the Master Indenture. In addition to the requirements and limitations 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 Series 2015 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 Series 2015 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.

Section 4.8 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 Series 2015 Bonds. In addition, the Issuer shall provide to such rating agencies such other information relating to the Series 2015 Bonds, all other Revenue Fund Bonds issued under the Master Indenture, and the Revenue Fund, as they may reasonably request.

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**EXHIBIT A-1**

**Form of Series 2015A Bond**

R-\_\_\_\_\_ \$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA**

**MINNESOTA STATE COLLEGES  
AND UNIVERSITIES**

**REVENUE FUND BOND  
Series 2015A**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	October 1, 20__	_____, 2015	60414F __

**Registered owner:** Cede & Co.

**Stated Principal Amount:** \_\_\_\_\_ **DOLLARS**

KNOW ALL MEN BY THESE PRESENTS that Minnesota State Colleges and Universities (the "Issuer"), for value received, acknowledges itself to be specially indebted and promises to pay to the registered owner named above, or registered assigns, but only from the sources specified herein, the Stated Principal Amount specified above on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable semiannually on April 1 and October 1 in each year, commencing October 1, 2015, 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 financing the construction or improvement of dormitory, residence hall, student union, food service or other revenue producing buildings and related facilities located or to be located on the campuses of the Institutions comprising the Minnesota State University System (the "System"). The Revenue Fund Bonds of this Series are issued under authority of, and in strict conformity with, the

Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 136F (the “Act”), and under and pursuant to an Amended and Restated Master Indenture of Trust (the “Master Indenture”), dated as of June 1, 2009, as amended, between the Issuer and the Trustee, and a Series Resolution adopted by the Issuer on November [18], 2015 (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. All covenants and provisions made for the payment and security of Revenue Fund Bonds payable from the Debt Service Account are set forth in the Master Indenture which is available for inspection by the registered owner of this Bond at the Issuer’s administrative office in St. Paul, Minnesota, and which is incorporated herein by reference.

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

Revenue Fund Bonds of this Series maturing on or after October 1, 2025 are subject to optional redemption and prepayment upon direction of the Issuer in whole on any date after on or after April 1, 2025, or in part on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

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

[to be provided]

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

In the event of 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

\_\_\_\_\_

**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 Series 2015B Bond**

R-\_\_\_\_\_ \$ \_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF MINNESOTA**

**MINNESOTA STATE COLLEGES  
AND UNIVERSITIES**

**REVENUE FUND BOND  
Taxable Series 2015B**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	October 1, 20__	_____, 2015	60414F __

**Registered owner:** Cede & Co.

**Stated Principal Amount:** \_\_\_\_\_ **DOLLARS**

KNOW ALL MEN BY THESE PRESENTS that Minnesota State Colleges and Universities (the "Issuer"), for value received, acknowledges itself to be specially indebted and promises to pay to the registered owner named above, or registered assigns, but only from the sources specified herein, the Stated Principal Amount specified above on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable semiannually on April 1 and October 1 in each year, commencing October 1, 2015, 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 the 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 approximately \$\_\_\_\_\_, each of like date and tenor except as to registration number, interest, maturity date, redemption privilege, and denomination, issued for the purpose of financing the construction or improvement of dormitory, residence hall, student union, food service or other revenue producing buildings and related facilities located or to be located on the campuses of the Institutions comprising the Minnesota State University System (the "System"). The Revenue Fund Bonds of this Series are issued under authority of, and in

strict conformity with, the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 136F (the “Act”), and under and pursuant to an Amended and Restated Master Indenture of Trust (the “Master Indenture”), dated as of June 1, 2009, as amended, between the Issuer and the Trustee, and a Series Resolution adopted by the Issuer on November [18], 2015 (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. All covenants and provisions made for the payment and security of Revenue Fund Bonds payable from the Debt Service Account are set forth in the Master Indenture which is available for inspection by the registered owner of this Bond at the Issuer’s administrative office in St. Paul, Minnesota, and which is incorporated herein by reference.

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

Revenue Fund Bonds of this Series maturing on or after October 1, 2025 are subject to optional redemption and prepayment upon direction of the Issuer in whole on any date after on or after April 1, 2025, or in part on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

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

[to be provided]

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

In the event of 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 Revenue Fund 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

\_\_\_\_\_  
**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, 2014.

1. The audited financial statements for the Revenue Fund most recent complete fiscal year.
2. The following financial and operating data:
  - a. Revenues
    - Gross Revenues
    - Maintenance and Operations Costs
    - Net Revenues
  - b. Facilities
    - Repair and Replacement Expenditures
    - Costs for New Facilities
    - Debt Financed Capital Expenditures (other than for new facilities)
  - c. Revenue Fund Bonds
    - Principal Amount of Bonds Outstanding
    - Senior Bonds
    - Subordinate Bonds
    - Annual Debt Service
    - Senior Bond Principal
    - Senior Bond Interest
    - Subordinate Bond Principal
    - Subordinate Bond Interest
    - Unscheduled Redemptions
    - Senior Bonds
    - Subordinate Bonds
  - d. Debt Service Coverage Ratio [Net Revenues divided by annual debt service]
    - Senior Bonds
    - Last fiscal year
    - Preceding fiscal year
    - Second preceding fiscal year
    - Subordinate Bonds
    - Last fiscal year
    - Preceding fiscal year
    - Second preceding fiscal year

- e. Guarantees
  - Maximum exposure
  - Amount paid in the last fiscal year

EXHIBIT C



Blanket Issuer Letter of Representations

[To be Completed by Issuer]

Minnesota State Colleges and Universities

[Name of Issuer]

September 10, 2001

[Date]

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

Ladies and Gentlemen:

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

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

Note:

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

Very truly yours,

Minnesota State Colleges and Universities  
(Issuer)

By: [Signature]  
(Authorized Officer's Signature)

Laura M. King, Vice Chancellor - Finance  
(Type 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]

12/15/01

**EXHIBIT D**

**Student Consultation Letters**



**Student Senate**

218.477.2150 T

218.477.5050 F

MSUM.StudentSenate@gmail.com

23 September 2014

Mr. Brian C. Yolitz  
Associate Vice Chancellor for Facilities  
Minnesota State Colleges and Universities  
30 East 7<sup>th</sup> Street, Suite 350  
St. Paul, MN 55101

Dear Mr. Yolitz,

I, Cody Meyer, President of the Minnesota State University Moorhead Student Senate, am writing this letter to confirm the consultation and the approval of the Comstock Memorial Union addition and renovation project.

Students have been a part of the planning process since the Spring semester of 2012. Several students belonged to the workgroup that searched for student needs, and wants for the updated CMU. Many discussions have taken place last spring and this fall, and student focus and involvement has been a priority the entire time.

Director Anderson has been open and willing to answer student and Senate inquiries into the project from the very beginning and has, on multiple occasions, paid a visit to Senate to keep us updated on progress and to further press for more ideas. Recently, on 18 September, Director Anderson gave a presentation to Senate on the CMU project, and while there will need to be some more discussion on the use of some of these spaces, the Senate is pleased with the plan and pledged our support with a vote of unanimous consent.

If you have any further questions about the issue, please feel free to contact me in the mediums listed in the header. Thank you for allowing MSUM to submit our project, and for your commitment to our students.

Sincerely,

A handwritten signature in black ink that reads 'Cody N. Meyer'.

Cody N. Meyer  
Student Senate President  
Minnesota State University Moorhead

Cc:

Anne Blackhurst, President  
Jan Mahoney, Vice President of Finance and Administration  
Yvette Underdue Murph, Vice President of Student Affairs and Strategic Enrollment  
Greg Ewig, Senior System Director Capital Management  
Layne Anderson, Director of Comstock Memorial Union

September 10, 2014

Chancellor Rosenstone  
Minnesota State Colleges and Universities  
500 Wells Fargo Place  
30 East Seventh Street  
St. Paul, MN 55101

Dear Chancellor Rosenstone:

On behalf of the 2014-15 Vermilion Community College Student Senate, I want to reiterate our support of the new campus student housing project. The Senate feels this project is much needed at VCC and will benefit all students who choose to reside on campus.

Provost Bina has met with us and has agreed to keep the Senate fully informed as this process rolls forward. He has also invited Senate members to serve on the design committee for this project. As all of us have resided on campus at some point in our time at VCC, we understand how important adequate student housing is to academic success in college.

Provost Bina has assured us that he will keep the Student Senate informed at all stages of design development and construction of this much-anticipated project. In addition, he has requested that we appoint two students to serve on the design team starting this fall semester.

The VCC Student Senate, without exception, is in favor of the new housing. We have all seen first-hand the poor condition of the duplexes on campus and we understand the need to update Vermilion's student housing. The Senate is excited to be a part of this project and we look forward to the opening of these new townhomes in the not-too-distant future.

Again, please know that I speak for all VCC students when I say that new housing is much needed at VCC and will be well received by the students wishing to live on campus.

Sincerely,



Jennifer Nyhus  
2014-15 Student Senate President  
Vermilion Community College



**Student Senate**

218.477.2150 **T**  
218.477.5050 **F**  
MSUM.StudentSenate@gmail.com

10 October 2014

Mr. Brian C. Yolitz  
Associate Vice Chancellor for Facilities  
Minnesota State Colleges and Universities  
30 East 7<sup>th</sup> Street, Suite 350  
St. Paul, MN 55101

Dear Mr.Yolitz,

As President of Minnesota State University Moorhead Student Senate, I am writing this letter to confirm the consultation and re-approval of the Comstock Memorial Union addition and renovation project.

Director Anderson visited Student Senate on Thursday, October 9 to present a status report on the project scope and the budgetary challenges affecting the project. He shared the very difficult choices being made to bring the project back into alignment with the budget. Student Senate pledged continuing support of the project and the request for additional bonding dollars to mitigate the impact on the project with a vote of 13-1 with 1 abstention. We are appreciative the increased bonding request does not require any additional increase to student fees.

If you have any further questions, please feel free to contact me through the mediums listed in the header. Thank you for your continuing support and commitment to students.

Sincerely,

A handwritten signature in black ink that reads 'Cody N. Meyer'.

Cody N. Meyer  
Student Senate President  
Minnesota State University Moorhead

Cc:

Anne Blackhurst, President  
Jan Mahoney, Vice President of Finance and Administration  
Yvette Underdue Murph, Vice President of Student Affairs and Strategic Enrollment  
Greg Ewig, Senior System Director Capital Management  
Layne Anderson, Director of Comstock Memorial Union

**MSU Mankato Student Consultation Letter**

**To be provided**