

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

Agenda Item Summary Sheet

Committee: Finance, Facilities and Technology **Date of Meeting:** May 21, 2008

Agenda Item: Revenue Fund Bond Sale

Proposed Policy Action Approval Required by Policy Other Approvals Monitoring

Information

Cite policy requirement, or explain why item is on the Board agenda: The Board of Trustees has fiduciary responsibility for the Revenue Fund, and has delegated the responsibility to manage the assets to the Chancellor, who in turn has delegated responsibility to the university presidents while retaining management oversight responsibility in the Office of the Chancellor. Although the presidents are delegated the responsibility to manage the Revenue Fund programs at their own institution, the Board is required by statute and the Fund's Master Resolution to approve fees and long term financial commitments.

Scheduled Presenter(s): Allan Johnson, Associate Vice Chancellor Facilities

Outline of Key Points/Policy Issues: Revenue Fund project requests have been submitted to the Office of the Chancellor for inclusion in the next bond sale tentatively scheduled for June 2008. The bond sale process begins on an individual university campus when administrators and students formulate the need for a specific project. Since student fees are the sole source of revenue for the repayment of Revenue Fund debt, students are involved in project planning.

In order to minimize bond sale cost, projects are usually bundled into taxable and tax-exempt series totaling together at least \$20 million. Once a university has determined the need and approximate size of a project, the Fund's financial advisor (Springsted, Inc.) and bond counsel (Leonard, Street, and Deinard) will review the sale components. The financial advisor will appropriately size the sale, and bond counsel will provide legal documentation. All Revenue Fund construction projects follow the same planning, design and construction process as academic capital projects.

Background Information: The Board of Trustees was given authority by the legislature in 1955 to issue revenue bonds through the Revenue Fund to provide funding for construction and renewal of these and similar revenue-producing facilities. Continuing statutory authority is contained in Minnesota Statutes, Chapter 136F.90-98. Debt obligations of the Revenue Fund, unlike capital appropriations for academic facilities, are not debt obligations of the State of Minnesota and are backed solely by the assets pledged and the revenue generated. Authority for participation in the Revenue Fund is currently restricted by statute to the seven state universities, although flexibility for future expansion to two-year colleges is provided in the Fund's Indenture and action is currently underway at the legislature to amend statute, adding the two-year colleges to the Fund.

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

Second Reading

ACTION ITEM
Revenue Fund Bond Sale

Changes from the First Reading of this report are noted in italics below.

BACKGROUND

Capital assets within the Minnesota State Colleges and Universities system can be identified as either academic or auxiliary. Most academic facilities are constructed and remodeled through capital appropriations, using proceeds from state government-issued General Obligation bonds. Operating costs, including utilities, maintenance and repairs are funded primarily by biennial state operating budget appropriations, tuition, and other revenues. Minnesota State Colleges and Universities pays one-third of the debt service on state general obligation bond funded projects; however the entire debt is an obligation of the state and is backed up by the full faith and credit of the State of Minnesota. One-third debt service is split between the college or university and the system, each paying one-sixth of the debt. The remaining two-thirds are paid by the state.

Auxiliary operations typically include residence halls, dining facilities, student unions, bookstores, parking facilities and similar operations. Unlike academic facilities, Revenue Fund auxiliary facilities (hereinafter called Revenue Fund facilities) must generate their own construction, maintenance, operations and repair funding through room, board, and other related facility fees or gifts. Operating budgets must be kept separate and distinct from General Fund operating budgets.

The Board of Trustees was given authority by the legislature in 1955 to issue revenue bonds through the Revenue Fund to provide funding for construction and renewal of these and similar revenue-producing facilities. Continuing statutory authority is contained in Minnesota Statutes, Chapter 136F.90-98. Debt obligations of the Revenue Fund, unlike capital appropriations for academic facilities, are not debt obligations of the State of Minnesota and are backed solely by the assets pledged and the revenue generated. Authority for participation in the Revenue Fund is currently restricted by statute to the seven state universities, although flexibility for future expansion to two-year colleges is provided in the Fund's Indenture. *At the time of this writing, a bill allowing access to the Fund by the two-year colleges is being considered by the state legislature.*

DELEGATION AND FINANCIAL RESPONSIBILITIES

The Board of Trustees has fiduciary responsibility for the Revenue Fund, and has delegated the responsibility to manage the assets to the Chancellor, who in turn has delegated responsibility to the university presidents while retaining management oversight responsibility in the Office of the Chancellor. This delegation includes all monies, programs,

operations, and the maintenance and repair of Revenue Fund facilities at each university. Staff level management oversight resides in the Office of the Chancellor, Facilities Unit.

Similar to financial operations within the General Fund, state universities' Revenue Fund activities must adhere to the Minnesota State Colleges and Universities financial policies and procedures, and provide financial and facilities information as scheduled or requested. Financial detail is also provided in the annual financial statements.

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

BOND SALE PROCESS

The process begins on an individual university campus when administrators and students formulate the need for a specific project. Since student fees are the sole source of revenue for the repayment of Revenue Fund debt, students are involved in project planning.

In order to minimize bond sale cost, projects are usually bundled into taxable and tax-exempt series totaling together at least \$20 million. Once a university has determined the need and approximate size of a project, the Fund's financial advisor (Springsted, Inc.) and bond counsel (Leonard, Street, and Deinard) will review the sale components. The financial advisor will appropriately size the sale, and bond counsel will provide legal documentation. All Revenue Fund construction projects follow the same planning, design and construction process as academic capital projects.

Revenue Fund bonds typically have a 20 year term, and may be either taxable or tax-exempt. In the past the Fund has issued bonds with shorter or longer maturities depending on specific circumstances. Taxable bonds are issued primarily for construction or renovation of dining services and student unions because those facilities house for-profit retail services. The bonds are sold in a competitive process and are generally purchased by financial institutions and brokers.

Last fall, prior to beginning planning for this sale, Springsted Inc. evaluated the Fund's debt capacity. The analysis also evaluated individual programs since debt is campus specific. The debt capacity review determined that the Fund has the capacity to carry \$250 million in total debt. Minnesota Statutes Chapter 136F.98 sets the limit on the amount of debt authority for the Revenue Fund, which is *currently \$200 million, an increase from \$150 million per legislative action this session*. Outstanding Revenue Fund debt is \$120 million.

This sale proposal will raise the Fund's outstanding debt to about \$162 million, and planning on the horizon will likely increase it further.

STATUS OF PRIOR REVENUE FUND BOND SALES

Recent bond sales have supported many excellent capital construction and renovation projects across the state universities. Although much has been accomplished with this influx of new funds, much remains to be done to upgrade and modernize the aging student housing and student union inventory.

2002 Sale

Metropolitan SU Parking Ramp Addition (MCTC campus)	\$5,000,000	Complete
MSU Moorhead Student Union HVAC System	\$3,523,000	Complete
MSU Moorhead Dining Service Remodeling (Phase I)	\$ 550,000	Complete
MSU, Mankato Student Union Addition & Remodeling	\$8,590,000	Complete
MSU, Mankato Dining Service Remodeling	\$1,510,000	Complete
St. Cloud SU Stateview Apartments Acquisition	\$2,000,000	Complete
St. Cloud SU Lawrence Hall Renovation	\$2,800,000	Complete
St. Cloud SU Student Union Roof/Asbestos Abatement	\$3,100,000	Complete
Southwest MSU Student Union/Dining Svc/Conf Center	\$1,400,000	Complete
Winona SU Tau Hall Acquisition	\$2,200,000	Complete
Winona SU Land Purchase and Demolition	\$2,260,000	Complete

2005 Sale

MSU Moorhead Dining Service Remodeling (Phase II)	\$ 2,500,000	Complete
MSU, Mankato Sears Residence Hall Construction (June 2008 Completion)	\$30,720,000	Construction
St. Cloud SU Parking Ramp (July 2008 Completion)	\$ 4,700,000	Construction
Winona SU Maria Hall Acquisition	\$ 2,000,000	Complete
Planning for future projects	\$ 550,000	Unallocated

2007 Sale

Bemidji SU Linden Hall Renovation	\$ 8,500,000	Complete
MSU Moorhead Wellness Center (December 2008 Completion)	\$10,852,000	Construction
Southwest MSU Residence Hall Construction (July 2009 Completion)	\$13,391,000	<i>Out for bid</i>
Planning for future projects	\$ 3,000,000	Unallocated

2008 REVENUE FUND BOND PROJECTS

Revenue Fund project requests have been submitted to the Office of the Chancellor for inclusion in the next bond sale tentatively scheduled for June 2008. Project requests are from Winona State University and are described below and shown on the map at Attachment A. In addition, planning funds for future projects will once again be included.

Residence Hall Construction – Winona State University

COST:

Total project costs are estimated at \$29,636,000.

PROJECT DESCRIPTION:

Construct, furnish and equip a 126,960 gross square foot (GSF) residence hall with 400 beds and eight RA units.

This residence hall is the first phase of a multi-phase approach for WSU to replace and upgrade their current student housing stock. The new residence hall will replace 316 beds that will be eliminated with the removal of Richards/Conway Halls from the housing stock. The two residences comprise half of the series of buildings known as “The Quad.” These halls have a combined deferred maintenance backlog over \$7 million.

The new residence hall is planned to be located at the site of the existing surface parking lots at the intersection of Mark and Huff Streets.

The new student residence hall is proposed as two – four story buildings containing a mix of suite style units including single occupancy/two bedroom units and double occupancy /two bedroom units and supporting student common areas including great room/living spaces with common kitchens and laundry rooms. The site of the new residence hall is located within a block of the existing food service location in Kryzsko Commons. The project will incorporate site work and landscaping surrounding the building. Occupancy is scheduled for 2010.

Memorial Hall Expansion – Winona State University

COST:

Total project costs are estimated at \$18,491,000 with \$8,400,000 *appropriated* from State of Minnesota General Obligation bond proceeds *as approved in this legislative session’s bonding bill*; \$7,091,000 from Revenue Fund bond proceeds; and \$3,000,000 from private donations.

PROJECT DESCRIPTION:

Construct, furnish and equip a 78,000 GSF expansion of Memorial Hall to house the WSU Integrated Wellness Complex. The expansion will wrap around the south and west faces of Memorial Hall. Memorial Hall is a large academic and athletic complex of approximately 142,000 GSF, constructed in 1953 and doubled in size in 1972. The WSU Integrated Wellness Complex will combine academic departments (Health, Exercise & Rehabilitative Science and Physical Education & Recreation) with student life and development activities (fitness, recreation/intramurals, health services, health education, and counseling) and athletics. Components of the Integrated Wellness Complex include an indoor fitness track, cardiovascular fitness and strength training facilities, a health service clinic, counseling center, and offices and classrooms.

SYSTEMWIDE CAPITAL PLANNING

Funding at \$1.0 million is also proposed for architectural design to allow development of accurate project scopes, budgets and schedules in advance of requesting approval for future projects anticipated for 2009 and 2010.

The total bond sale is estimated at \$43million. The difference between the bond issue size and the estimated \$38 million of project costs is to pay for bond issuance costs and fund debt service reserves for each of the projects.

STUDENT CONSULTATION

Letters have been received in the Office of the Chancellor confirming that student consultation has taken place at Winona State University regarding these projects.

BOND RATING

Presentations are scheduled for *May 12 & 13* to Moody's Investors Service and to Standard and Poor's Rating Service on the proposed sale. These organizations have previously rated MnSCU Revenue Fund bonds as Aa3 and AA- respectively. These ratings are excellent. Considering the financial condition of the System and Revenue Fund, similar ratings are anticipated for the new sale. As a comparison, the State of Minnesota's ratings are Aa1 (Moody's); AAA (Standard & Poor's); and AAA (Fitch). The General Obligation of the state bonds carry the full faith and credit of the State of Minnesota, while the MnSCU Revenue Bonds only pledge the assets of the Fund and the revenue generated.

BOND SALE RESOLUTION

The draft Series Resolution authorizing the bond sale is presented at Attachment B. *At the March meeting, Trustees noted their preference to approve a document without blanks. Accordingly, Bond Counsel has redrafted the Series Resolution.* After the second reading of this report in May and approval by the Board, the financial advisor will publish the notification of sale which will consist of the Terms of the Proposal or Sale Parameters shown as Attachment C, and the Preliminary Official Statement POS, *which was presented as a part of the March Board documents. The current draft of the POS can be seen at www.facilities.mnscu.edu under "Announcements".* The sale is planned for June 17, 2008.

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 True 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 Vice Chancellor – Chief Financial Officer.

RECOMMENDED COMMITTEE ACTION:

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

RECOMMENDED MOTION:

The Board of Trustees authorizes a Revenue Bond sale for no more than \$43,000,000 for projects totaling about \$38,000,000; and approves the Series Resolution as described in Attachment B. The sale is subject to the parameters as presented Attachment C.



Winona State University

Main Campus - Revenue Fund

Sources: Winona County, MnDNR, MnDOT.

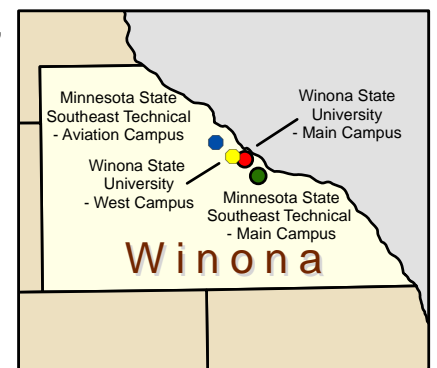


Minnesota
STATE COLLEGES
& UNIVERSITIES

As of March 2008
This map was created for display purposes only. It should not be used for accurate measurements or where a survey is required.

**New Residence Hall
Memorial Hall Addition**

Board of Trustees



LS&D Draft: 5/7/08

SERIES RESOLUTION
OF
THE BOARD OF TRUSTEES
OF
MINNESOTA STATE COLLEGES AND UNIVERSITIES

RELATING TO

STATE COLLEGE AND
UNIVERSITY REVENUE FUND BONDS
SERIES 2008A and TAXABLE SERIES 2008B

ADOPTED: May 19, 2008

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE 1 - DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION	3
Section 1.1 Definitions	3
Section 1.2 Effect of this Series Resolution	5
Section 1.3 Exhibits	5
ARTICLE 2 - THE 2008 BONDS	5
Section 2.1A The 2008A Bonds	5
Section 2.2A The 2008A Bonds - Initial Issue	6
Section 2.3A The 2008A Bonds - Redemption	7
Section 2.1B The 2008B Bonds	8
Section 2.2B The 2008B Bonds - Initial Issue	8
Section 2.3B The 2008B Bonds - Redemption	10
Section 2.4 Method of Redemption	10
ARTICLE 3 - ADDITIONAL PROVISIONS RELATING TO THE 2008 BONDS	11
Section 3.1 Revenue Fund Accounts	11
Section 3.2 Capital Expenditure Account	11
Section 3.3 Notices to Rating Agency	11
ARTICLE 4 - SERIES COVENANTS	12
Section 4.1 Payment of Principal, Purchase Price, Premium and Interest	12
Section 4.2 Performance of and Authority for Covenants	12
Section 4.3 Books and Records	12
Section 4.4 Bondholders' Access to Bond Register	12
Section 4.5 Continuing Disclosure	13
Section 4.6 Resignation or Removal of Registrar and Paying Agent	17
Section 4.7 Compliance with DTC Requirements	18
ARTICLE 5 - AMENDMENT AND RESTATEMENT OF MASTER INDENTURE	19
Exhibit A-1 - Form of 2008A Bond	A-1
Exhibit A-2 - Form of 2008B Bond	A-2
Exhibit B - Annual Report Information	B
Exhibit C - DTC Blanket Letter of Representations	C
Exhibit D - Amended and Restated Master Indenture of Trust	D

RESOLUTION

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

WITNESSETH

WHEREAS:

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

2. The Board has previously entered into a Master Indenture of Trust (the “Master Indenture”), dated as of February 1, 2007, with U.S. Bank National Association (the “Trustee”), pursuant to which the Board and the Trustee agreed to the terms and conditions governing the Revenue Fund Bonds issued by MnSCU pursuant to the Master Indenture.

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

4. The Board has determined that the capital expenditure needs of the Facilities make it necessary and desirable for MnSCU to issue its State College and University Revenue Fund Bonds, Series 2008A in an original principal amount up to \$41,865,000 (the “2008A Bonds”), and its State College and University Revenue Fund Bonds, Taxable Series 2008B in an original principal amount up to \$1,135,000 (the “2008B Bonds” and with the 2008A Bonds, the “2008 Bonds” or the “Bonds”), and the proceeds of the 2008 Bonds will be further used to fund the Debt Service Reserve Account, pay certain costs of issuing the 2008 Bonds and pay interest on a portion of the 2008 Bonds for an initial period.

5. The execution and delivery of this Series Resolution and the issuance of the 2008 Bonds have been in all respects duly and validly authorized by the Issuer; and

6. All things necessary to make the 2008 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 2008 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 2008 Bonds by the Holders thereof, in order to secure the payment of the principal of, interest on, and premium, if any, on the 2008 Bonds according to their tenor and effect, does hereby grant a security interest in and assign to the Holders of the 2008 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 2008

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 2008 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 2008 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 2008 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 2008 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 2008 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 2008 Bonds, all other Revenue Fund Bonds, and the beneficiaries of Senior Guarantees, as follows:

ARTICLE 1

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

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

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

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

Interest Payment Date means, with regard to the 2008 Bonds, each April 1 and October 1, commencing October 1, 2008.

Master Indenture means the Master Indenture of Trust dated as of February 1, 2007, between the Board and the Trustee, as amended from time to time, including by the adoption hereby of the Amended and Restated Master Indenture of Trust dated as of June 1, 2008, relating to MnSCU's State College and University Revenue Fund Bonds.

Maturity Date means any date on which principal of or interest or premium, if any, on the 2008 Bonds is due, whether at maturity, on a scheduled Interest Payment Date, or upon redemption or acceleration, or otherwise.

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

Original Purchaser means the original purchaser(s) of the 2008 Bonds, as determined after the acceptance of the bids, as identified in the Closing Certificate.

Prior Bonds means the 2002 Bonds, the 2005 Bonds and all bonds issued from time to time under the Master Indenture prior to the issuance of the 2008 Bonds.

Rating Agency means Moody's Investors Service, Inc. or Standard & Poor's Ratings Group or Fitch's, Inc. or any other nationally recognized credit rating agency which has been solicited to issue a rating on, and has issued a rating on, the 2008 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 2008 Bonds.

Series Resolution means this Series Resolution adopted on May 19, 2008 by the Minnesota State Colleges and Universities Board of Trustees.

Term Bonds means the 2008 Bonds identified as such pursuant to Section 2.3A(A)(2), 2.3B(A)(2), and the Closing Certificate.

2008 Bonds or Bonds means the Minnesota State Colleges and Universities, College and University Revenue Fund Bonds, Series 2008A and Taxable Series 2008B, both dated as of June 1, 2008 and issued in the original principal amounts of up to \$41,865,000 (Series 2008A) and up to \$1,135,000 (Series 2008B) pursuant to this Series Resolution.

2008A Bonds means the Minnesota State Colleges and Universities, College and University Revenue Fund Bonds, Series 2008A dated as of June 1, 2008 and issued in an original principal amount of up to \$41,865,000 pursuant to this Series Resolution.

2008B Bonds means the Minnesota State Colleges and Universities, College and University Revenue Fund Bonds, Taxable Series 2008B, dated as of June 1, 2008 and issued in an original principal amount of up to \$1,135,000 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 2008 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 2008 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 2008A Bond;
- (2) Exhibit A-2: form of 2008B Bond;
- (3) Exhibit B: form of Annual Disclosure Report;
- (4) Exhibit C: DTC Letter.

ARTICLE 2

THE 2008 BONDS

PART A – THE 2008A BONDS

Section 2.1A The 2008A Bonds.

(A) The 2008A 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 total principal amount of 2008A Bonds which may be Outstanding hereunder is expressly limited to \$41,865,000 unless duplicate 2008A Bonds are issued as provided in Section 3.07 of the Master Indenture. The 2008A 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 2008A Bonds to the terms of this Article 2. The Vice Chancellor-Chief Financial officer is hereby authorized to provide for the sale of the 2008A Bonds by competitive sale, and to complete the Closing Certificate for the 2008A Bonds to establish their specific terms on the basis of the highest and best bid meeting the criteria established herein and in the Master Indenture. The maximum discount at which the Original Purchaser may purchase the 2008A Bonds is .5% of par.

(B) Upon issuance, the net proceeds of the 2008A Bonds (the original principal amount thereof, plus any premium or less any discount allowed to the Original Purchaser) shall be deposited by the Board into such accounts as shall be determined by the Issuer in the Closing Certificate. A portion of the amount deposited in the Capital Expenditures Account, in the amount stated in said Closing Certificate, shall be applied to pay the costs of issuing the 2008A Bonds.

Section 2.2A The 2008A Bonds - Initial Issue. The 2008A Bonds shall be initially issued in the aggregate principal amount of up to \$41,865,000 and shall:

(1) be initially dated as of June 1, 2008, and thereafter be dated the date of their registration as provided in Section 3.04 of the Master Indenture;

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

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

(4) (a) Interest shall accrue on the 2008A 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 2008A Bond or portion thereof redeemed pursuant to Sections 2.3A(A) and 2.4 shall also be payable on the Redemption Date as to 2008A Bonds called for redemption.

(b) the 2008A 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 total interest cost of 6%.

(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 2008A Bonds will be payable by check or draft mailed by the Trustee to the Holders of such

2008A 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 2008A 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 2008A 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 2008A 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 2008A Bonds shall be delivered by the Trustee to the Original Purchaser thereof upon receipt by the Trustee and/or Issuer of the items listed in Section 3.08 of the Master Indenture, and satisfaction by the Issuer of the conditions stated in Section 3.09 of the Master Indenture.

Section 2.3A The 2008A Bonds - Redemption.

(A) Pursuant to the provisions of Section 3.12 of the Master Indenture and 2.4 hereof, the 2008A 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 2008A 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 2008A 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 2008A Bonds maturing on or after October 1, 2019 are subject to optional redemption and prepayment upon direction by the Issuer to the Trustee in whole on any date on or after October 1, 2018 and in part, on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

(4) *Excess Proceeds Redemption.* If, upon the earlier of either (i) the completion of the work planned to be financed by the proceeds of the 2008A Bonds, or (ii) three years from the date of issuance of the 2008A Bonds, proceeds of the 2008A 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 2008A 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 2008A 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 2008A Bonds shall not be subject to redemption prior to their stated maturity date.

PART B – THE 2008B BONDS

Section 2.1B The 2008B Bonds.

(A) The 2008B 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 total principal amount of 2008B Bonds which may be Outstanding hereunder is expressly limited to \$1,135,000, unless duplicate 2008B Bonds are issued as provided in Section 3.07 of the Master Indenture. The 2008B 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 2008B Bonds to the terms of this Article 2. The Vice Chancellor-Chief Financial officer is hereby authorized to provide for the sale of the 2008B Bonds by competitive sale, and to complete the Closing Certificate for the 2008A Bonds to establish their specific terms on the basis of the highest and best bid meeting the criteria established herein and in the Master Indenture. The maximum discount at which the Original Purchaser may purchase the 2008B Bonds is 1.2% of par.

(B) Upon issuance, the net proceeds of the 2008B Bonds (the original principal amount thereof, plus any premium or less any discount allowed to the Original Purchaser) shall be deposited by the Board into such accounts as shall be determined by the Issuer in the Closing Certificate. A portion of the amount deposited in the Capital Expenditures Account, in the amount stated in said Closing Certificate, shall be applied to pay the costs of issuing the 2008B Bonds.

Section 2.2B The 2008B Bonds - Initial Issue. The 2008B Bonds shall be initially issued in the aggregate principal amount of up to \$1,135,000 and shall:

- (1) be initially dated as of June 1, 2008, and thereafter be dated the date of their registration as provided in Section 3.04 of the Master Indenture;

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

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

(4) (a) Interest shall accrue on the 2008B 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 2008B Bond or portion thereof redeemed pursuant to Sections 2.3B(A) and 2.4 shall also be payable on the Redemption Date as to 2008B Bonds called for redemption.

(b) the 2008B 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 total interest cost of 7.5%.

(5) be payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the principal trust office of the Trustee, or a duly appointed successor Trustee, except that interest on the 2008B Bonds will be payable by check or draft mailed by the Trustee to the Holders of such 2008B 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 2008B 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 2008B 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 2008B 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 3.08 of the Master Indenture, and satisfaction by the Issuer of the conditions stated in Section 3.09 of the Master Indenture.

Section 2.3B The 2008B Bonds - Redemption.

(A) Pursuant to the provisions of Section 3.12 of the Master Indenture and 2.4 hereof, the 2008B 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 2008B 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 2008B 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 2008B Bonds are not subject to optional redemption prior to maturity.

(4) *Excess Proceeds Redemption.* The 2008B Bonds are not subject to redemption from excess proceeds.

(B) No Other Redemption Prior to Maturity. Except as provided in Section 2.3B(A) herein, the 2008B Bonds shall not be subject to redemption prior to their stated maturity date.

Section 2.4 Method of Redemption.

(1) To effect the redemption of the 2008 Bonds under Sections 2.3A(A) (1), (3) or (4) or Sections 2.3B(A)(1) or (4), the Issuer, at least 40 days before the redemption date, shall notify the Trustee of its intention to effect such redemption. The funds required for such 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 2008 Bonds (and the Revenue Fund Bonds within each Series) to be redeemed by lot. The Trustee shall make the selection in such manner as the Trustee determines to be fair and appropriate, which may include random selection by lot. If and to the extent 2008 Bonds are redeemed in part pursuant to Sections 2.3A(A)(1), (3) or (4) or 2.3B(A)(1) or (4), the amounts shown on the tables in those Sections and the serial maturities of the applicable series of 2008 Bonds shall be reduced as the Issuer shall direct in its notice to the Trustee.

(3) The Trustee shall give notice of redemption of 2008 Bonds mailed not less than 30 days prior to the redemption date by mailing a written notice of redemption, first class mail, postage prepaid, to the Holders of the 2008 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 2008 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 2008 Bonds under Sections 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 2008 Bond of the applicable Series then Outstanding a distinctive number for each Authorized Denomination of the principal amount of such 2008 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 2008 Bonds, select as many numbers as, at the Authorized Denomination for each number, shall equal the principal amount of such 2008 Bonds to be redeemed. The 2008 Bonds to be redeemed shall be the 2008 Bonds to which were assigned numbers so selected; provided that if, as a result of partial redemption there is a 2008 Bond outstanding in a principal amount less than the Authorized Denomination, such 2008 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 2008 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

ADDITIONAL PROVISIONS RELATING TO THE 2008 BONDS

Section 3.1 Revenue Fund Accounts.

(A) 2008B Revenue Receipts Subaccount. There is hereby created within the Revenue Receipts Account a subaccount titled the 2008B Revenue Receipts Subaccount. All “private payments” (within the meaning of Section 141 of the Code) derived from Facilities financed by the 2008B Bonds shall be deposited therein and applied as provided in Paragraph (B) of this Section and Section 4.03 of the Master Indenture. No such “private payments” shall be initially deposited in any other Fund or Account. Any excess funds held therein as of each March 2 shall be transferred to the Surplus Account.

(B) 2008 Debt Service Subaccounts. The Trustee is hereby directed to create a 2008 Debt Service Subaccount pursuant to the Master Indenture. Net Revenues held in the 2008 Revenue Receipts Account shall be transferred by MnSCU on each March 1 and September 1 to the Trustee for deposit to the 2008 Debt Service Subaccount, and there applied prior to the use of any other funds, to pay principal of, interest on and redemption price of 2008 Bonds.

Section 3.2 Capital Expenditure Account. The Trustee is hereby directed to create a Capital Expenditure Account for the 2008 Bonds pursuant to the Master Indenture, and to deposit proceeds of the 2008 Bonds therein as described in Sections 2.1A and 2.1B hereof.

Section 3.3 Notices to Rating Agency.

Annually, at or about the time that the Issuer provides its Annual Disclosure Report pursuant to Section 4.5 hereof, the Issuer shall provide the same information to each national credit rating agency then maintaining a rating in effect for the 2008 Bonds. In addition, the Issuer shall provide to such rating agencies such other information relating to the 2008 Bonds, all other Revenue Fund Bonds issued under the Master Indenture, and the Revenue Fund, as they may reasonably request.

ARTICLE 4

SERIES COVENANTS

Section 4.1 Payment of Principal, Purchase Price, Premium and Interest. Solely from the Net Revenues and sums held in the Accounts in the Revenue Fund, the Issuer will duly and punctually pay the principal of, premium, if any, and interest on the 2008 Bonds in accordance with the terms of the 2008 Bonds, the Master Indenture and this Series Resolution. Nothing in the 2008 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 2008 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 2008 Bond executed, authenticated and delivered hereunder and in all proceedings of the Board pertaining thereto; that it is duly authorized under the Constitution and laws of the State of Minnesota, including particularly and without limitation the Act, to issue the 2008 Bonds authorized hereby, to adopt this Series Resolution, to apply the 2008 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 2008 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 2008 Bonds and the execution and delivery of this Series Resolution has been duly and effectively taken; and that the 2008 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 2008 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 2008 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 2008 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 2008 Bonds shall be made as provided in this Section. This Section is intended for the benefit of the Holders of the 2008 Bonds.

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

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

(2) *Revenue Fund Bonds* means the Prior Bonds and the 2008 Bonds; 2008 Bonds means the 2008 Bonds issued pursuant to this Series Resolution;

(3) *Obligated Person* means:

(a) the Issuer; and

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

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

(4) *Repository* means any “Nationally Recognized Municipal Securities Information Repository” from time to time designated or approved as such by the Securities and Exchange Commission;

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

(6) *SID* means a “State Information Depository” (as defined in the Rule) for the State of Minnesota.

(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 on behalf of the Issuer shall make or cause to be made public, but solely as provided in subsection (D) below, the information set forth in subsections (1), (2) and (3) below:

(1) Periodic Reports.

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

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

(c) an Annual Disclosure Report in substantially the form of **Exhibit B** hereto disclosing financial and operating data of the type disclosed in the Official Statement relating to the 2008 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. Notice, with a brief summary, of the following events, if material:

(a) the existence of a new official or other disclosure statement or supplement thereto related to the Senior Bonds;

(b) any unscheduled withdrawal from the Debt Service Reserve Account and any restoration of the amounts withdrawn to the Debt Service Reserve Account;

(c) failure by the Issuer to timely pay in full any principal of or interest or premium on any Senior Bond, or any failure to timely pay the Purchase Price of any Senior Bond;

(d) the issuance of any other Senior Bonds;

(e) adverse administrative or judicial tax determinations or events affecting the exclusion from gross income for federal income tax purposes of interest on any Series of Tax-Exempt Bonds;

(f) the resignation, substitution or replacement of the Bond Registrar or Paying Agent;

(g) an amendment or supplement to the Master Indenture, other than in connection with the issuance of other Senior Bonds for which notice is given as provided in clause (d) above;

(h) the occurrence of any defeasance or refunding of any Senior Bonds; and

(i) any failure by the Issuer to perform or observe its covenants set forth in the Master Indenture or a Series Resolution, other than such an event disclosed pursuant to clause (c);

- (j) any unscheduled draw on a Credit Enhancement Instrument reflecting financial difficulty;
- (k) the substitution or replacement of a Credit Enhancer;
- (l) any modification of the rights of the Bondholders;
- (m) any change in the rating(s) in effect for the 2008 Bonds as awarded by a national credit rating agency;
- (n) any material change in the accounting principles used in connection with the financial reports of an Obligated Person; and
- (o) any amendment of this Section.

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

(C) Information Provided to the Public.

(1) The Registrar and Paying Agent on behalf of the Issuer shall make public every communication which the Registrar and Paying Agent is required to make (or is permitted to make and in fact makes) to Holders, in each case in accordance with subsection (D) and on the same day such communication is transmitted to Holders hereunder.

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

(a) all information which the Registrar and Paying Agent on behalf of the Issuer has agreed to make public under subsections (1), (2) and (3) of subsection (B); and

(b) such other information which the Issuer shall in writing request to be made public, so long as such information is permitted by law to be made public.

(3) 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. The Registrar and Paying Agent on behalf of the Issuer shall make public the occurrence information set forth in subsection (B)(2) within ten business days after receipt of such information, or in the case of a request described in subsection (C)(2)(b), within ten business days after receipt of the request. The Registrar and Paying Agent shall make public the

notice, if any, required by subsection (B)(3) within thirty (30) days after the Registrar and Paying Agent has actual knowledge of the failure to make information public.

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

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

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

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

(4) all information made public under this Section 4.5 shall be provided to the Original Purchaser, by mailing, physical delivery or electronic transmittal at the same time as information is provided to the Repositories; and

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

(E) Obligated Persons; Financial Information.

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

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

- (a) aggregate all contracts executed by such person;
- (b) aggregate all buildings or structures, or portions thereof, owned, leased or operated by such person; and
- (c) aggregate all entities under common control or ownership.

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

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

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

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

(2) this Section, as amended or modified, would have complied with the Rule on the date of issue of the 2008 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 2008 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**.

ARTICLE 5

AMENDMENT AND RESTATEMENT OF MASTER INDENTURE

The Master Indenture is hereby amended and restated by the adoption of the Amended and Restated Master Indenture of Trust attached hereto as Exhibit D.

EXHIBIT A-1

Form of 2008A Bond

R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF MINNESOTA

MINNESOTA STATE COLLEGES
AND UNIVERSITIES

REVENUE FUND BOND
Series 2008A

Interest Rate

Maturity Date

Date of Original Issue

CUSIP

Registered owner: Cede & Co.

Stated Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that Minnesota State Colleges and Universities (the "Issuer"), for value received, acknowledges itself to be specially indebted and promises to pay to the registered owner named above, or registered assigns, but only from the sources specified herein, the Stated Principal Amount specified above on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable semiannually on April 1 and October 1 in each year, commencing October 1, 2008, 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 a Master Indenture of Trust (the “Master Indenture”) dated as of February 1, 2007 and entered into between the Issuer and the Trustee and a Series Resolution adopted by the Issuer on May 19, 2008 (the “Series Resolution”).

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

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

Revenue Fund Bonds of this Series maturing on or after October 1, 2019 are subject to optional redemption and prepayment upon direction of the Issuer in whole on any date after October 1, 2018 and in part, on any Interest Payment Date thereafter, in Authorized Denominations, at a redemption price equal to the principal amount redeemed plus accrued interest to the date of redemption, without premium.

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

[to be provided]

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

In the event of damage to or destruction of any Facility, in whole or part, these Revenue Fund Bonds are subject to redemption in whole or in part at the principal amount thereof plus accrued interest to the date of redemption, without premium, on the first day of any month for which timely notice of redemption can be

given, whether or not an Interest Payment Date, from the proceeds of any insurance claim payment or condemnation award or portion thereof not applied to repair, restore or replace the damaged or taken Facility.

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

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

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

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

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

Dated: _____

[Authorized Representative]

CERTIFICATE OF AUTHENTICATION

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

U.S. BANK NATIONAL ASSOCIATION

By _____
Authorized Representative

ABBREVIATIONS

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

TEN COM	--	as tenants in common	UNIF GIFT MIN ACT Custodian. (Cust) (Minor)
TEN ENT	--	as tenants by the entireties	
JT TEN--		as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act (State)

Additional abbreviations may also be used.

ASSIGNMENT

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

Dated: _____

Signature

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

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

EXHIBIT A-2

Form of 2008B Bond

R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF MINNESOTA

MINNESOTA STATE COLLEGES
AND UNIVERSITIES

REVENUE FUND BOND
Taxable Series 2008B

Interest Rate

Maturity Date

Date of Original Issue

CUSIP

Registered owner: Cede & Co.

Stated Principal Amount: _____ DOLLARS

KNOW ALL MEN BY THESE PRESENTS that Minnesota State Colleges and Universities (the "Issuer"), for value received, acknowledges itself to be specially indebted and promises to pay to the registered owner named above, or registered assigns, but only from the sources specified herein, the Stated Principal Amount specified above on the maturity date specified above, with interest thereon from the date hereof at the annual rate specified above, payable semiannually on April 1 and October 1 in each year, commencing October 1, 2008, 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 \$1,135,000, each of like date and tenor except as to registration number, interest, maturity date, redemption privilege, and denomination, issued for the purpose of financing the construction or improvement of dormitory, residence hall, student union, food service or other revenue producing buildings and related facilities located or to be located on the campuses of the Institutions comprising the Minnesota State University System (the "System"). The Revenue Fund Bonds of this Series are issued under authority of, and in strict

conformity with, the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 136F (the "Act"), and under and pursuant to a Master Indenture of Trust (the "Master Indenture") dated as of February 1, 2007 and entered into between the Issuer and the Trustee and a Series Resolution adopted by the Issuer on May 19, 2008 (the "Series Resolution").

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

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

Revenue Fund Bonds of this Series are not subject to optional redemption prior to maturity, and are not subject to redemption from excess proceeds.

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

[to be provided]

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

Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than 30 days prior to the Redemption Date, to each holder of Revenue Fund Bonds to be redeemed at the address of the holder appearing in the Bond Register. No defect in or failure to give notice by mail to any holder shall affect the validity of the proceedings for redemption of any Revenue Fund Bond held by any holder to which proper notice by mail has been given. If notice by publication is required by law, the Paying Agent shall cause publication to be made in the form and at the time provided by law. All notices of redemption shall state: (i) the Redemption Date; (ii) the Redemption Price; (iii) the principal amount of Revenue Fund Bonds to be redeemed and the identification (and, in the case of partial redemption, the respective principal amounts) of the Revenue Fund Bonds to be redeemed, specifying their CUSIP

number, their registration number and Maturity Date; (iv) that on the Redemption Date, the Redemption Price will be due and payable upon each Revenue Fund Bond, and interest will cease to accrue from and after such date (unless, under a redemption conditioned on sufficient funds, such condition is not met); and (v) the place or places where such Revenue Fund Bonds are to be surrendered for payment.

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

As provided in the Master Indenture and subject to certain limitations set forth therein, this Bond is transferable upon the books of the Issuer at the principal corporate trust office of the Trustee, as Registrar and Paying Agent, in Saint Paul, Minnesota, or its successor, by the registered owner hereof, in person or by his attorney, duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar and Paying Agent, duly executed by the registered owner or his duly authorized attorney, and may also be surrendered in exchange for 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

ABBREVIATIONS

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

TEN COM	--	as tenants in common	UNIF GIFT MIN ACT Custodian. (Cust)	(Minor)
TEN ENT	--	as tenants by the entirety		
JT TEN--		as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act (State)	

Additional abbreviations may also be used.

ASSIGNMENT

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

Dated: _____

Signature

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

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

EXHIBIT B
ANNUAL REPORT INFORMATION

The Annual Report Date will be the date that is 270 days after each fiscal year end, commencing with the fiscal year ending June 30, 2009.

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/write Name & Title)

Received and Accepted:

THE DEPOSITORY TRUST COMPANY
By: [Signature]

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

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

(651) 649-5778
(Phone Number)

13-0001 12/95

EXHIBIT D

Amended and Restated Master Indenture of Trust

4/29/08

DRAFT FOR DISCUSSION PURPOSES
THE BOARD OF TRUSTEES

OF

MINNESOTA STATE COLLEGES AND
UNIVERSITIES

and

U.S. BANK NATIONAL ASSOCIATION

“TRUSTEE”

AMENDED AND RESTATED MASTER
INDENTURE OF TRUST

Dated as of June 1, 2008

This instrument was drafted by:
Leonard Street and Deinard
Professional Association

Table of Contents

	<u>Page</u>
ARTICLE ONE DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS.....	3
Section 1.1. Definitions.....	3
Section 1.2. General Statutory Authority.....	7
Section 1.3. Purposes.....	8
Section 1.4. Need for Facilities.....	8
Section 1.5. Rules of Interpretation.....	8
Section 1.6. Exhibits.....	9
ARTICLE TWO THE BONDS.....	10
Section 2.1. Statutory Authority to Issue Revenue Fund Bonds.....	10
Section 2.2. Revenue Fund Bonds to be Issued In Series; Covenants.....	10
Section 2.3. Security for the Revenue Fund Bonds; Source of Payment For Revenue Fund Bonds.....	10
Section 2.4. Security for the Subordinate Revenue Fund Bonds; Source of Payment for the Subordinate Revenue Fund Bonds.....	10
Section 2.5. Requirements for Each Series of Revenue Fund Bonds.....	11
Section 2.6. Form of Maturities and Numeration of Revenue Fund Bonds.....	13
Section 2.7. Execution.....	14
Section 2.8. Authentication of Revenue Fund Bonds.....	14
Section 2.9. Registration, Exchange and Transfer of Revenue Fund Bonds; Cancellation and Destruction.....	14
Section 2.10. Payment of Interest on Revenue Fund Bonds; Interest Rights Preserved.....	15
Section 2.11. Ownership of Revenue Fund Bonds.....	16
Section 2.12. Reissuance of Mutilated, Destroyed, Stolen or Lost Revenue Fund Bonds.....	16
Section 2.13. Conditions for Authentication of Each Series of Revenue Fund Bonds.....	16
Section 2.14. Temporary Revenue Fund Bonds.....	17
Section 2.15. Special Provisions Regarding Beneficial Owners and Revenue Fund Bonds in Book-Entry Form.....	17
Section 2.16. Appointment of Registrar and Paying Agent.....	19
Section 2.17. Other Terms; Series Resolution.....	19
Section 2.18. Sale of Revenue Fund Bonds.....	20
ARTICLE THREE REDEMPTION OF BONDS BEFORE MATURITY.....	21
Section 3.1. Optional and Mandatory Redemption and Prepayment.....	21
Section 3.2. Notice of Redemption.....	22
ARTICLE FOUR COVENANTS.....	22
Section 4.1. Purpose; Special Revenue Fund.....	22
Section 4.2. Financial Operation of Facilities.....	22
Section 4.3. Completion of Facilities.....	23
Section 4.4. Operation of Facilities.....	24
Section 4.5. Maintenance of Charges, Fees and Rentals.....	25
Section 4.6. Non-Revenue Fund Facilities.....	25

Section 4.7.	Insurance.....	26
Section 4.8.	Records and Audits.....	26
Section 4.9.	Fidelity Fund Bonds.....	27
Section 4.10.	Continuing Disclosure.....	27
ARTICLE FIVE SECURITY; FUNDS AND ACCOUNTS		27
Section 5.1.	Security for the Revenue Fund Bonds.....	27
Section 5.2.	Pledge and Appropriation to Revenue Fund; Revenue Covenant.....	28
Section 5.3.	Revenue Receipts Account.....	28
Section 5.4.	Escrow Account.....	30
Section 5.5.	Operating Reserve Account.....	30
Section 5.6.	Debt Service Account.....	31
Section 5.7.	Debt Service Reserve Account; Reserves for Guarantees.....	32
Section 5.8.	Surplus Account.....	34
Section 5.9.	Capital Expenditures Account.....	35
Section 5.10.	Rebate Account.....	37
Section 5.11.	Establishment of Accounts.....	38
ARTICLE SIX COVENANTS RELATING TO TAX EXEMPTION		38
Section 6.1.	General Covenant.....	38
Section 6.2.	Arbitrage and Rebate Compliance	38
Section 6.3.	Arbitrage Certification.....	39
Section 6.4.	Private Activity Bond Compliance.....	39
Section 6.5.	Modification of Tax Covenants.....	39
ARTICLE SEVEN INVESTMENTS		39
Section 7.1.	Deposit and Investment of Funds.....	39
Section 7.2.	Computation of Balances in Fund.....	40
Section 7.3.	Arbitrage Requirements.....	41
ARTICLE EIGHT DEFEASANCE.....		41
Section 8.1.	Discharge of Obligations.....	41
Section 8.2.	Defeasance.....	41
Section 8.3.	Establishment of Defeasance Escrow.....	41
Section 8.4.	Notices.....	42
Section 8.5.	Legal Opinion.....	42
ARTICLE NINE CREDIT ENHANCEMENT; GUARANTEES.....		43
Section 9.1.	Credit Enhancement – Generally.....	43
Section 9.2.	Issuance of Credit Enhancement Instrument.....	43
Section 9.3.	Subrogation.....	43
Section 9.4.	Guarantees – Generally.....	43
Section 9.5.	Types of Guarantees.....	44
Section 9.6.	Application of Debt Service Coverage Test.....	44
Section 9.7.	Procedure for Guarantees.....	44
ARTICLE TEN FURTHER GENERAL PROVISIONS		45
Section 10.1.	Registered Owners Rights.....	45
Section 10.2.	Amendments Without Consent.....	46
Section 10.3.	Amendments With Consent.....	46

Section 10.4.	Notice of Amendments.....	46
Section 10.5.	Certification of Transcript.....	47
Section 10.6.	Certification to Commissioner of Finance.....	47
Section 10.7.	Certification Relating to Official Statement.....	47
Section 10.8.	Delegation.....	48
ARTICLE ELEVEN DEFAULT PROVISIONS AND REMEDIES.....		48
Section 11.1.	Events of Default.....	48
Section 11.2.	Remedies.....	48
Section 11.3.	Priority of Payment and Application of Monies.....	49
Section 11.4.	Remedies Vested in Trustee.....	49
Section 11.5.	Termination of Proceedings.....	49
Section 11.6.	Notice of Default.....	49
ARTICLE TWELVE THE TRUSTEE.....		50
Section 12.1.	Duties of the Trustee.....	50
Section 12.2.	Notice to Holders of Default.....	51
Section 12.3.	Intervention by Trustee.....	51
Section 12.4.	Successor Trustee.....	51
Section 12.5.	Resignation by the Trustee.....	52
Section 12.6.	Removal of Trustee.....	52
Section 12.7.	Appointment of the Successor Trustee.....	52
Section 12.8.	Acceptance by Successor Trustees.....	52
Section 12.9.	Right of Trustee to Pay Taxes and other Charges.....	53
Section 12.10.	Resolutions.....	53
Section 12.11.	Successor Trustee as Custodian of Common Bond Fund and Paying Agent.....	53
Section 12.12.	Co-Trustee.....	54
Section 12.13.	Obligation to Trustee As To Reporting.....	55
Section 12.14.	Successor Paying Agent.....	55
Section 12.15.	Confirmation of the Trustee.....	55
ARTICLE THIRTEEN SUPPLEMENTAL INDENTURES.....		56
Section 13.1.	Rights of Trustee.....	56
ARTICLE FOURTEEN AMENDMENTS TO RELATED DOCUMENTS.....		56
Section 14.1.	Consent of Holders.....	57
Section 14.2.	Rights Under Indenture.....	57
Section 14.3.	Meetings of Bondholders.....	57
ARTICLE FIFTEEN MISCELLANEOUS.....		59
Section 15.1.	Severability.....	59
Section 15.2.	Notices.....	59
Section 15.3.	Required Approvals.....	60
Section 15.4.	Counterparts.....	60
Section 15.5.	MnSCU and its Officers; Employees and Agents.....	60
Section 15.6.	Amounts Remaining in Funds.....	60
Section 15.7.	Relationship of this Indenture to Master Resolution.....	60

AMENDED AND RESTATED MASTER INDENTURE OF TRUST

THIS AMENDED AND RESTATED MASTER INDENTURE OF TRUST dated as of June 1, 2008, by and between the Board of Trustees (the "Board") of the Minnesota State Colleges and Universities, a body corporate and politic ("MnSCU"), and U.S. Bank National Association, a national banking association duly established, existing and authorized to accept and execute trusts of the character herein set out, with its principal office in Saint Paul, Minnesota (the "Trustee"):

WITNESSETH

WHEREAS:

1. On September 20, 2001 the Board adopted its Master Resolution (as from time to time amended, the "Master Resolution") pursuant to which the Board was authorized to issue and has issued the 2002 Bonds and the 2005 Bonds (defined herein) which are secured by a pledge of Net Revenues derived from the Facilities (as defined herein); and

2. The Board has previously adopted a Master Indenture of Trust dated as of February 1, 2007 (the "Prior Master Indenture") to provide for the replacement of the Master Resolution, and for the issuance of additional revenue bonds to be payable from the Net Revenues derived from the Facilities on a parity of lien with the 2002 Bonds and the 2005 Bonds, and to provide for the payment of the 2002 Bonds and 2005 Bonds from the funds and accounts maintained under the Prior Master Indenture; and

3. In the Prior Master Indenture of Trust, the Trustee agreed to act on behalf of the Holders of the 2002 Bonds, the 2005 Bonds and all additional Revenue Fund Bonds issued pursuant to the terms of this Indenture, pursuant to which the Board has assigned and pledged to the Trustee, for the benefit of the Holders of such Revenue Fund Bonds, all Net Revenues derived from its Facilities, on a parity of lien with the 2002 Bonds and the 2005 Bonds, as more fully provided herein;

4. The Board has now adopted this Amended and Restated Master Indenture of Trust (the "Indenture") dated as of June 1, 2008 to replace and supersede the Prior Master Indenture of, to provide for the amendment of the original Master Indenture of Trust in certain ways;

5. The execution and delivery of this Indenture has been in all respects duly and validly authorized by the Board; and

6. All things necessary to constitute this Indenture a valid contract for the security of the Revenue Fund Bonds have been done and performed; and the creation, execution and delivery of this Indenture have in all respects been duly authorized:

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

The Board, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created, in order to more fully secure the payment of the principal of and interest and premium, if any, on the Revenue Fund Bonds according to their tenor and effect and the performance and observance by the Board of all the covenants, expressed or implied herein and in the Revenue Fund Bonds, does hereby grant, mortgage, grant a security interest in, assign, transfer in trust, and pledge to the Trustee, and to its successors in trust, and to them and their assigns forever, the following:

FIRST

All right, title, interest and privilege of MnSCU in and to all General Revenue Bond proceeds;

SECOND

All Net Revenues to be received by MnSCU during the term hereof which are required to be deposited and held in the funds and accounts created and maintained in accordance with Article Five; and

THIRD

The earnings derived from the investment of any of the foregoing sums, subject to the provisions hereof.

TO HAVE AND TO HOLD all the same (herein called the "Trust Estate") with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and to them and their assigns forever;

IN TRUST NEVERTHELESS, 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 heretofore or hereafter issued, without privilege, priority or distinction as to lien or otherwise of any of the Revenue Fund Bonds over any of the others except as otherwise provided herein;

PROVIDED, HOWEVER, that if MnSCU, 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 all Revenue Fund 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 Revenue Fund Bonds according to the true intent and meaning thereof, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as herein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Indenture and the rights hereby granted shall cease, terminate and be void except as otherwise provided herein; otherwise, this Indenture shall be and remain in full force and effect.

UNDER THE PROVISIONS OF THE ACT the Revenue Fund Bonds may not be payable from or be a charge upon any funds of MnSCU other than the funds and revenues pledged to the payment thereof, nor shall MnSCU be subject to any liability thereon and no Holder or Holders of Revenue Fund Bonds shall ever have the right to compel any exercise of the taxing powers of MnSCU or any other public body to pay any Revenue Fund Bonds or the interest and premium, if any, thereon, or to enforce payment thereof against any property of MnSCU, or any other public body, except as provided herein. The Revenue Fund Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of MnSCU other than the Facilities and the sums herein pledged; but nothing in the Act impairs the rights of Holders of Revenue Fund Bonds secured by this Indenture to enforce the covenants made for the security thereof as provided in this Indenture and in the Act. By authority of the Act, MnSCU

and the Trustee hereby mutually covenant and agree, to the extent specifically provided herein, for the equal and proportionate benefit of all Holders of the Revenue Fund Bonds, as follows:

1.

DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS

a. Definitions. In this Indenture the following terms have the following meanings unless the context hereof clearly requires otherwise:

“Account” means an account in the Revenue Fund.

“Accreted Amount” means, with respect to any Bond during the period, if any, in which such Bond does not pay interest on a current basis, the sum of the original stated principal amount of such Bond, plus interest accrued and compounded thereon on each Interest Payment Date; which sum shall be fixed on the date, if any, on which such Bond is Converted, and shall be the amount payable thereon at maturity or upon prior redemption of such Bond in accordance with its terms.

“Act” means Minnesota Statutes, Chapter 136F, as amended from time to time.

“Amending Resolution” means a resolution adopted by the Board to amend the terms of this Indenture.

“Authorized Representative” means (i) an officer of the Board, (ii) the Vice Chancellor (or the official of MnSCU whose functions are those of a chief financial officer) or his or her designee, (iii) the Chancellor or his or her designee, (iv) for the purposes of Section 2.18(c), the persons, whether one or more, designated by the Board in a Series Resolution, or otherwise, to make determinations thereunder and (v) a person described in Section 10.8 hereof. In order for any person to be an Authorized Representative, he or she must be designated as such in writing by the Chancellor or Vice Chancellor (as to clauses (ii) and (iii)) or Board (as to clauses (iv) and (v)).

“Average Annual Debt Service” means the average amount of principal of and interest on all Outstanding bonds to be paid during the current and all future Fiscal Years.

“Beneficial Owner” means a Person in whose name a Bond or interest therein is recorded in the books and records of a participant in the Book-Entry System.

“Board” means the Board of Trustees of Minnesota State Colleges and Universities, and, when duly authorized to act on behalf of the Board, its Authorized Representative, or a committee of the Board, or an official of MnSCU.

“Bond Purchase Agreement” means an agreement between MnSCU and a broker-dealer firm or financial institution providing that MnSCU shall sell to that entity the Revenue Fund Bonds of a specific Series.

“Bond Register” means the register maintained by the Registrar and Paying Agent in which it is required to record the names and addresses of all Persons who are owners of Revenue Fund Bonds and a description of the Revenue Fund Bonds owned by them.

“Bond Year” means the period of time beginning on the date of issue of a Series of Revenue Fund Bonds and ending on a date selected by the Issuer which is not more than 12 months later, and thereafter each 12 month period beginning on the day following the last day of the previous year.

“Revenue Fund Bonds” means any individual series of Revenue Fund Bonds identified as such in a Series Resolution.

“Book-Entry Form” means all Revenue Fund Bonds of any Series, if such Revenue Fund Bonds are all held (i) in the name of the Depository (or its nominee) with each stated maturity evidenced by a single Bond certificate or (ii) with the approval of the Issuer and Paying Agent and Registrar, in any similar manner for which Beneficial Owners do not receive Bond certificates evidencing their beneficial ownership in any Bond of such series.

“Book-Entry System” means a system of recordkeeping, securities clearance and funds transfer and settlement maintained for securities by the Depository and Participants (or Indirect Participants).

“Capital Appreciation Bond” means any Bond during the period in which its Accreted Amount is subject to future increase.

“Capital Expenditures Account” means that Account created under Section 5.9 hereof.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and all rules, regulations, revenue rulings and revenue procedures issued pursuant thereto.

“Continuing Disclosure Undertaking” a unilateral undertaking, or written agreement, entered into by MnSCU in connection with the issuance of a Series of Revenue Fund Bonds providing that MnSCU will make

continuing disclosure about the Revenue Fund and the Revenue Fund Bonds in a manner reasonably determined by the underwriter of the Series of Revenue Fund Bonds to satisfy the requirements of Securities and Exchange Commission Rule 15c2-12, as then in effect.

“Conversion” or “Converted” means, as the context may require, (i) the conversion of a Bond which does not pay current interest to a Bond which does pay current interest, or (ii) the conversion of a Bond which bears interest at a variable rate of interest to a Bond which bears interest at a fixed rate of interest, or (iii) any other pre-authorized material change in the terms of a Bond, as specified in the Bond and in the applicable Series Resolution.

“Cost” or “Cost of the Facilities” means all costs which, under generally accepted accounting principles, constitute capital costs of a Facility, including but not limited to the amounts to become due and payable to any contractor under the provisions of a construction contract; the cost of acquisition and preparation of a site; pre-development expenditures for feasibility analysis, fiscal analysis, environmental assessments, environmental worksheets or impact statements, and preliminary or conceptual design expenses; demolition of existing structures and site clearance; soils correction; all legal, engineering or architectural, travel, administrative, auditing, inspection, clerical, fiscal and insurance expenses incurred in the acquisition, construction, completion, remodeling, improvement and financing of a Facility; the capital cost of acquisition and installation of furnishings and equipment; the capital costs of curing deferred maintenance, interest on borrowed money during the period of construction and for up to six months thereafter; and all other capital costs reasonably related to the acquisition, construction, completion, remodeling or improvement of a Facility; provided that expenditures for a Facility which are considered current expenses under current Financial Accounting Standards Board rules may nonetheless be financed if (i) the cost is authorized by the Act to be financed by Revenue Fund Bonds, and (ii) if applicable, financing the cost will not jeopardize the tax status of Tax-Exempt Revenue Fund Bonds; and further provided that the Board may, in its discretion, allocate or re-allocate Bond proceeds among Facilities as it deems appropriate.

“Credit Enhancement” means an insurance policy, surety bond, guarantee, letter of credit or other financial instrument under which a third party promises to pay all or a portion of the principal of and interest or premium on a Series of Revenue Fund Bonds; provided that the term “Credit Enhancement” does not include a Reserve Security.

“Credit Enhancer” means the entity that provides the Credit Enhancement.

“Current Interest Bond” means any Bond on which interest accrues from its date of original issue and is payable on each Interest Payment Date to its stated maturity date or an earlier date on which it is called for prior redemption, commencing on a date specified in the applicable Series Resolution.

“Date of Issue” means, as to any Series of Revenue Fund Bonds, the date of delivery of the Revenue Fund Bonds in exchange for payment therefor.

“Debt Service Account” means the Debt Service Account, and any sub-accounts therein, established and governed by Section 5.6 herein.

“Debt Service Period” means the period described in Section 5.3(b)(i).

“Debt Service Reserve Account” means the Debt Service Reserve Account established and governed by Section 5.7 herein.

“Defaulted Interest” means that rate of interest charged if an Event of Default has occurred.

“Depository” means The Depository Trust Company or a similar entity which holds Revenue Fund Bonds in immobilized book-entry form as provided in Section 2.15.

“Escrow Account” means the account in the Revenue Fund described in Section 5.4.

“Executive Committee” means a Board committee designated as the “Executive Committee” and comprised of one or more officers of the Board and such other Board members as the Board shall determine.

“Facilities” means (i) all dormitory, residence hall, food service, student union and other revenue-producing buildings (or physically separable portions thereof) and related facilities at the Institutions, which now exist or which shall hereafter be financed in whole or in part by the issuance of Revenue Fund Bonds, and (ii) all other buildings, improvements, structures and lands, the Revenues of which are pledged and appropriated by resolution of the Board to the Revenue Fund; subject in either case to the rights reserved to the Board in, and the requirements of, Section 4.4.

“Fees” means any and all fees now and hereafter established pursuant to Section 136F.70 *et seq.* and 136F.93 *et seq.* of the Act.

“Fiscal Year” means the twelve-month period commencing on each July 1st and ending on the following June 30th.

“Government Obligations” means securities defined as such in the definition of “Permitted Investments.”

“Guarantee” means a guarantee agreement, contract or similar instrument under which MnSCU obligates itself to all or some portion of the debt of third party, as provided in Article Nine.

“Indenture” means this Amended and Restated Master Indenture, as further amended from time to time.

“Indirect Participant” means any Person who owns a Bond or interest therein through an account at a Participant.

“Institutions” means the higher education institutions under the jurisdiction of the Board under Section 136F.06 of the Act, which Institutions operate under the administrative and regulatory authority of the Office of the Chancellor.

“Interest Payment Date” means a date on which the interest on Revenue Fund Bonds is payable as specified in the applicable Series Resolution; which dates, for fixed rate bonds, shall be April 1 and October 1 of each year.

“Issuer” means the Board.

“Letter of Representations” means the letter agreement, applicable to one or more Series of Revenue Fund Bonds, between MnSCU and the Depository, providing for such Revenue Fund Bonds to be held in book-entry form as provided in Section 2.15.

“Local Account” means an account in the name of MnSCU but administered by an Institution for the financial operations of one or more Facilities at said Institution, as further provided in Section 4.2.

“Maintenance and Operation Costs” means, during any period of use and occupancy of any or all Facilities, all of the following, as applicable:

(i) that portion of the salaries, wages and charges incurred by the Board in connection with the operation, administration and maintenance of the Facilities, and in the collection, safekeeping, investment, accounting and disbursement of the Revenues thereof;

(ii) premiums for insurance and fidelity bonds required or authorized by or pursuant to this Indenture;

(iii) the cost of utility services not paid directly by occupants of the Facilities; and

(iv) without limitation, all other expenditures and allowances for reserves for recurring expenditures which, according to accepted accounting practice with respect to similar properties, constitute current, normal and reasonable costs of the maintenance and operation of such Facilities;

provided that Maintenance and Operation Costs do not include depreciation on Facilities and equipment, amortization of other capital expenditures, and interest and principal payments on indebtedness, and the cost of food and other merchandise deducted in determining gross profit on sales.

“Maximum Annual Debt Service” means the sum of (i) the maximum amount of scheduled principal of and interest on (including interest to accrue and be added to the Outstanding principal of Capital Appreciation Bonds) all Outstanding Revenue Fund Bonds in the current or any future Fiscal Year (unless this Indenture or a Series Resolution specifies a different period of time), plus (ii) the maximum amount for which the Issuer may be liable in the current or any future Fiscal Year pursuant to any Guarantee plus (iii) the amounts due to Credit Enhancers in any Fiscal Year (excluding reimbursement for debt service on Revenue Fund Bonds paid by the Credit Enhancer and excluding any portion of amounts due which are paid from Bond proceeds).

“MnSCU” means Minnesota State Colleges and Universities, or any successor to its functions.

“Net Revenues,” for any period, means all Revenues received during such period less all Maintenance and Operation Costs attributable to such period.

“Operating Reserve Account” means the account in the Revenue Fund established and governed by Section 5.5.

“Outstanding,” when used with reference to Revenue Fund Bonds or any Series of Revenue Fund Bonds as of any date, means all Revenue Fund Bonds or all Revenue Fund Bonds of the designated Series theretofore issued and delivered under this Indenture except:

(i) Revenue Fund Bonds theretofore cancelled by the Board or delivered to the Board cancelled or for cancellation;

(ii) Revenue Fund Bonds which have been discharged as provided in Section 8.1; provided, however, that if such Revenue Fund Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Indenture or irrevocable instructions to call such Revenue Fund Bonds for redemption at a stated redemption date shall have been given by the Board; and

(iii) Revenue Fund Bonds in exchange for or in lieu of which other Revenue Fund Bonds shall have been issued and delivered pursuant to this Indenture;

provided, however, that in determining whether the Registered owners of the requisite Stated Principal Amount of Outstanding Revenue Fund Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Revenue Fund Bonds owned by the Board shall be disregarded and deemed not to be Outstanding.

“Participant” means any securities broker or dealer, bank, trust company, clearing corporation or other organization entitled to directly record, clear and settle the transfers of beneficial ownership interest in any series of Revenue Fund Bonds directly through the Depository and the Book-Entry System.

“Permitted Investments”, with respect to all Accounts in the Revenue Fund, means the securities which are general obligations of, or are guaranteed as to the payment of both principal and interest by, the United States (“Government Obligations”); and other securities authorized for investment by Minnesota Statutes, Chapter 118A subject however to the requirements of Section 7.1 and elsewhere herein, and subject to any more specific requirements of a Credit Enhancer with respect to a particular Series of Revenue Fund Bonds.

“Person” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or subdivision thereof.

“Prior Master Indenture” means the Master Indenture of Trust dated February 1, 2007 which is amended and restated in its entirety by this Indenture.

“Rating Agency” means with respect to (i) the Revenue Fund Bonds, (ii) the investment of funds held hereunder, or (iii) a Credit Enhancer, Moody’s Investors Service, Inc. or Standard & Poor’s Ratings Group or Fitch’s, Inc. or any other nationally recognized credit rating agency which has been solicited to issue rating on, and has issued a rating on, Revenue Fund Bonds; and with respect to the credit rating (claims payment ability) of an insurance company, A.M. Best & Company or any other nationally recognized credit rating agency rating the claims payment ability of insurance companies.

“Rebate Amount” means the amount computed as required by Section 5.10 herein, being, with respect to each Series of Tax-Exempt Revenue Fund Bonds, the amount described in Section 148(f) of the Code, computed in accordance with the Code.

“Registered Owner” or “Holder” means the Person in whose name a Bond is registered on the Bond Register maintained by the Registrar and Paying Agent.

“Registrar and Paying Agent” means the Trustee or any other entity appointed by the Board pursuant to this Indenture to act in those capacities for the related Series of Revenue Fund Bonds.

“Regular Record Date” means the business day which is 15 days prior to each Interest Payment Date on fixed rate bonds or the preceding business day if the 15th day is not a business day. For the payment of interest on other than fixed rate bonds, the Regular Record Date shall be as provided in the applicable Series Resolution.

“Repair and Replacement Costs” means the costs of repairs, renewals or replacements of Facilities, or of renovation or replacement of furniture or equipment, which costs (i) are not paid as ordinary and normal Maintenance and Operation Costs, and (ii) are made for the purpose of preserving or enhancing the operating capacity of a Facility.

“Reserve Requirement” means the amount to be held on deposit in the Debt Service Reserve Account, which amount shall be, as of the date of calculation, an amount equal to the least of (i) one hundred twenty-five percent (125%) of Average Annual Debt Service, or (ii) an amount equal to ten percent (10%) of the original principal amount of all Series of Senior Revenue Fund Bonds, or (iii) an amount equal to the Maximum Annual Debt Service to become due on all then Outstanding Senior Revenue Fund Bonds in the current or any future Fiscal Year; provided that neither the Subordinate Revenue Fund Bonds, the Senior Revenue Fund Bonds secured by a guaranty, nor debt service thereon shall be taken into account for the purpose of determining the Reserve Requirement.

“Reserve Security” means a surety bond, letter of credit or other financial instrument deposited in the Debt Service Reserve Account in lieu of cash and to be counted toward compliance with the Reserve Requirement.

“Revenue Fund” means the Minnesota State Colleges and Universities Revenue Fund, established by Section 136F.94 of the Act, in which there have been or are established special bookkeeping accounts on MnSCU’s official books and records designated as follows: a Capital Expenditures Account; a Revenue Receipts Account; an Escrow Account; an Operating Reserve Account; a Debt Service Account; a Debt Service Reserve Account; a Surplus Account; and a Rebate Account. When any of these account titles are used herein, it shall mean the Account by that name so established in the Revenue Fund.

“Revenue Fund Bonds” means the 2002 Bonds, the 2005 Bonds and the State College and University Revenue Fund Bonds issued pursuant to this Indenture and each Series Resolution adopted in 2007 and thereafter, and shall refer to both Senior Revenue Fund Bonds and Subordinate Revenue Fund Bonds, except as otherwise expressly stated herein or in a separate Series Resolution.

“Revenues” means all Fees, as received, and, during any period of use and occupancy of any Facility, the gross total receipts and income derived from charges or fees, rentals, and all other revenue established for the use and service thereof, provided that (i) “Revenues” derived from the sale of food or merchandise shall include gross

profits but exclude the cost of the items sold; (ii) "Revenues" shall exclude all federal, state or local sales taxes on any Revenues; (iii) "Revenues" shall include the net income and gain derived from the investment of moneys retained in the various accounts of the Revenue Fund in accordance with the provisions of this Indenture, other than moneys held in an escrow and irrevocably appropriated to the payment of defeased Revenue Fund Bonds as described in Article Eight, and subject to the provisions of any Series Resolution which requires the retention or deposit of such investment income in specific Accounts in the Revenue Fund; and (iv) "Revenues" shall include gifts, bequests or donations for Facilities, provided that the proceeds thereof shall be applied as required by the deed of gift or similar instrument, if applicable.

"Senior Revenue Fund Bonds" means all Revenue Fund Bonds issued under this Indenture as amended or supplemented, except Revenue Fund Bonds designated as Subordinate Revenue Fund Bonds.

"Series" means the 2002 Bonds, the 2005 Bonds and any series of Revenue Fund Bonds issued in or after 2007 pursuant to this Indenture and a Series Resolution.

"Series Resolution" means a Series Resolution adopted by the Board authorizing the issuance, confirming the sale and establishing certain terms of a Series of Revenue Fund Bonds.

"Special Record Date" means the date determined by Section 2.10 hereof.

"State" means the State of Minnesota.

"Stated Principal Amount" means, with respect to any Bond, the original stated principal amount as shown on the face thereof; or the Accreted Amount of the Bond, if applicable, as of the most recent Interest Payment Date, whether upon initial issuance or reissuance in the event of a transfer, a partial redemption or a lost Bond.

"Subordinate Revenue Fund Bonds" means bonds or other obligations payable solely from Net Revenues deposited in the Surplus Account.

"Surplus Account" means that account created under Section 5.8 hereof.

"System" means collectively, the Institutions, and all campuses and facilities associated with the Institutions.

"Taxable Revenue Fund Bonds" means a Series of Revenue Fund Bonds bearing interest subject to federal and State of Minnesota income taxation, as specified in the Series Resolution relating thereto.

"Tax-Exempt Revenue Fund Bonds" means a Series of Revenue Fund Bonds bearing interest excluded from the gross income or net taxable income of the owners of such Revenue Fund Bonds under federal and State of Minnesota income tax laws, as specified in the Series Resolution relating thereto.

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

"2002 Bonds" means the \$36,275,000 State College and University Revenue Fund Bonds, Series 2002A and B.

"2005 Bonds" means the \$45,320,000 State College and University Revenue Fund Bonds, Series 2005A and B.

b. General Statutory Authority.

MnSCU is a public body and agency of the State duly created and existing under the Constitution and laws of the State, having the rights, powers, privileges and duties provided in the Act, including but not limited to:

(a) The responsibility and power of management, supervision and control of the Institutions and of all land, buildings, structures and improvements comprising the campuses of the Institutions;

(b) The authority to acquire, construct, complete, improve, remodel and acquire sites for residence halls, dormitories, dining halls, student union buildings and other revenue-producing facilities found necessary for the benefit of any of the Institutions, to the extent authorized by legislation;

(c) The power to issue revenue bonds secured by the Revenue Fund to finance the cost of these Facilities in amounts authorized by the State Legislature, and for refunding outstanding bonds issued for this purpose when judged by the Board to be in

the public interest, as more specifically provided in this Indenture and any Series Resolution;

(d) The duty to establish charges and fees, including but not limited to fees for student activities and student facilities, for the use of any buildings and structures, sufficient at all times to pay the necessary expenses of the operation and maintenance thereof, and to pay the principal of and interest on such bonds, and to create and maintain suitable reserves therefor, the revenues derived therefrom being irrevocably pledged by the Act so far as needed for these purposes; and

(e) The power and duty by resolution to establish all such covenants as are deemed necessary or desirable to assure the prompt payment of all revenue bonds issued by it.

c.Purposes.

The purposes of this Indenture is to establish general terms and covenants and provisions for the security of the 2002 Bonds, the 2005 Bonds and future Series of Revenue Fund Bonds to be issued under the Act as authorized by the State Legislature, and of Revenue Fund Bonds to be issued to refund Revenue Fund Bonds issued for this purpose. This Indenture supersedes and replaces the Master Resolution, provided that nothing in this Indenture shall be construed to negatively affect the rights of the holders of the 2002 Bonds or the 2005 Bonds, including particularly the rights of the holders of the 2002 Bonds and the 2005 Bonds to a pledge of Net Revenues on a parity with the pledge made herein to the Revenue Fund Bonds.

d.Need for Facilities.

It is necessary and in the best interests of Minnesota State Colleges and Universities and its students and faculty, and the State of Minnesota and its residents, for the Board to Undertake to construct, complete, improve, remodel and acquire sites for residence halls, dormitories, dining halls, student union buildings and other revenue-producing facilities found necessary for the benefit of any of the Institutions.

e. Rules of Interpretation.

(a) This Indenture shall be interpreted in accordance with and governed by the laws of the State of Minnesota.

(b) The words “herein” and “hereof” and “hereunder” and words of similar import, without reference to any particular section or subdivision, refer to this Indenture as a whole including any amendments thereto, rather than to any particular section or subdivision of this Indenture.

(c) References in this Indenture to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this Indenture as originally executed.

(d) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles: and all computations

provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

(e) The Table of Contents and titles of articles and sections herein are for convenience of reference only and are not a part of this Indenture, and shall not define or limit the provisions hereof.

(f) Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

(g) Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Indenture.

(h) Any opinion of counsel called for herein shall be a written opinion of such counsel.

(i) Any requirement herein that principal or interest be payable on the first day of any month shall be construed to mean the next succeeding Business Day if the first day of a month is not a Business Day.

(j) In instances of ambiguity, this Indenture shall be construed so as to best effectuate the purpose for which the Revenue Fund Bonds (or the applicable Series thereof) are issued, except that neither this Indenture nor any resolution amendatory or supplemental hereto shall be construed in a manner which would cause any Tax-Exempt Revenue Fund Bonds to become taxable obligations, or cause any Bond to be invalid or unenforceable under Minnesota law, or cause MnSCU to be violation of any federal or state securities laws.

f.Exhibits.

The following exhibit is attached hereto and made a party hereof.

Exhibit A – Form of Bond

Exhibit B – Resolution of MNSCU

Exhibit C – Form of Request for Payment from Capital Expenditures Account

THE BONDS

a. Statutory Authority to Issue Revenue Fund Bonds. Pursuant to the Act, as amended, the Legislature has authorized the Board to sell and issue Revenue Fund Bonds to finance the Cost of the Facilities; provided that, prior to the issuance of any Revenue Fund Bonds for this purpose, the Board is required to consult with and obtain the advisory recommendation of the chairs of the House Appropriations Committee and the Senate Finance Committee about the Facilities to be financed. The Board has consulted or will consult with such persons and has obtained or will obtain their advisory recommendations as so required, such that all things required to be done and to be performed prior to the sale and issuance of any series of Revenue Fund Bonds authorized by the Act have been done or will be done and performed as so required, and the issuance of these Revenue Fund Bonds as herein provided is hereby authorized.

b. Revenue Fund Bonds to be Issued In Series; Covenants. The Revenue Fund Bonds shall be sold and issued in one or more Series, each Series is to be sold and issued pursuant to a Series Resolution. Each Series shall be subject to the provisions of, and secured as provided in, this Indenture, except that the Board reserves the right to make additional covenants for the security of any Series, not inconsistent with the covenants herein contained, or to condition the issuance of any Series upon the waiver by the purchasers thereof of any of the covenants herein contained; all as set forth in the Series Resolution relating thereto.

c. Security for the Revenue Fund Bonds; Source of Payment For Revenue Fund Bonds. Each Series of Revenue Fund Bonds (other than Subordinate Revenue Fund Bonds) shall be payable from the Net Revenues appropriated and required to be transferred to the Debt Service Account and Debt Service Reserve Account, both in the Revenue Fund, as further provided in Sections 5.2, 5.3, 5.6 and 5.7 hereof, and shall be secured by the Debt Service Account and Debt Service Reserve Account and the funds required to be established and maintained in such Accounts and the other security provided herein. Each Series of Revenue Fund Bonds (other than Subordinate Revenue Fund Bonds) shall have a first lien on such Net Revenues and the Debt Service Account, the Debt Service Reserve Account and the other security provided for herein equal to and on a parity with the lien of the 2002 Bonds, the 2005 Bonds and each other Series of Revenue Fund Bonds (other than Subordinate Revenue Fund Bonds) as to both principal and interest.

d. Security for the Subordinate Revenue Fund Bonds; Source of Payment for the Subordinate Revenue Fund Bonds.

Each Series of Subordinate Revenue Fund Bonds shall be payable from the Net Revenues appropriated and required to be transferred to the Surplus Account established in Sections 5.3(b)(iv) and 5.8 hereof, and shall be secured solely by the Net Revenues deposited in the Surplus Account and not by any other funds or accounts held under this Indenture, as supplemented or amended. Each Series of Subordinate Revenue Fund Bonds shall have a lien on the Net Revenues deposited in the Surplus Account, but such lien shall be subordinate and junior in right of payment to the lien thereon in favor of the Senior Revenue Fund Bonds as to both principal and interest.

e. Requirements for Each Series of Revenue Fund Bonds.

No Series of Revenue Fund Bonds may be issued under this Indenture or a Series Resolution unless:

(a) The Board is not then in material default of its payment obligations with respect to all then Outstanding Revenue Fund Bonds and a certificate to that effect is delivered, executed by the Chancellor or Vice Chancellor (or a designee of either of them) of the Board.

(b) The issuance of the Series of Revenue Fund Bonds will not cause any Tax-Exempt Revenue Fund Bonds to become taxable obligations.

(c) The issuance of the Series of Revenue Fund Bonds will not result in the withdrawal of any rating awarded by a Rating Agency and then in effect for any Outstanding Series of Revenue Fund Bonds, nor cause the rating then in effect for any Outstanding Senior Revenue Fund Bonds to be reduced below "A".

(d) If the Revenue Fund Bonds to be issued will be Senior Revenue Fund Bonds and clause (e) below does not apply, then either:

(i) the Net Revenues for the past two Fiscal Years have been not less than the sum of (1) 1.10 times the principal portion of Maximum Annual Debt Service, plus (2) 1.30 times the interest portion of Maximum Annual Debt Service, in both cases on all Outstanding Senior Revenue Fund Bonds (including the Series of Revenue Fund Bonds to be issued); plus (3) 1.25 times the portion of Maximum Annual Debt Service attributable to debt secured by a Senior Guarantee; plus (4) 1.30 times the amounts due to the Senior Bond Credit Enhancer(s) in any Fiscal Year (excluding reimbursement for debt service on Senior Revenue Fund Bonds paid by the Credit Enhancer and excluding amounts paid or to be paid from Senior Bond proceeds); or

(ii) the Net Revenues projected to be available for the three succeeding Fiscal Years, including the Net Revenues to be received from the Facility(ies) being financed, will not be less than the sum of (1) 1.10 times the principal portion of Maximum Annual Debt Service, plus (2) 1.30 times the interest portion of Maximum Annual Debt Service (computed as described above), in both cases on all Outstanding Senior Revenue Fund Bonds for the same period; plus (3) 1.25 times the portion of Maximum Annual Debt Service attributable to debt secured by a Senior Guarantee; plus (4) 1.30 times the amounts due to the Senior Bond Credit Enhancer(s) in any Fiscal Year (excluding reimbursement for debt service on Senior Revenue Fund Bonds paid by the Credit Enhancer and excluding amounts paid or to be paid from Senior Bond proceeds).

For the purposes of clause (d): (i) Maximum Annual Debt Service for variable or adjustable rate bonds shall be computed at the average interest rate borne by the applicable Series of variable rate Revenue Fund Bonds during the preceding three years; (ii) for Capital Appreciation Bonds, Maximum Annual Debt Service shall be computed

based on scheduled increases in the Accreted Amount thereof; (iii) Maximum Annual Debt Service with respect to a Guarantee shall be the maximum amount of MnSCU's liability thereunder in the current or any future Fiscal Year, taking into account both the terms of the Guarantee and the terms of the debt obligation or lease to which the Guarantee applies; (iv) all defeased Revenue Fund Bonds shall be disregarded; (v) there may be excluded from Maximum Annual Debt Service calculations the amount of principal of a Series of Revenue Fund Bonds (or guaranteed debt) expected to be paid in the final maturity year from amounts deposited in the Debt Service Reserve Account (or similar debt service reserve fund) but only if, at the time of such calculation, the Debt Service Reserve Account is (or similar fund for guaranteed debt) fully funded to the Reserve Requirement; (vi) the portion of Maximum Annual Debt Service representing liability under a Guarantee shall be differentiated between principal and interest by reference to the debt guaranteed; but if no specific debt is guaranteed (i.e., if the Guarantee relates to a stream of payments), then clause (d) shall be applied by requiring Net Revenues equal to 1.25 times the largest annual payment amount guaranteed; and (vii) the portion of Maximum Annual Debt Service representing amounts to be paid to Credit Enhancers shall be treated as part of the interest portion of Maximum Annual Debt Service.

(e) If the Senior Revenue Fund Bonds to be issued will refund Senior Revenue Fund Bonds previously issued, MnSCU delivers a certificate of its Chancellor or Vice Chancellor or its financial advisor stating that the issuance of the refunding Senior Revenue Fund Bonds will result in net present value savings, or an annual overall debt service cost reduction, to MnSCU and stating the amount thereof. For the purposes of this clause (e): (i) a "net present value savings" must take account of all relevant costs, periods of time and discount factors; and (ii) an "annual overall debt service cost reduction" means that the aggregate amount to be paid by MnSCU, in the current or any one or more future Fiscal Years, as debt service on all Outstanding Senior Revenue Fund Bonds, will be reduced in absolute dollar terms, regardless of whether net present value savings will result.

(f) If the Revenue Fund Bonds to be issued will be Subordinate Revenue Fund Bonds, an Authorized Representative or MnSCU's financial advisor delivers a certificate stating that the amounts projected to be deposited in the Surplus Account in each of the next five Fiscal Years are expected to be sufficient to pay the principal of and interest on such Subordinate Revenue Fund Bonds when due, and further stating that MnSCU knows of no reason why Revenues deposited in the Surplus Account thereafter, and not withdrawn for other uses, will not be sufficient to pay the principal of and interest on the Subordinate Revenue Fund Bonds, when due, until their final maturity.

(g) The principal amount (or original principal amount, in the case of Capital Appreciation Bonds) of the Series of Revenue Fund Bonds, together with the aggregate outstanding principal amount of all Series of Revenue Fund Bonds previously issued (including only the original principal amount of unpaid Capital Appreciation Bonds), does not exceed the statutory maximum amount stated in the Act.

(h) For purposes of this Section 2.5, the term “Outstanding Revenue Fund Bonds” shall include the 2002 Bonds and the 2005 Bonds, in addition to Revenue Fund Bonds under this Indenture.

(i) The requirements of Section 2.13 are satisfied.

f. Form of Maturities and Numeration of Revenue Fund Bonds.

(a) The Revenue Fund Bonds to be issued and secured under this Indenture shall each be designated “Board of Trustees Minnesota State Colleges and Universities Revenue Fund Bonds, Series _____,” and shall be in registered form and in the denomination of \$5,000 each or any integral multiple thereof and numbered from R-1 upwards in order of maturity except that a Series of Revenue Fund Bonds may be issued in denominations other than \$5,000 or integral multiples thereof if so specified in the applicable Series Resolution. Unless otherwise provided in the applicable Series Resolution, each Series shall be dated as of the first day of the month in which the Series is issued and shall be in Book-Entry Form. Revenue Fund Bonds issued in exchange for any initial Revenue Fund Bonds or previously exchanged for such initial Revenue Fund Bonds (herein called “Predecessor Revenue Fund Bonds”) shall be dated the date to which interest has been paid on the Predecessor Bond being surrendered for exchange and shall be numbered in order of issuance commencing with the next number after the highest number assigned to the Predecessor Revenue Fund Bonds.

(b) The Revenue Fund Bonds, the Certificate of Trustee and the Form of Assignment shall be substantially in the respective forms set forth in **Exhibit A** hereto with such changes therein as may be required in connection with a specific Series to conform the terms thereof to the Series Resolution authorizing the issuance of that Series, including title, registration number, maturity date, redemption privilege, interest rate, tax status and other terms as appropriate. Further, the form of Bond attached hereto as **Exhibit A** may be modified as necessary to include language reflecting the structure of the Series as variable interest rate bonds, as capital accumulation bonds, as bonds secured by credit enhancement, or otherwise as Revenue Fund Bonds whose specific material terms are not included in the form attached as **Exhibit A**.

(c) Each Series of Revenue Fund Bonds shall bear interest payable semiannually on April 1 and October 1 in each year commencing on the April 1 or October 1 specified in the Series Resolution and occurring within 12 months of the date of issue; provided that in the case of variable rate bonds, interest may be paid on any dates as specified in the Series Resolution, and in the case of Capital Appreciation Bonds, the dates for compounding and fixing Accreted Value shall be specified instead of Interest Payment Dates. Interest will be paid on the basis of a 360-day year consisting of twelve 30-day months in the case of fixed rate bonds; in any other case interest will be paid or accrue as provided in the applicable Series Resolution. The principal of the Revenue Fund Bonds shall be payable upon presentation at the principal corporate trust office of the Trustee, in such coin or currency of the United States of America as may be, on the respective dates of payment thereof, legal tender for the payment of public and private debts. The interest on the Revenue Fund Bonds shall be paid by check or draft of the Trustee mailed to the Registered Owner at the address set forth on the registration books, provided that the Trustee shall have authority to agree with an Owner to pay, and thereafter to pay, interest to the Owner by wire transfer.

(d) Each Series Resolution shall specify the aggregate initial principal amount of the Series, the dates on which the Revenue Fund Bonds of the Series will mature, the principal amount maturing on each date, and the interest rate per annum borne by each maturity. In the case of Revenue Fund Bonds subject to mandatory sinking fund installments, the Series Resolution shall further specify the dates and principal amount of each such installment.

g.Execution.

The Revenue Fund Bonds shall be signed in the name of MnSCU by the manual or facsimile signature of an Authorized Representative and shall be sealed with the official seal or facsimile thereof. In the event that any of such officials who shall have signed and sealed any of the Revenue Fund Bonds shall cease to be officials of MnSCU before the Revenue Fund Bonds shall have been authenticated or delivered by the Trustee, or issued by MnSCU, such Bond may, nevertheless, be authenticated, delivered, and issued and upon such authentication, delivery and issue, shall be binding upon MnSCU as though those officials who signed and sealed the same had continued to be such officials of MnSCU; and, also, any Bond may be signed and sealed on behalf of MnSCU by such person who, at the actual date of execution of such Bond, shall be the proper officials of MnSCU, although at the date of such Bond such person shall not have been such an officials of MnSCU. Upon the execution and delivery of the applicable Series Resolution, MnSCU shall execute and deliver the Revenue Fund Bonds of the related Series to the Trustee for authentication.

h.Authentication of Revenue Fund Bonds.

No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless the Trustee shall duly endorse and execute on such Bond a certificate of authentication substantially in the form of the Certificate of the Trustee set forth on **Exhibit A**. Such Certificate of the Trustee upon any Bond executed on behalf of MnSCU shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and the applicable Series Resolution and that the Holder thereof is entitled to the benefits of this Indenture and the applicable Series Resolution. No Revenue Fund Bonds shall be authenticated by the Trustee except in accordance with this Article.

The Trustee shall not be required to authenticate any Bond or Revenue Fund Bonds unless provided with the documents referred to in Section 2.13 hereof and such further certified resolutions, certificates, instruments or opinions of counsel as the Trustee may reasonably require with respect to the validity of the Revenue Fund Bonds to be issued and the right and authority of the Trustee to authenticate the Revenue Fund Bonds.

i.Registration, Exchange and Transfer of Revenue Fund Bonds; Cancellation and Destruction.

As long as any of the Revenue Fund Bonds issued hereunder shall remain outstanding, MnSCU shall maintain and keep at the principal corporate trust office of the Registrar and Paying Agent an office or agency for the payment of the principal of and interest on the Revenue Fund Bonds, as in this Indenture provided, and for the registration and transfer of such Revenue Fund Bonds, and shall also keep at said office of the Trustee books for such registration and transfer. MnSCU does hereby appoint the Trustee, and its successors from time to time, as its agent to maintain said office and agency at the office of the Registrar and Paying Agent.

Each Bond shall be registered on the registration books as to principal and interest at said office of the Registrar and Paying Agent. No transfer of any Bond shall be valid unless made on

said books at the request of the registered owner or the registered owner's duly authorized agent in writing.

Upon surrender thereof at the office of the Registrar and Paying Agent with a written instrument of transfer satisfactory to the Registrar and Paying Agent, duly executed by the registered owner or the registered owner's duly authorized attorney, Revenue Fund Bonds may be transferred and exchanged for a new Revenue Fund Bond or Revenue Fund Bonds of the same series, aggregate principal amount, maturity and interest rate of any authorized denominations. All transfers and exchanges of Revenue Fund Bonds shall be made under such reasonable regulations as the Registrar and Paying Agent may prescribe and shall be without expense to the Holders of the Revenue Fund Bonds; except that any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Bondholder requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

In all cases in which the privilege of exchanging Revenue Fund Bonds or transferring Revenue Fund Bonds is exercised, MnSCU shall execute and the Trustee shall deliver Revenue Fund Bonds in accordance with the provisions of this Indenture and the applicable Series Resolution. MnSCU and the Trustee shall not be required to make any transfer or exchange of any Revenue Fund Bonds called for redemption and shall not be obliged to make any such exchange or transfer of Revenue Fund Bonds during the fifteen (15) days next preceding the required date for mailing or publication of notice of such redemption.

Revenue Fund Bonds which have been paid or surrendered to the Registrar and Paying Agent for exchange or cancellation shall be cancelled by the Registrar and Paying Agent. Revenue Fund Bonds which have been cancelled by the Registrar and Paying Agent shall be destroyed by shredding, incineration or such other method as the Registrar and Paying Agent may select.

j. Payment of Interest on Revenue Fund Bonds; Interest Rights Preserved.

Interest on any Bond which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the person in whose name that Bond (or one or more Predecessor Revenue Fund Bonds) is registered on the Regular Record Date. Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date ("Defaulted Interest") shall forthwith cease to be payable to the registered Holders on the relevant Regular Record Date solely by virtue of such Holder having been a Holder on the Regular Record Date; and such Defaulted Interest may be paid on a Special Record Date established as follows:

(a) Upon receipt by the Registrar and Paying Agent of any Defaulted Interest, the Registrar and Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than ten days prior to the date of the payment set by the Registrar and Paying Agent in its discretion but not less than ten days after the receipt by the Registrar and Paying Agent of such Defaulted Interest. The Registrar and Paying Agent shall promptly notify MnSCU of such Special Record Date and, in the name of MnSCU, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each Holder of a Bond at the address as it appears in the registration books on a date determined by the Registrar and Paying Agent but not less than ten days prior to such Special Record Date. The Registrar and Paying Agent may, in its discretion in the name of the Authority, cause a similar notice to be published at least once in a financial journal, but such publication shall not be a condition precedent to the

establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Revenue Fund Bonds (or their respective Predecessor Revenue Fund Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following paragraph (b).

(b) The Registrar and Paying Agent may make payment of any Defaulted Interest on the Revenue Fund Bonds in any other lawful manner, if, after notice given to MnSCU by the Registrar and Paying Agent of the proposed payment pursuant to paragraph (a), such payment shall be deemed practicable by the Registrar and Paying Agent.

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

k. Ownership of Revenue Fund Bonds.

MnSCU and the Trustee and their respective successors, each in its discretion, may deem and treat the person in whose name any Bond for the time being shall be registered as the absolute owner thereof for all purposes, and neither MnSCU nor the Registrar and Paying Agent nor their respective successors shall be affected by any notice to the contrary. Payment of or on account of the principal of or interest on any such Bond shall be made only to or upon the order of the registered owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

l. Reissuance of Mutilated, Destroyed, Stolen or Lost Revenue Fund Bonds.

In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver a new Bond of like tenor and amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender of such mutilated Bond or in lieu of and substitution of the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to MnSCU and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing MnSCU and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as MnSCU and the Trustee may prescribe and paying such expenses as MnSCU and Trustee may incur in connection therewith. In the event any such Bond shall have matured, instead of issuing a substitute Bond, MnSCU may pay such Bond.

m. Conditions for Authentication of Each Series of Revenue Fund Bonds. MnSCU shall not execute, nor shall the Trustee authenticate and deliver the Revenue Fund Bonds of any Series to be issued and delivered pursuant to this Indenture and the applicable Series Resolution unless theretofore or simultaneously therewith there shall have been delivered to MnSCU and, if applicable, the Trustee, the following:

(a) A copy of the Series Resolution of the Board, certified by the official of MnSCU charged with keeping its official records, authorizing the issuance of the Series of Revenue Fund Bonds. A certified copy of the Series Resolution shall be filed with the Treasurer of the Board as required by Section 136F.94(b) of the Act.

(b) An executed counterpart of the Bond Purchase Agreement with the underwriter for the Series (no Bond Purchase Agreement shall be required for Revenue Fund Bonds sold by competitive bid) and the Continuing Disclosure Undertaking for the Series, an original instrument evidencing the Credit Enhancement, if any, for that

Series, and an original instrument evidencing the Reserve Security, if any, to be deposited in the Debt Service Reserve Account in connection with the issuance of the Series.

(c) An order for authentication of the Revenue Fund Bonds, signed by an Authorized Representative, specifying the principal amount of the Revenue Fund Bonds to be issued, the maturity dates thereof, the names of the persons in whose names the Revenue Fund Bonds shall be registered by the Registrar and Paying Agent, the amount of the purchase price of such Revenue Fund Bonds and the amount of such price representing accrued interest, if any.

(d) The written order of MnSCU, signed by an Authorized Representative, directing the delivery of the Series of Revenue Fund Bonds described therein to or upon the order of the purchaser upon payment of the purchase price set forth therein.

(e) The manually signed approving opinion of bond counsel for MnSCU, concerning the validity and legality of all the Revenue Fund Bonds proposed to be issued and, if applicable, exemption of interest thereon from federal income taxation under the Internal Revenue Code.

(f) If applicable, evidence satisfactory to bond counsel of the facts and expectations necessary for bond counsel to opine that interest on the Revenue Fund Bonds will be excluded from the gross income of the owners thereof for federal income tax purposes (subject to such qualifications as may be stated in bond counsel's opinion) and/or that the issuance of the Revenue Fund Bonds will not cause the interest on Outstanding Tax-Exempt Revenue Fund Bonds to become taxable.

(g) Evidence of satisfaction of the requirements stated in Section 2.5 hereof.

(h) A copy of the proceedings taken by the Board in the issuance of the Revenue Fund Bonds shall be filed with the Commissioner of Finance.

(i) Such other documents, opinions and certifications as may be required by the Bond Purchase Agreement or by the Registrar and Paying Agent or bond counsel.

n. Temporary Revenue Fund Bonds.

Until definitive Revenue Fund Bonds are ready for delivery, MnSCU may execute and the Trustee shall authenticate and deliver, in lieu of such definitive Revenue Fund Bonds, temporary typewritten or printed Revenue Fund Bonds, in fully registered form, substantially of the tenor of the Bond hereinbefore described. Such temporary Revenue Fund Bonds may be in the denomination of \$5,000 or any integral multiple thereof as MnSCU may determine. Until exchanged for definitive Revenue Fund Bonds, such temporary Revenue Fund Bonds shall be entitled to the benefit of this Indenture. Upon such exchange, which shall be made at the principal office of the Trustee by MnSCU, without making any charge therefor, such temporary Revenue Fund Bonds shall be cancelled and, if MnSCU so directs, incinerated or shredded by the Trustee, and upon the exchange of all of said Revenue Fund Bonds, said Revenue Fund Bonds so cancelled or a certificate of such incineration or shredding shall be delivered to MnSCU. When and as interest is paid upon temporary Revenue Fund Bonds the fact of such payment shall be noted thereon.

o. Special Provisions Regarding Beneficial Owners and Revenue Fund Bonds in Book-Entry Form.

(a) General. Notwithstanding any provision herein to the contrary, so long as any Series of Revenue Fund Bonds shall be in Book-Entry Form, the provisions of this Section 2.15 shall govern.

(b) Registration, Recording and Transfer of Ownership. The Depository (or its nominees) shall be and remain recorded on the bond register as the Holder of all Revenue Fund Bonds of any Series which is in Book-Entry Form. No transfer of any Bond in Book-Entry Form shall be made, except from one Depository to another (or its nominee) or except to terminate the Book-Entry Form. All Revenue Fund Bonds of each Stated Maturity of a Series of Revenue

Fund Bonds in Book-Entry Form shall be issued and remain in a single Bond certificate registered in the name of the Depository (or its nominee); provided, however, that upon termination of the Book-Entry Form as otherwise directed by written notice of MnSCU to the Trustee and the Depository, MnSCU shall, upon delivery of all Revenue Fund Bonds of the applicable Series from the Depository, promptly execute, and the Trustee shall thereupon authenticate and deliver, Revenue Fund Bonds of such Series to all persons who were Beneficial Owners thereof immediately prior to such termination; and the Trustee shall register such Beneficial Owners as Holders of the applicable Revenue Fund Bonds.

The Trustee, as Registrar and Paying Agent shall maintain accurate books and records of the principal balance, if any, of each such outstanding Bond in Book-Entry Form, which shall be conclusive for all purposes whatsoever. Upon the authentication of any new Bond in Book-Entry Form in exchange for a previous Bond, the Registrar and Paying Agent shall designate thereon the principal balance remaining on such Bond according to the Registrar and Paying Agent's books and records.

No Beneficial Owner (other than the Depository) shall be registered as the Holder on the Bond Register for any Bond in Book-Entry Form or entitled to receive any Bond certificate. The beneficial ownership interest in any Bond in Book-Entry Form shall be recorded, evidenced and transferred solely in accordance with the Book-Entry System.

Except as expressly provided to the contrary herein, MnSCU and the Trustee may treat and deem the Depository to be the absolute owner of all Revenue Fund Bonds of each series which is in Book-Entry Form (i) for the purpose of payment of the principal of and interest on such Bond, (ii) for the purpose of giving notices hereunder, and (iii) for all other purposes whatsoever.

(c) Notices. MnSCU shall give notices to the Depository of such matters and at such times as are required by the Letter of Representations, including the following:

- (i) with respect to notices of redemption; and
- (ii) with respect to any other notice required or permitted under this Indenture or the applicable Series Resolution to be given to any Holder of a Bond.

All notices of any nature required or permitted hereunder to be delivered to a Holder of a Bond in Book-Entry Form shall be transmitted to Beneficial Owners of such Revenue Fund Bonds at such times and in such manners as shall be determined by the Depository, the Participants and Indirect Participants in accordance with the Book-Entry System and Letter of Representations.

(d) Payments. All payments of principal, redemption price of and interest on each Series of Revenue Fund Bonds in Book-Entry Form shall be paid to the Depository in accordance with the Book-Entry System in same day funds by wire transfer.

All payments of principal, redemption price of and interest on any Revenue Fund Bonds in Book-Entry Form due Beneficial Owners shall be made at such times and in such manner as shall be determined by the Depository, the Participants and Indirect Participants in accordance with the Book-Entry System and Letter of Representations.

(e) Limitations on Liability. With respect to each Authorized Denomination of a Bond in Book Entry Form, and any Beneficial Owner thereof, except as expressly provided to the contrary herein, MnSCU and the Registrar and Paying Agent shall have no responsibility, liability or obligation of any nature whatsoever with respect to (i) the nonpayment to any Beneficial Owner or any other person, other than the Depository, of any amount due for principal, Redemption Price or interest; (ii) the failure to give any notice or other information to the applicable Beneficial Owner; (iii) the inaccuracy of the records of the Depository or any Participant or Indirect Participant, or (iv) the failure in any manner of the Depository, any Participant or Indirect Participant to timely or properly comply with procedures or requirements of the Book Entry System. No such nonpayment, failure or inaccuracy shall cause an Event of Default hereunder.

p.Appointment of Registrar and Paying Agent.

The Trustee is hereby appointed to serve as Registrar and Paying Agent with respect to the Revenue Fund Bonds. MnSCU reserves the right to terminate said appointment in accordance with its terms and/or to appoint another qualified entity bank to serve as Registrar and Paying Agent for any Series of Revenue Fund Bonds. On or before each Interest Payment Date, MnSCU shall transmit to the appropriate Registrar and Paying Agent from the Debt Service Account established in Section 5.6, moneys sufficient to pay all principal and interest due on all Outstanding Revenue Fund Bonds issued pursuant to this Indenture and all Series Resolutions on such date.

q.Other Terms; Series Resolution.

The Board of MnSCU shall adopt a Series Resolution relating to each Series of Revenue Fund Bonds. The Series Resolution shall prescribe all terms applicable to the Series of Revenue Fund Bonds to which it relates which are not set forth herein, including their title, maturities, stated principal amounts, Accreted Amounts (if any), interest rates, redemption terms, and federal and state income tax status; shall describe the Facilities to be financed thereby; and shall appropriate the proceeds thereof to and between the Capital Expenditures Account and the Debt Service Account from which the Revenue Fund Bonds will be payable. The Series Resolution shall also confirm the sale of the Revenue Fund Bonds, the terms of sale and purchase, and such other matters as the Board deems appropriate.

r. Sale of Revenue Fund Bonds.

(a) MnSCU may, upon proper authorization: (i) provide for the sale of one or more Series of Revenue Fund Bonds by publishing a notice of sale therefor requesting sealed, facsimile or electronic bids for their purchase, on the terms and conditions specified in this Indenture, the Series Resolution and the notice of sale; (ii) receive, open and evaluate all bids received pursuant to such notice and award the sale of such Series to the highest and best bidder; (iii) enter into a Bond Purchase Agreement or other contract of sale for the Series with such bidder; and (iv) retain and cash the good faith check of said bidder pending issuance of and payment for the Series, and return the bids and good faith checks of all other bidders. The Vice Chancellor-Chief Financial Officer shall prepare and present to the Board, before the issuance of the Series, an appropriate Series Resolution or amendment to an already adopted Series Resolution, if necessary, and a disclosure statement relating to the Series.

(b) In lieu of a “competitive” sale as provided in subsection (a), MnSCU may sell a Series of Revenue Fund Bonds to an underwriter by negotiation pursuant to a Bond Purchase Agreement. Such a “negotiated” sale shall be on such terms and conditions as MnSCU and the underwriter may agree, subject to the requirements of law and this Indenture. An Authorized Representative shall prepare and present to the Board, before the issuance of the Series, an appropriate Series Resolution or amendment to an already adopted Series Resolution, if necessary, and a disclosure statement relating to the Series.

(c) In the event the interest rates per annum borne by each maturity of the Revenue Fund Bonds of a Series, the exact principal amounts of each maturity, the terms of optional redemption, or other material terms, have not been fixed at the time the Board adopts a Series Resolution, the Board may nevertheless delegate to any Authorized Representative, the authority to approve and agree upon such terms and to proceed with the issuance of the Revenue Fund Bonds, subject to the following conditions and limitations:

(i) the final determinations of the Authorized Representative shall be explicitly set forth in a Bond Purchase Agreement or certificate executed prior to the Date of Issue;

(ii) the Board shall set parameters which shall limit the discretion of the Authorized Representative, including:

(1) a maximum interest rate (which may be stated as a “net interest cost” or “true interest cost” standard);

(2) the maximum principal amount of the Series of Revenue Fund Bonds;

(3) the maximum discount at which the underwriter may purchase the Series;

(4) the earliest date on which the Series may be optionally redeemed prior to maturity;

provided that: (I) in the case of variable rate bonds, the maximum interest rate shall be the highest rate of interest which may be borne by the Revenue Fund Bonds at any time; (II) in the case of Capital Appreciation Bonds, the maximum interest rate shall mean the yield to maturity; (III) in the case of Capital Appreciation Bonds, the maximum principal amount shall mean the maximum original principal amount; and (IV) the requirement for a maximum underwriter's discount shall not be construed to preclude the sale of Revenue Fund Bonds at a premium, or at an original issue discount, in which case the underwriter's discount shall apply to the issue price of the Revenue Fund Bonds (exclusive of accrued interest).

3.

REDEMPTION OF BONDS BEFORE MATURITY

a. Optional and Mandatory Redemption and Prepayment. The Revenue Fund Bonds of each Series maturing after a date specified in the applicable Series Resolution may be made subject to optional redemption and prepayment at the option of MnSCU on that date and on any date thereafter, in whole or in part, in such order of maturity as may be specified in the Series Resolution and by lot within each maturity. Except as may be provided in the applicable Series Resolution with respect to, for example, Capital Appreciation Bonds, Revenue Fund Bonds shall be redeemable at a price of par plus accrued interest to the date fixed for redemption, plus any premium specified in the applicable Series Resolution. Capital Appreciation Bonds shall be redeemable at their Accreted Amount on the redemption date, plus any premium specified in the applicable Series Resolution.

The Revenue Fund Bonds of each Series having a specified maturity date or dates, may be made subject to mandatory redemption prior to maturity in whole or in part on principal payment dates for that Series in any year or years during the term of such Series, at a specified redemption price plus accrued interest to the date of redemption, all as specified in the applicable Series Resolution. For all purposes of this Indenture the principal amount of Revenue Fund Bonds of any Series required to be mandatorily redeemed in any year in accordance with the applicable Series Resolution shall be treated as maturing and being due and payable on such date.

If specified in a Series Resolution, the Revenue Fund Bonds of a Series may be made subject to extraordinary optional redemption from excess Bond proceeds or from the net proceeds of insurance claim payments or condemnation awards arising from damage to, or condemnation of, any Facility. The exercise of such privilege of redemption may be made subject to MnSCU's determination (in its discretion) whether to (a) apply excess Bond proceeds to capital costs or (b) apply net insurance or condemnation proceeds to restore, rebuild, reconstruct or replace the damaged or condemned Facility rather than apply such net proceeds to the redemption of Revenue Fund Bonds. The Revenue Fund Bonds redeemed need not be, but may be, the Revenue Fund Bonds issued to finance the originally designated Facility or the damaged or condemned Facility.

b. Notice of Redemption. Except as may otherwise be provided in the Series Resolution with respect thereto:

(a) Notice of the call for redemption of any Revenue Fund Bonds shall be mailed not less than 40 days prior to the redemption date by the Board, to the Trustee with instructions that such notice be mailed to the Holders of the Revenue Fund Bonds being redeemed at least 30 days prior to the redemption date, and published if and as required by the applicable Series Resolution. Each such notice shall refer to the Revenue Fund Bonds to be redeemed by their title, including, if applicable, any series designation, and by their numbers and maturities and the date on which and the place where they shall be presented for redemption.

(b) On or before the date fixed for redemption, funds sufficient to redeem such Revenue Fund Bonds, including accrued interest thereon to the redemption date, shall be deposited with the Trustee.

(c) Upon the happening of the above conditions, the Revenue Fund Bonds thus called shall not, on or after the specified redemption date, bear interest and, except for the purpose of payment, shall no longer be considered Outstanding under this Indenture.

4.

COVENANTS

a. Purpose; Special Revenue Fund.

(a) For the purpose of assuring the prompt and punctual payment of all Revenue Fund Bonds as contemplated by the Act, the Board covenants and agrees with the Trustee that, so long as such Revenue Fund Bonds remain outstanding the Board, acting in accordance with, or subject to, the Vice Chancellor's directive, will comply, and will require all of its officers and employees to comply, with all applicable provisions of this Indenture, including the covenants contained in this Article Four.

(b) The gross total proceeds derived from the sale of Revenue Fund Bonds, and the receipts and income derived from charges or fees, rentals, and all other revenue established for the use and service of any buildings or structures (including but not limited to facilities and the Revenues thereof) shall be deposited in the Revenue Fund (Bond proceeds) or in a Local Account (Revenues) and thereafter expended, invested, transferred or administered as required by this Indenture and by Minnesota Statutes, Sections 136F.90 through 136F.98. The Local Accounts and the Revenue Fund, and all accounts and subaccounts therein shall be deemed, in the aggregate, the "special revenue fund" provided for in Minnesota Statutes, Section 136F.94.

b. Financial Operation of Facilities.

(a) Each Institution which is the location of a Facility generating Revenues pledged to secure the Revenue Fund Bonds shall:

(i) Deposit all Revenues derived from each Facility in a Local Account, which must be held in a financial institution whose deposits are covered by federal deposit insurance. The related Institution may make withdrawals from the Local Account for Maintenance and Operation Costs and Repair and Replacement Costs for the related Facilities (the Facilities for which the Local Account was created), in each case according to the budget approved by the Board.

(ii) Establish a budget for maintenance and operation of each Facility, which budget must be approved by the Board, and make withdrawals for Maintenance and Operation Costs only in accord with the budget.

(iii) Establish a budget for repair and replacement of each Facility, which budget must be approved by the Board, and make withdrawals for Repair and Replacement Costs only in accord with the budget.

(iv) As provided in Section 5.3, transfer annually to the Revenue Receipts Account amounts held in each Local Account; such amount determined as provided in subsection (b) below.

(v) Establish for each Local Account a “reserve amount” approved by the Board as a prudent amount to protect against future contingencies, unanticipated costs and expenses, or uncertainties in the budgets for the applicable Facility.

(vi) A specific Local Account may be for one Facility, or for more than one Facility, as the Institution, with the approval of the Authorized Representative, deems most efficient for purposes of financial administration. Notwithstanding the foregoing sentence, MnSCU may coordinate accounts, create accounting and financial reporting procedures, and in all other respects administer the Revenue Fund in the manner the Board deems most efficient and best suited to the purposes of the Revenue Fund.

All accounts into which Revenues are deposited must be held in the name of MnSCU, and only MnSCU or Institution officials designated by the Board shall be authorized to make withdrawals from such Local Accounts. To the extent Revenues are transferred from a Local Account to one or more accounts created for the benefit of the System as part of MnSCU’s financial administration, the funds shall nonetheless be accounted for as part of the Local Account until expended, or transferred to the Revenue Receipts Account.

(b) The annual budget for each Facility shall state the amount to be transferred annually to the Revenue Receipts Account maintained by MnSCU for further transfer to the Debt Service Account, the Debt Service Reserve Account maintained by the Trustee and the Surplus Account maintained by MnSCU. On each March 1, the budgeted amount shall be transferred to the Revenue Receipts Account, regardless of whether such transfer leaves behind a deficiency in the Local Account carry-over balance assumed in the budget for the following Fiscal Year.

In approving the budgets for the Facilities, the Board shall require that the aggregate of all the budgeted transfers to the Revenue Receipts Account are equal to not less than the sum of:

(i) the total amount to be paid from the Debt Service Account during the 13 months immediately following each March 1 transfer date;

(ii) the amount required to restore any deficiency in the Debt Service Reserve Account;

(iii) the amount required to pay debt service on Subordinate Revenue Fund Bonds during the 13 months immediately following each March 1 transfer date;

(iv) the amount required to pay all amounts due and owing to Credit Enhancers, if any during the 13 months immediately following each March 1 transfer date;

(v) the amount expected to be required to pay amounts due under Guarantees, if any during the 13 months immediately following each March 1 transfer date; and

(vi) the amount required to accumulate in the Surplus Account funds sufficient, in the Board’s reasonable and prudent judgment, to constitute a reserve fund for unexpected expenses of the Revenue Fund.

The allocation of “debt service burden” [the aggregate of the amounts described in clauses (i) through (vi) above] among the Local Accounts shall be at the discretion of the Board.

(c) The Board shall only approve budgets for Facilities (and related Local Accounts) if the amount budgeted to be transferred to the Revenue Receipts Account equals the aggregate amount described in subsection (b) clauses (i)-(vi) inclusive, regardless of whether Revenues held in or to be deposited in the Local Accounts will be sufficient for other purposes (other than Maintenance and Operation Costs, which have priority over subsection (b) items).

c. Completion of Facilities.

The Board will cause all Facilities financed in whole or in part from the proceeds of Revenue Fund Bonds to be fully acquired, erected, furnished, equipped and paid for with the proceeds of the Revenue Fund Bonds and other moneys appropriated and legally available for that purpose; will cause all such construction to be done under contracts awarded in accordance

with applicable law and accompanied by completion or payment and performance bonds in sums equal to the full amounts of the respective contracts; and will cause each contract to be performed under the direction of an architect or engineer designated by the Board, who shall give continual supervision while the contract is being performed. The Board may waive these requirements, or impose additional requirements, as circumstances may indicate will be appropriate and prudent.

d. Operation of Facilities.

(a) The Facilities shall be operated to produce the maximum amount of Net Revenue in light of the purposes of the Facilities, the financial capacity and willingness of users thereof to pay rates and charges, and other relevant factors. In addition, the Facilities shall be maintained in such operating order and condition as will best facilitate MnSCU's performance of the covenant expressed in the preceding sentence.

(b) MnSCU will cause the Facilities to be:

(i) continuously maintained to be revenue-producing facilities;

(ii) operated as revenue-producing Facilities in an economic and efficient manner; and

(iii) kept free from all liens and encumbrances which might impair the continued operation of the Facilities and application of the Revenues thereof to secure and provide for the payment of the Revenue Fund Bonds and interest thereon; provided that clause (3) shall not preclude an Institution from entering into an installment purchase agreement, equipment lease, capital lease or similar arrangement if such arrangement is approved by the Board (either explicitly or by an Authorized Representative pursuant to Board policy) and the annual cost thereof is included in a Maintenance and Operation Cost budget approved by the Board.

MnSCU shall at all times assure that the number of Facilities, and their aggregate Revenue-producing capacity, are sufficient to generate, and do generate, Revenues sufficient to pay all MnSCU's financial obligations hereunder and to maintain compliance with the debt service coverage covenant expressed in Sections 5.1 and 5.2.

(c) MnSCU will continue to operate and maintain all existing Facilities and all Facilities financed in whole or part by Revenue Fund Bonds issued hereunder; provided that MnSCU may demolish, discontinue or discontinue in active service as a "Facility" any physical structure, service, program or operation therein, if:

(i) such action does not materially impair MnSCU's ability to maintain compliance with the debt service coverage covenant expressed in Sections 5.1 and 5.2; and

(ii) the Facility has become structurally unsound or suffers from health or safety problems which are, in the judgment of the Board, unreasonably costly to repair (in light of available funds and the Revenue producing capacity of the Facility after repair); or

(iii) the operation of the Facility is no longer economically feasible or the Board determines that MnSCU's ability to maintain compliance with the covenants expressed in Sections 5.1 and 5.2 will be enhanced if the Facility is taken out of service;

and, in any case, the Board determines that discontinuing operation of the Facility would be prudent.

(d) Subject to Section 5.2, the Board shall have the discretion to determine whether the revenues derived from any specific facility owned by MnSCU shall be pledged to secure the Revenue Fund Bonds, or shall not be so pledged, provided that it shall be presumed, unless the Board decides otherwise by resolution, that the revenues derived from any Facility financed in whole or part by Revenue Fund Bonds shall be Revenues pledged hereunder.

(e) In the case of a building, structure or other improvement which has both revenue-producing and educational uses:

i. the Board shall first make a determination (x) of the percentage of use of the facility which will be revenue-producing, and (y) the percentage of use of the facility which will be educational; and

ii. the Board shall then determine (x) that portion of the cost of the facility attributable to the percentage of use for revenue-producing purposes, and (y) that portion of the cost of the facility attributable to the percentage of use for educational purposes;

And the portion of the cost of the facility described in clause (ii)(x) [a "Facility" for the purposes of the definition of that term in Section 1.1 hereof, and for the purposes of this subsection (e)] may be financed with Revenue Fund Bonds or obligations issued or guaranteed hereunder; provided that: (A) such Facility shall comply with all of the requirements of this Indenture, including, without limitations, Sections 4.2 and 4.4; and (B) no State-appropriated funds or tuition revenues shall be used to pay either the capital cost of such Facility, nor the operating costs attributable to such Facility.

All determinations made by the Board under this subsection (e) shall be made on the basis of the best available information at the time the determination is made, and, to the extent facts are not available, on the basis of good faith expectations. The Board shall endeavor to assure that no violation of the intent of the Act shall occur.

e. Maintenance of Charges, Fees and Rentals.

The Board will impose and collect charges, fees and rentals for the use and/or availability of all Facilities such that the Revenues derived therefrom (and which are pledged and appropriated to the Revenue Fund) will at all times be at least sufficient to pay all necessary Maintenance and Operation Costs of all existing and new Facilities and to provide Net Revenues in each Fiscal Year adequate: (i) to deposit in the Debt Service Account an amount sufficient to pay all principal and interest coming due on all Outstanding Revenue Fund Bonds during such Fiscal Year, to the extent not paid from the Escrow Account or from a defeasance escrow established pursuant to Article Eight; (ii) to maintain an amount equal to the Reserve Requirement in the Debt Service Reserve Account; and (iii) to maintain compliance with the debt service coverage ratio covenant expressed in Section 5.2.

f. Non-Revenue Fund Facilities.

Nothing herein shall restrict the right and power of the Board to acquire, erect and otherwise provide additional facilities at any Institution, either by new construction, or by repair, remodeling or replacing of existing Facilities, or by lease, and the Revenues derived from such facilities need not be pledged to the Revenue Fund unless the capital costs of said facilities are financed in whole or part by Revenue Fund Bonds issued hereunder.

g. Insurance.

(a) The Board will at all times keep the Facilities insured to the full insurable value thereof, with a responsible insurance company or companies (i.e., an insurance company rated “AA” or higher for claims paying ability by a Rating Agency) authorized and qualified under the laws of the State of Minnesota to assume the risks thereof, against physical loss or damage, under an “all risk” policy form. The proceeds of such insurance shall be available for and shall, to the extent necessary, be applied to the repair, rebuilding, replacement or reconstruction of any damaged or destroyed property, and any proceeds which are determined by the Board not to be required for this purpose shall be credited to the Escrow Account to be applied to the extraordinary optional redemption of the Revenue Fund Bonds issued to finance the damaged or destroyed Facilities, if permitted by the terms of those Revenue Fund Bonds, and otherwise to either, at the discretion of the Board, (i) optionally redeem the highest interest cost Revenue Fund Bonds then Outstanding at the earliest date permitted by the terms of such Revenue Fund Bonds, or (ii) defease Revenue Fund Bonds (the Revenue Fund Bonds to be defeased to be selected by the Board in its discretion). The proceeds of insurance claim payments shall also be applied to pay, redeem or defease Revenue Fund Bonds if, the Board determines that such proceeds are not sufficient, with other available funds, to repair, rebuild, replace or reconstruct the damaged or destroyed property so as to restore it substantially to its usefulness prior to the damage or destruction. In lieu of apply insurance proceeds as described above, the Board may determine to apply insurance proceeds to the costs of a Revenue-producing facility of a different kind than that damaged or destroyed if the Board determines that such action will enhance its ability to maintain future continued compliance with the debt service coverage covenant expressed in Section 5.2. Funds to be applied to repair, rebuild, reconstruct or replace a Facility shall be deposited in a separate subaccount in the Capital Expenditures Account and thereafter expended in the same manner as provided in Section 4.3. Such funds may be transferred to a Local Account to be applied in the same manner and for the same purpose.

(b) MnSCU will carry at all times public liability and property damage insurance in such amounts and covering such risks as it deems to be reasonable and desirable. MnSCU will also carry at all times use and occupancy insurance covering loss of income from the Facilities by reason of interruption of use resulting from damage or destruction, however caused, in such amounts and with such exceptions and exclusions as are found by MnSCU to be necessary, reasonable and customary, and will credit the proceeds of such insurance in the same manner as Revenues of the Facilities.

(c) The Board may at its option, fulfill its covenants under this Section by self-insuring, by participating in a State self-insurance pool, or by participating in a multi-state self-insurance pool for comparable institutions or organizations.

h. Records and Audits.

MnSCU will at all times cause proper and adequate books and records to be kept and maintained showing the nature and amounts of all receipts and disbursements of the Revenue Fund and the allocations, use and application thereof in its several accounts and divisions as provided in this Indenture. Such books and records shall be open to inspection at any reasonable business hour by the holder of any Bond or his agent or attorney. On or before the annual date on

which MnSCU disseminates its annual report pursuant to Section 4.10, the Board will cause to be issued a report in reasonable detail of the operations of the Revenue Fund during the last preceding Fiscal Year, which report may be incorporated in such annual report.

i.Fidelity Fund Bonds.

The Board may require corporate fidelity bonds (or a blanket bond in lieu of individual surety bonds) for each officer or employee who is empowered to receive or disburse any of the Revenues, which bond or bonds, if required, shall be in such amount as the Board shall deem prudent, and the costs of such bond or bonds shall be a Maintenance and Operation Cost.

j.Continuing Disclosure.

(a) MnSCU shall each year issue an annual report concerning the Revenue Fund Bonds, the Revenue Fund and the Facilities, which annual report shall be in such form and shall contain such information as may be necessary to maintain compliance with the “undertaking” entered into by MnSCU in connection with each Series of Revenue Fund Bonds in order to satisfy Securities and Exchange Commission Rule 15c2-12. In disclosing financial information, MnSCU shall have no obligation to disclose financial information or statements about any of its assets, revenues or affairs other than the Revenue Fund.

(b) MnSCU shall further provide notices of the occurrence of certain events, if material, as also required by undertakings entered into to satisfy Rule 15c2-12.

(c) In the event Rule 15c2-12 ceases to apply to the Revenue Fund Bonds, or if Rule 15c2-12 does not apply to a specific Series of Revenue Fund Bonds, MnSCU shall nonetheless provide to Holders annual and event notice reports similar to those required under Rule 15c2-12 as of January 1, 2007.

5.

SECURITY; FUNDS AND ACCOUNTS

a.Security for the Revenue Fund Bonds.

(a) All Revenue Fund Bonds issued pursuant to this Indenture and all Series Resolutions shall be secured by:

(i) the Net Revenues;

(ii) all moneys from time to time held in any Fund or Account hereunder (other than the Rebate Account), and all investments thereof and net investment earnings thereon.

All Revenue Fund Bonds shall be (1) secured as provided in this subsection equally and ratably with all other Revenue Fund Bonds issued hereunder and under the Series Resolutions,

and (2) on a parity of security with all other Revenue Fund Bonds; provided the Subordinate Revenue Fund Bonds are secured solely as provided in subsection (c) below.

(b) The Revenue Fund Bonds of any Series may be further secured by a Credit Enhancement instrument, in which case the Credit Enhancement shall secure only the Revenue Fund Bonds of the Series to which it relates, and no other Revenue Fund Bonds. Any obligation of MnSCU to reimburse the provider of the Credit Enhancement for funds advanced by it to pay the principal of and interest on the Revenue Fund Bonds so secured shall be an equal and ratable obligation on a parity with the pledge of Revenues to secure the same Revenue Fund Bonds as provided in subsection (a).

(c) Subordinate Revenue Fund Bonds shall be secured solely by funds held from time to time in the Surplus Account, subject to prior withdrawals from that Account for the purposes described in Section 5.8. All Subordinate Revenue Fund Bonds shall be secured as provided in this subsection equally and ratably with all other Subordinate Revenue Fund Bonds on a parity with all other Subordinate Revenue Fund Bonds.

b. Pledge and Appropriation to Revenue Fund; Revenue Covenant.

(a) In accordance with the Act, all proceeds of all Revenue Fund Bonds, and all Net Revenues from the following sources, are irrevocably pledged and appropriated to the Revenue Fund which is held and maintained by the Board:

(i) All Net Revenues derived from all Facilities, subject to the Board's power to remove a Facility (or program or service therein) from service as provided in Section 4.4(c) and (d);

(ii) All Revenues derived from other sources, including but not limited to Fees.

(b) The Board covenants to establish, or cause the Institutions to establish, rates and charges for the use of Facilities, and to impose Fees and other charges, in annual amounts sufficient to generate Net Revenues equal to:

(i) 1.10 times the principal portion of Maximum Annual Debt Service, plus

(ii) 1.30 times the interest portion of Maximum Annual Debt Service plus

(iii) any amount then needed to restore any deficiency existing in the Debt Service Account, the Debt Service Reserve Account or the Surplus Account, and to assure against any continued deficiency, plus

(iv) amounts due or to become due to Credit Enhancers or under Guarantees.

c. Revenue Receipts Account.

(a) Net Revenues in the amount determined as provided in Section 4.2(b) shall be credited to the Revenue Receipts Account on each March 1, and the Board shall hold and invest

such Net Revenues, transfer Net Revenues to the other Accounts of the Revenue Fund, and disburse and expend such Net Revenues as provided herein.

(b) Semiannually on each March 1 and September 1, the Board shall transfer from the Revenue Receipts Account to the following Accounts in the Revenue Fund, the following amounts in the following order of priority:

(i) to the Debt Service Account, an amount equal to scheduled principal and interest due on all Senior Revenue Fund Bonds from and including the immediately preceding Interest Payment Date through and including the next succeeding Interest Payment Date (the "Debt Service Period") (except that if payments on a particular series of bonds are due more frequently than semiannually, then for scheduled principal and interest due within the next succeeding six months for that series) including the amount of any current deficiency in the Debt Service Account, taking into account all scheduled amounts due, whether at maturity or by mandatory redemption prior to maturity, plus the amount, if any, then due or to become due to the providers of Credit Enhancement for any Series of Senior Revenue Fund Bonds, plus the amount, if any, then estimated to be required to honor any Senior Guarantee, but less the amount, if any, then on deposit therein and available for those purposes; provided that:

(1) the amount transferred for interest shall be reduced by any accrued or capitalized interest deposited in the Debt Service Account on the date of issue;

(2) no transfer for principal need be made for any Series unless principal is due (whether at maturity or by sinking final installment) within the Debt Service Period; and

(3) the transfer for interest on variable rate bonds shall assume that all such Revenue Fund Bonds will bear interest throughout the Debt Service Period at the highest interest rate per annum permitted by the terms thereof; and

(ii) to the Debt Service Reserve Account to the extent the amount then on deposit therein is less than the Reserve Requirement;

(iii) to the Operating Reserve Account in the amount determined by the Board to be reasonably required to provide for a reserve for unanticipated costs and expenses to be paid from the Local Accounts, taking account of amounts then on deposit in the Operating Reserve Account or expected to be deposited therein during the applicable period, and taking account of any need to fund future Repair and Replacement Costs or other Facility costs, to the extent such future needs are or will not be funded through Local Accounts;

(iv) all remaining funds then held in the Revenue Receipts Account, to the Surplus Account.

(c) Unrestricted gifts, bequests or donations shall be deposited in the Revenue Receipts Account (or if given to a specific Institution, in a Local Account) and accounted for as Revenues, provided that:

(i) Gifts, bequests or donations which are restricted as to use shall be applied strictly in accord with the donor's restrictions;

(ii) The proceeds of gifts, bequests or donations restricted to capital expenditure purposes, but available for expenditure in whole or in part on Facilities, shall be deposited in the Capital Expenditures Account (in a subaccount therein created for this purpose), in the applicable Local Account (if for expenditure for Repair and Replacement Costs), or in the Escrow Account (if the capital expenditures to which the gifts apply have been funded by the issuance of Revenue Fund Bonds).

d. Escrow Account.

(a) There shall be deposited in the Escrow Account held and maintained by the Board the funds to be applied to:

(1) the optional redemption of any Revenue Fund Bonds, in an amount equal to the principal amount to be redeemed, plus accrued interest thereon to the redemption date, plus the premium, if any, payable upon redemption.

(2) The extraordinary optional redemption of Revenue Fund Bonds, in an amount equal to the principal amount to be redeemed, plus interest accrued and to accrue thereon to the date of redemption.

(b) Each deposit for a separate purpose shall be held in a subaccount specially created for that purpose. All net investment earnings on each subaccount shall be retained therein until the related Revenue Fund Bonds are paid or redeemed.

(c) In calculating the amount to be deposited, the net investment earnings to be received prior to the date of payment or redemption of the applicable Revenue Fund Bonds may be taken into account, provided that the funds must be invested in investments which are rated in a category at least as high as the rating then in effect for the Revenue Fund Bonds to be paid or redeemed and such investments must mature on or before the date of payment or redemption of the applicable Revenue Fund Bonds;

(d) Any deficiency in the Escrow Account shall be restored from, in order, the Surplus Account, the Debt Service Reserve Account (for Senior Revenue Fund Bonds only) and the Operating Reserve Account.

(e) Gifts that are deposited to the Escrow Account under Section 5.3(c)(ii) shall be applied to the redemption of the Revenue Fund Bonds allocable to the capital expenditures for which the gifts were made.

e. Operating Reserve Account.

(a) There shall be deposited in the Operating Reserve Account held and maintained by MnSCU the amounts described in Sections 5.3(b)(iii).

(b) Unexpended funds held in the Operating Reserve Account shall if necessary be used to restore any deficiency in the Debt Service Account or the Escrow Account as provided in Sections 5.6(b) and 5.4(d).

(c) It is expected that Maintenance and Operation Costs will be paid directly by the Institution where the relevant Facility is located and related Revenues are collected, and therefore only Net Revenues will be available for deposit in the Revenue Receipts Account or accumulation in the Operating Reserve Account. Therefore, if and to the extent the amount necessary to be expended in a Fiscal Year for maintenance and operation of a Facility shall exceed the amount budgeted for the purpose, then after exhaustion of any Maintenance and Operation Cost reserve amount held in the applicable Local Account, the Institution may request that MnSCU draw upon the Operating Reserve Account and then the Surplus Account and transfer to the appropriate Local Account the amount of the deficiency; provided that the Authorized Representative may waive the requirement for exhaustion of Local Account reserve amounts in whole or part.

(d) Funds held in the Local Accounts shall be used to pay budgeted Repair and Replacement Costs. If and to the extent Repair and Replacement Costs for a Facility exceed the amount budgeted then after exhaustion of any repair and replacement reserve amount held in the Local Account, the applicable Institution may request that MnSCU fund the cost overrun by withdrawals first, from the Operating Reserve Account, and then from the Surplus Account and the amount withdrawn shall be transferred to the appropriate Local Account; provided that the Authorized Representative may waive the requirement for exhaustion of Local Account reserve amounts in whole or part.

(e) Net investment earnings on amounts held in the Operating Reserve Account shall be transferred to the Surplus Account, or, at the discretion of the Board, retained in the Operating Reserve Account, and provided that all Rebate Amounts attributable thereto shall be transferred to the Rebate Account.

(f) If at any time the Board determines the amount then held in the Operating Reserve Account exceeds the amount reasonably required for the purposes of said Account, the Authorized Representative may transfer the excess to the Surplus Account.

f. Debt Service Account.

(a) There is hereby created a Debt Service Account to be held and maintained by the Trustee. On or before March 1, 2007, the Board will transfer to the Trustee for deposit into the Debt Service Account the amount needed to pay debt service on the 2002 Bonds and the 2005 Bonds on the next Interest Payment Date. Such funds shall be deposited by the Trustee to subaccounts in the Debt Service Account as directed by the Board.

Thereafter, Net Revenues shall be transferred by the Board to the Trustee, for deposit to the Debt Service Account, as provided in Section 5.3(b)(i), in the amounts required to pay (i) scheduled principal and interest due on all Series of Revenue Fund Bonds (other than Subordinate Revenue Fund Bonds) issued pursuant to this Indenture and the Series Resolutions; (ii) to pay amounts then owing or to become due to the provider(s) of Credit Enhancement (for

Senior Revenue Fund Bonds) then in effect, and (iii) to honor MnSCU's obligations under any Senior Guarantee then in effect. Money in this Account shall be used only to pay such obligations, and shall be remitted to the Registrar and Paying Agent (in the case of Revenue Fund Bonds), to the provider(s) of Credit Enhancement, or to the payees under any Senior Guarantee then in effect, in each case when due or in advance of the times required to make all such payments, without further authorization by the Board.

(b) Deficiencies in the Debt Service Account shall be restored on the debt service payment date from, in order:

- (i) the Surplus Account;
- (ii) the Debt Service Account; and
- (iii) the Operating Reserve Account.

(c) Capitalized interest, if any, for a Series of Revenue Fund Bonds shall be deposited in the appropriate subaccount of the Debt Service Account and applied to the payment of interest on the related Series of Revenue Fund Bonds before the use of other funds.

(d) Investment earnings on amounts held in the Debt Service Account (net of any Rebate Amount attributable thereto) shall be transferred upon receipt to the Surplus Account, or, at the option of the Board, retained in the Debt Service Account.

g. Debt Service Reserve Account; Reserves for Guarantees.

(a) There is hereby created a Debt Service Reserve Account to be held and maintained by the Trustee. Subsequent to the execution of the Indenture, an amount equal to the Reserve Requirement for the 2002 Bonds and the 2005 Bonds will be transferred by the Board to the Trustee for deposit into the Debt Service Reserve Account on account of the 2002 Bonds and the 2005 Bonds. Such funds shall be deposited by the Trustee to subaccounts in the Debt Service Reserve Fund as directed by the Board.

Thereafter, Net Revenues shall be transferred by MnSCU to the Trustee, for deposit in the Debt Service Reserve Account, as provided in Section 5.3(b)(ii). Except as provided in paragraph (h), below, or unless otherwise provided in a Series Resolution, proceeds of each Series of Revenue Fund Bonds in an amount equal to the increase in the Reserve Requirement resulting from the issuance of that Series of Revenue Fund Bonds shall be deposited directly in the Debt Service Reserve Account on the Date of Issue.

(b) All moneys held in the Debt Service Reserve Account shall be used to restore, pro rata, any deficiency in the Debt Service Account for the payment of (i) Revenue Fund Bonds (other than Subordinate Revenue Fund Bonds) and interest due thereon, when due, (ii) amounts then due to the provider(s) of Credit Enhancement for Senior Revenue Fund Bonds, and (iii) the payees under any Senior Guarantee then in effect.

(c) Upon receipt, net investment earnings on funds held for the Debt Service Reserve Account (net of any Rebate Amount attributable thereto) shall be transferred to the Board, for deposit to the Surplus Account.

(d) Funds may be transferred from the Debt Service Reserve Account to the Debt Service Account or Escrow Account (in either case, to the appropriate subaccount therein) or to an escrow established pursuant to Article Eight to the extent the defeasance, payment or redemption of Senior Revenue Fund Bonds will reduce the Reserve Requirement.

(e) The Reserve Requirement shall be recomputed as of the business day following each payment of principal on the Senior Revenue Fund Bonds, and any amount then held therein in excess of the Reserve Requirement shall be transferred to:

(i) if the funds transferred are Bond proceeds, then to the Debt Service Account to pay debt service on Revenue Fund Bonds or to the Capital Expenditures Account to be applied to capital expenditures (which may be Repair and Placement Costs) for Facilities; or

(ii) if the funds transferred are not Bond proceeds, then to the Surplus Account for application for any lawful purpose.

(f) MnSCU may at any time deposit a Reserve Security in the Debt Service Reserve Fund in lieu of a cash deposit then required, or for the purpose of withdrawing cash from the Debt Service Reserve Fund. Any such Reserve Security:

(i) must be issued by a financial institution whose rating from a Rating Agency for its unsecured debt obligations (or claims paying ability) is the same as or higher than the highest rating then in effect for any Outstanding Revenue Fund Bonds (other than defeased Revenue Fund Bonds);

(ii) must be on terms that permit the withdrawal of funds thereunder at such times and under such circumstances as funds are required to be withdrawn from the Debt Service Reserve Account; provided that the provider of the Reserve Security may require that cash on hand in the Debt Service Reserve Account be exhausted before the Reserve Security is drawn upon.

Prior to deposit of a Reserve Security in the Debt Service Reserve Account, MnSCU shall confirm that such action will not result in the withdrawal or reduction of the rating then in effect for any Outstanding Revenue Fund Bonds. The stated dollar amount available under a Reserve Security shall be counted toward the Reserve Requirement. Amounts withdrawn from the Debt Service Reserve Account for a purpose other than the payment of debt service may be applied only for a purpose for which Revenue Fund Bonds may be issued, and such use shall not be such as to jeopardize the tax status of any Tax-Exempt Revenue Fund Bonds.

(g) At the direction of the Board, in the final maturity year of a Series of Senior Revenue Fund Bonds, the Trustee shall transfer from the Debt Service Reserve Account to the Debt Service Account an amount equal to but not exceeding the amount by which the Reserve Requirement will decrease upon final payment of that Series, and the amount so transferred shall

be credited against the amount which would otherwise be transferred from the Revenue Receipts Account to the Debt Service Account to pay the principal and interest of that Series; provided, that such transfer shall not be made, or shall be reduced if the full amount of the transfer would cause the amount remaining in the Debt Service Reserve Account to be less than the Reserve Requirement on the day following the payment of the applicable Series.

(h) Notwithstanding the foregoing, the Board shall create and maintain a separate reserve account with respect to the Revenue Fund Bonds secured by a Senior Guaranty, and shall deposit therein funds transferred from the Revenue Receipts Account or from the Surplus Account for the purpose of providing a reserve fund to secure Revenue Fund Bonds secured by a Senior Guarantee. If such a subaccount is created, the funds therein shall be available only for the purpose of paying amounts due under the related Series of Revenue Fund Bonds in the event of a deficiency for such purpose in the Debt Service Account. A deficiency shall be deemed to exist if no transfer was made from the Revenue Receipts Account on the preceding March 1 for the purposes of the applicable Guarantee. Funds in such a subaccount shall be invested as MnSCU may direct in any Permitted Investment, and the net investment earnings shall be retained or transferred as directed by MnSCU, subject to the terms of the Guarantee. If such a subaccount exists, but subject to the terms of the related Guarantee, funds shall be withdrawn from the subaccount to honor the Guarantee prior to the use of any other funds.

h. Surplus Account.

(a) There shall be deposited in the Surplus Account held and maintained by the Board the amounts described in Section 5.3(b)(iv) and elsewhere in this Indenture.

(b) Funds shall be withdrawn from the Surplus Account, to the extent available, and applied: (i) to make transfers to the Debt Service Account, Debt Service Reserve Account or Escrow Account, and upon receipt of notice from the Trustee that such transfers are required; (ii) to make transfers to Local Accounts to pay Maintenance and Operation Costs or Repair and Replacement Costs, to the extent required by Section 5.5; (iii) the payment of the principal of and interest or premiums on, when due, all Subordinate Revenue Fund Bonds; (iv) to the payment when due of amounts owing to the provider(s), if any, of Credit Enhancement for Subordinate Revenue Fund Bonds, and (v) to the payment of the payees under any Subordinate Guarantee. The withdrawal described in clause (i) shall have priority over all the other Guarantees and accordingly all Subordinate Revenue Fund Bonds, Subordinate Guarantees, and amounts due to Credit Enhancers of Subordinate Revenue Fund Bonds shall be paid only on Interest Payment Dates after all obligations described in clause (i) above have been fully paid. The withdrawals described in clauses (iii), (iv) and (v) shall be equal and ratable in priority, and on a parity with each other.

(c) To the extent of funds available on the business day following each Interest Payment Date, after satisfying the withdrawal requirements of subsection (b), moneys held in the Surplus Account and on hand may be used by the Board for one or more of the following purposes:

(i) to pay the cost of unusual or extraordinary maintenance or repairs, renewals, and replacements of Facilities, or the renovation or replacement of furniture

and equipment, not paid as a budgeted Maintenance and Operation Cost or a budgeted Repair and Replacement Cost or pursuant to clause (b)(ii) above;

- (ii) to make deposits in the Rebate Account as required by Section 5.10;
- (iii) to provide additional funds in the Capital Expenditures Account to pay Costs of Facilities;
- (iv) to make deposits to the Escrow Account to prepay Outstanding Revenue Fund Bonds in accordance with their terms, including interest and redemption premiums;
- (v) to purchase any Outstanding Bond on the open market at a price not greater than its par value plus accrued interest to the date of purchase, plus any premium which would be required for its redemption and the next date when it would be prepayable in accordance with its terms, provided that any Outstanding Bond purchased shall be cancelled and not reissued; or
- (vi) for any other purpose for which MnSCU funds may now or hereafter be lawfully expended;

provided, that moneys shall not be applied for the purposes described in clauses (i) through (vi) at any time when it is reasonably expected, and to the extent it is reasonably expected, that such moneys will be required for the purposes of subsection (b).

i. Capital Expenditures Account.

(a) There is hereby created a Capital Expenditure Account (including one or more subaccounts, as described in the applicable Series Resolution) to be held and maintained by the Trustee. All proceeds of the sale of Revenue Fund Bonds (except the accrued interest, if any, received on the Date of Issue, and amounts deposited in the Debt Service Reserve Account, as more fully described in the applicable Series Resolution), all other moneys appropriated by the Legislature or received from any other source to finance Facilities, certain moneys transferred from the Debt Service Reserve Account as provided in Section 5.7(e), certain insurance proceeds (as provided in Section 4.7), and all gains and losses realized on the investment of such moneys, shall be credited to the Capital Expenditures Account. From this Account shall be paid all, but only, the Costs of Facilities as defined in Article One, and the Bond proceeds therein shall be used solely to pay the Costs of those Facilities for which the Revenue Fund Bonds were authorized to be issued, as specified in the applicable Series Resolution. In particular, no proceeds of any Tax-Exempt Revenue Fund Bonds shall ever be used to pay Costs of a Facility or portion thereof financed by any Taxable Revenue Fund Bonds or Costs of any other Facilities if such use would jeopardize the exclusion from gross income for federal tax purposes of interest to be paid on any Tax-Exempt Revenue Fund Bonds. To this end, separate subaccounts shall be maintained within the Account to record the receipt and expenditure of the proceeds of Tax-Exempt and Taxable Revenue Fund Bonds.

(b) Payments on construction contracts shall be made only when such contracts have been executed pursuant to authorization by the Board and MnSCU has received appropriate invoices or certificates showing that such payments are proper as to purpose and amount under

the terms of the contract. Other items of Cost shall be paid only for a purpose approved by the Board or when the purpose and amount thereof are within a budget previously approved by the Board. At such time as the Board seeks to use proceeds of a series of Revenue Fund Bonds to pay, or reimburse itself for the payment of, any Costs, the Board shall provide a written request for such payment to the Trustee in substantially the form attached hereto as **Exhibit C**, specifying the amount or amounts to be paid; such supporting documentation as MnSCU and the Trustee deem appropriate; and a certification from an Authorized Representative that the Costs to be paid are Costs within the meaning of this Indenture and the applicable Series Resolution. All amounts disbursed from the Capital Expenditure Account shall be paid first to MnSCU which will then provide for the use of such amounts to pay costs, or to reimburse itself for Costs previously paid by MnSCU. For purposes of complying with these requirements, the Trustee may conclusively rely and shall be protected in acting or refraining from acting upon the certification of an Authorized Representative, which may be submitted by facsimile. The Trustee shall not be bound to make an investigation into the facts or matters stated in any certification of an Authorized Representative. The Trustee shall not be responsible for determining whether the funds are deposit in the Capital Expenditures Account sufficient to complete the Costs of the Facilities. The Trustee shall not be responsible to collect lien waivers.

(c) For the purpose of preserving the tax status of Tax-Exempt Revenue Fund Bonds, the Trustee is authorized, at the direction of the Authorized Representative (in an Arbitrage Certificate or other certificate related to one or more Series of Revenue Fund Bonds), to make reasonable allocations to the extent permitted by the Code. Specifically, but without limitation, Costs for Facilities or portions thereof, shall be allocated to Taxable Revenue Fund Bonds (or non-Bond funds) rather than to Tax-Exempt Revenue Fund Bonds, if an allocation to Tax-Exempt Revenue Fund Bonds would jeopardize the tax status thereof.

(d) Notwithstanding Section 7.1, net investment income on funds held in the Capital Expenditures Account (net of Rebate Amounts which shall be transferred to the Rebate Account) shall be retained therein.

(e) Proceeds of Revenue Fund Bonds deposited in the Capital Expenditure Account which are not needed to pay Costs of Facilities, as evidenced by a certificate of an Authorized Representative, shall be transferred to the Debt Service Account (to the subaccount therein established for payment of the Revenue Fund Bonds from which such proceeds were derived) and used to pay the principal next coming due on such Revenue Fund Bonds.

j.Rebate Account.

(a) MnSCU shall establish and maintain an account separate from any other fund or account established and maintained hereunder, designated as the Rebate Account. MnSCU shall cause the Trustee to deposit in the Rebate Account any Rebate Amount earned on the Funds and Accounts held in connection with the Revenue Fund Bonds. Subject to the transfer provisions provided in paragraph (e) below, all money at any time deposited in the Rebate Account shall be held solely to satisfy the obligation of MnSCU to rebate arbitrage profits to the United States of America. No Holder of any Revenue Fund Bonds shall have rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Account shall be governed by this Section.

(b) MnSCU shall transfer from the Funds and Accounts the amounts determined to be Rebate Amounts to be transferred to the Rebate Account, for which purpose MnSCU shall specify the exact amounts to be transferred from each Fund or Account. In addition, there shall be deposited in the Rebate Account amounts provided by MnSCU as Rebate Amounts required to be deposited in the Rebate Account.

(c) MnSCU is unconditionally required to pay to the United States the amounts required by Section 148(f) of the Code as part of MnSCU's obligation to preserve the tax-exempt character of all Tax-Exempt Revenue Fund Bonds.

(d) MnSCU shall invest all amounts held in the Rebate Account, pursuant to the provisions of this Section. MnSCU shall retain in the Rebate Account all earnings on investments of amounts held in the Rebate Account (calculated by taking into account net gains or losses on sales or exchanges and taking into account amortized discount or premium as a gain or loss, respectively). Money shall not be transferred from the Rebate Account except as provided in paragraph (e) below.

(e) MnSCU shall remit part or all of the balances in the Rebate Account to the United States, as required by Section 148(a) of the Code at the written direction of the firm engaged by MnSCU to provide rebate services. If on the first day of any Bond Year the amount credited to the Rebate Account exceeds the Rebate Requirement, MnSCU may either (i) transfer such excess to other Accounts, or (ii) credit the excess against the next Rebate Amount to be deposited in the Rebate Account. Any funds remaining in the Rebate Account after redemption and payment of all of the Revenue Fund Bonds, and receipt of evidence from the firm engaged by MnSCU to perform rebate services that any Rebate Requirement has been paid, and satisfied, shall be withdrawn and remitted to MnSCU.

(f) Notwithstanding any other provision of this Indenture, the obligation to remit the Rebate Amounts to the United States and to comply with all other requirements of this Section shall survive the defeasance or payment in full of that Series of Revenue Fund Bonds.

(g) Notwithstanding any provision of this Section, if MnSCU shall obtain an opinion of Bond Counsel to the effect that any action required under this Section is no longer required, or to the effect that some further action is required, to maintain the exclusion from gross income of

the interest with respect to the Revenue Fund Bonds pursuant to Section 103 of the Code, MnSCU may rely conclusively on such opinion in complying with the provisions hereof.

k. Establishment of Accounts.

MnSCU and the Trustee may, for ease of administration, establish subaccounts within any of the accounts held and maintained by them hereunder, and shall establish such subaccounts as are necessary to: (a) separate accounts for debt service on Tax Exempt Revenue Fund Bonds 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) to hold funds to be paid pursuant to Senior Guarantees, and (e) comply with Section 136F.94(b) of the Act.

6.

COVENANTS RELATING TO TAX EXEMPTION

a. General Covenant.

MnSCU covenants and agrees with the Registered Owners from time to time of the Revenue Fund Bonds that it will not take, or insofar as possible permit any officer, employee or agent of MnSCU to take, any action which would cause the interest payable on such Tax-Exempt Revenue Fund Bonds to become subject to taxation under the Code; and that it will take, and will cause the officers, employees or agents of MnSCU to take, all affirmative actions within its powers which may be necessary to insure that such interest will not become subject to taxation under the Code.

b. Arbitrage and Rebate Compliance

In particular, MnSCU covenants and agrees that it will not use the proceeds of the Tax-Exempt Revenue Fund Bonds in a manner which would cause the Revenue Fund Bonds to be classified as “arbitrage bonds” within the meaning of the Code and to this end, if required by the Code, will: (i) maintain records identifying all “gross proceeds” attributable to the Tax-Exempt Revenue Fund Bonds, the “yield” at which such gross proceeds are invested, any arbitrage profit derived therefrom (earnings in excess of the “yield” on the Series) and any earnings derived from the investment of such arbitrage profit; (ii) make, or cause to be made as of December 31st of each year (or such other day as MnSCU may elect as permitted under the Code), the annual calculations of the amounts, if any, of excess arbitrage required to be paid to the United States with respect to all such Tax-Exempt Revenue Fund Bonds; (iii) pay, or cause to be paid, to the United States at least once every five years after the Date of Original Issue of Tax-Exempt Revenue Fund Bonds, the amount, if any, which is required to be paid to the United States, including the last installment which shall be made no later than sixty days after the day on which the Tax-Exempt Revenue Fund Bonds of that Series are paid in full; (iv) not invest, or permit to be invested, “gross proceeds” in any acquired non-purpose obligations so as to deflect arbitrage otherwise payable to the United States to a third party (i.e. shall allow no “prohibited payments” within the meaning of the Treasury Regulations promulgated under Section 148 of the Code); (v) refrain from investing any “gross proceeds” allocable to any Tax-Exempt Revenue Fund Bonds in acquired non-purpose obligations” at a yield greater than the yield on the Tax-Exempt

Revenue Fund Bonds to the extent such “gross proceeds” exceed in any bond year more than one hundred fifty percent (150%) of the “debt service requirements” for the applicable Series of Tax-Exempt Revenue Fund Bonds in that year; and (vi) retain all records of the annual determination of the foregoing amounts for each such Series until six years after the Revenue Fund Bonds of the Series have been fully paid.

c. Arbitrage Certification.

One or more Authorized Representatives (who must for this purpose include officials of MnSCU charged with the responsibility for issuing each Series of Tax-Exempt Revenue Fund Bonds), are authorized and directed to execute and deliver to the purchaser of each Series of Tax-Exempt Revenue Fund Bonds a certification in order to satisfy the provisions of the Code which relate to arbitrage bonds and other matters necessary to establish that the interest to be paid on the Series is not includible in gross income for federal tax purposes.

d. Private Activity Bond Compliance.

In particular, the Board covenants and agrees that it will not use the proceeds of any Series of Tax-Exempt Revenue Fund Bonds, or allow the Facilities financed by any such Revenue Fund Bonds, to be used in a manner which would cause the Tax-Exempt Revenue Fund Bonds to be classified as “private activity bonds” within the meaning of Section 141 of the Code and, to this end, will not allow the Facilities financed by any Tax-Exempt Revenue Fund Bonds to be “used in the trade or business” of any Person to the extent of five percent (5%) of the capacity of such Facilities where use is not related to or to facilitate the use of the Facilities by MnSCU or its Institutions, or to the extent of ten percent (10%) of the capacity of such Facilities where such use is related to or to facilitate the use of the Facilities by MnSCU or its Institutions, less the percentage of use described in the foregoing clause. The foregoing statement shall not apply to use of the Facilities by the State and its political subdivisions, by MnSCU, its officers, employees, students and invited guests, or by persons as a member of the general public.

e. Modification of Tax Covenants.

The requirements of this Article may be modified or eliminated with respect to any Tax-Exempt Revenue Fund Bonds upon receipt by MnSCU of an unqualified opinion of nationally recognized bond counsel stating that such modification or elimination will not cause the interest payable on that or any other Tax-Exempt Revenue Fund Bonds to become includible in gross income for federal tax purposes.

7.

INVESTMENTS

Deposit and Investment of Funds.

All money in the Revenue Fund, including the Local Accounts, shall be deposited or invested, by or at the direction of MnSCU, only as permitted by Minnesota Statutes, Sections 118A as from time to time amended and in accord with Board policy and State law. Funds held

in Local Accounts shall be deposited in accounts fully insured by federal deposit insurance, or, to the extent Local Account funds are transferred from Local Accounts to centralized financial management accounts, the funds shall be held in investments which mature or may be liquidated at times and in amounts consistent with the expectations of the applicable Institution as to the use of funds in the Local Accounts. Whether or not transferred to centralized financial management accounts, funds deposited in a Local Account shall be accounted for as part of the Local Account until expended or transferred to the Revenue Receipts Account.

On each March 1 and September 1 the Debt Service Account shall be held in cash and investments maturing and bearing interest payable in the amounts and at the times required to meet all principal and interest payments due on Revenue Fund Bonds payable from the Debt Service Account during the applicable Debt Service Period (except that if payments on a particular series of bonds are due more frequently than semiannually, then for scheduled principal and interest due within the next succeeding six months for that series) including the amount of any current deficiency in the Debt Service Account, taking into account all scheduled amounts due, whether at maturity or by mandatory redemption prior to maturity, plus the amount, if any, then due or to become due to the providers of Credit Enhancement for any Series of Senior Revenue Fund Bonds, plus the amount, if any, then estimated to be required to honor any Senior Guarantee, but less the amount, if any, then on deposit therein and available for those purposes. The funds held in the other Accounts in the Revenue Fund shall be invested in Permitted Investments which mature on the dates on which the Issuer reasonably expects to apply the funds held therein for the purposes of the relevant Account. Permitted Investments held for the credit of the Debt Service Reserve Account shall be valued annually, as of each March 1, provided that any Permitted Investment which may be liquidated, or which will mature, on or before the next Interest Payment Date at 100% of its stated principal amount, shall be valued at par.

Funds held in the Accounts in the Revenue Fund shall be invested in Permitted Investments which mature on the dates on which MnSCU reasonably expects to apply the funds held therein for the purposes of the relevant Account. Permitted Investments held for the credit of the Debt Service Reserve Account shall be valued annually, as of each March 1, provided that any Permitted Investment which may be liquidated, or which will mature, on or before the next Interest Payment Date at 100% of its stated principal amount, shall be valued at par.

The income and gain from all investments shall be credited, and any losses thereon shall be charged, to the Account of the Revenue Fund in which such gain or loss is realized. Except as provided herein, all net income derived from such investments (net of any Rebate Amount attributable thereto, which shall be transferred to the Rebate Account) shall be transferred to the Surplus Account. Net income derived from investment of the Local Accounts (net of any Rebate Amounts, which shall be transferred to the Rebate Account) shall be retained therein. All investments shall be held, collected, sold and accounted for by MnSCU in accordance with law.

In the absence of written direction delivered to the Trustee from MnSCU, the Trustee shall invest funds in Permitted Investments described in Section 1.1.

a. Computation of Balances in Fund.

In computing the assets of the Revenue Fund investments and accrued but unpaid interest thereon shall be deemed a part thereof, and such investments, shall be valued at cost; and in computing the assets in the Reserve Fund investments shall be valued at cost without regard to accrued interest.

b.Arbitrage Requirements.

(a) MnSCU will not use the proceeds of the Revenue Fund Bonds or other sums pledged to the payment of the Revenue Fund Bonds, directly or indirectly, to acquire any securities or obligations the acquisition of which would cause any of the Revenue Fund Bonds to be an “arbitrage bond” as defined in Section 148 of the Code.

(b) No moneys in any fund shall be invested in investments which cause the Revenue Fund Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(c) The Trustee shall, at the request and direction of MnSCU, cooperate with MnSCU in determining any Rebate Payment.

8.

DEFEASANCE

a.Discharge of Obligations.

When any Bond has been paid with accrued interest thereon to the date of payment and any redemption premium then due, or the obligation of MnSCU to pay the same has been otherwise discharged as provided in this Article, all pledges, covenants and other rights granted to the Registered Owner of such Bond shall cease, except that the Registered Owner shall be entitled to receive payment from the funds deposited therefor as herein provided.

b.Defeasance.

The Board may discharge its obligation with reference to any Bond at maturity, or on any prior date upon which it shall have been duly called for redemption upon notice published as herein provided, by depositing in escrow with a qualified fiduciary pursuant to an escrow agreement, on or before that date, a sum sufficient for the payment in full of the outstanding principal amount thereof, with the interest accrued and to accrue thereon, plus any redemption premium, then due or to become due on or prior to the maturity date, or, if earlier, the redemption date.

c.Establishment of Defeasance Escrow.

MnSCU shall implement a defeasance of Revenue Fund Bonds by:

(a) depositing irrevocably in escrow, with a bank qualified under law as an escrow agent for this purpose, cash or securities of kinds now authorized by the Act or Minnesota Statutes, Section 475.67 to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required to provide funds sufficient to pay the principal of such Bond at maturity or at a prior date on which it may be redeemed in accordance with its terms, and to pay the interest to accrue thereon to such maturity or redemption date and any premium required by redemption,

(b) giving the notice required for the redemption of any Bond to be redeemed prior to maturity in accordance with its terms

(c) investing the funds so deposited in securities which are direct general obligations of the United States, or guaranteed by the United States, are non-callable, and which mature on or before the date of payment or redemption of the applicable Revenue Fund Bonds, and

(d) delivering to the escrow agent a report of a qualified independent financial advisor or certified public accountant to the effect that the amount deposited, together with earnings thereon, will be sufficient to pay the principal of and interest on the defeased Revenue Fund Bonds when due, plus any redemption premium, whether at maturity or upon redemption prior to maturity.

If the defeased Revenue Fund Bonds will be redeemed prior to maturity, MnSCU must give irrevocable instruction to the Paying Agent and Registrar to give notice of redemption as required by law and the applicable Series Resolution. Revenue Fund Bonds defeased as provided herein shall have no further claim on Revenues or on any Account in the Revenue Fund other than the segregated defeasance escrow account held for the exclusive benefit of the Holders of those Revenue Fund Bonds. The Holders of defeased Revenue Fund Bonds shall no longer be entitled to the benefit of the covenants herein which may be modified or amended without their consent.

d. Notices.

(a) In connection with any defeasance, MnSCU (or Escrow Agent at the direction of MnSCU) shall give notice of the defeasance in the same manner as specified for notices of redemption in the applicable Series Resolution. Such notice shall state, among other things, whether MnSCU has retained the privilege of optional or extraordinary optional redemption of the related Revenue Fund Bonds, notwithstanding the defeasance.

(b) The notice required by subsection (a), and all other notices relating to the defeasance of, and later redemption prior to maturity of (if applicable), the related Revenue Fund Bonds shall be disseminated as “material event notices” pursuant to the Continuing Disclosure Undertaking required by Section 4.10.

e. Legal Opinion.

Prior to implementing any defeasance of Revenue Fund Bonds, MnSCU shall obtain an opinion of qualified bond counsel to the effect that:

(a) the defeasance is authorized by this Indenture and complies with the requirements hereof; and

(b) the exclusion from gross income for federal tax purposes of the interest on all Outstanding Tax-Exempt Revenue Fund Bonds (and, if applicable, the Tax-Exempt Revenue Fund Bonds being defeased) will not be jeopardized by the defeasance.

9.
CREDIT ENHANCEMENT; GUARANTEES

a. Credit Enhancement – Generally.

MnSCU, at its discretion, may obtain Credit Enhancement for any Series of Revenue Fund Bonds, but Credit Enhancement is not required for any Series. If Credit Enhancement is obtained, the obligation for payment of amounts owing to the provider thereof from the Debt Service Account (or Debt Service Reserve Account) or Surplus Account shall be equal and ratable as to priority, and on a parity with, all other obligations payable from the same Account. MnSCU covenants and agrees with the Registered Owners of the Revenue Fund Bonds of each Series with respect to which a Credit Enhancement instrument is issued to pay all fees or premiums due with respect thereto, and to take all actions necessary to keep such Credit Enhancement instrument in force so long as any Revenue Fund Bonds of the Series to which it relates are Outstanding (or for such lesser period as may be contracted for with appropriate disclosure to the affected Holders) and to comply with all provisions of the Credit Enhancement instrument and related agreements.

b. Issuance of Credit Enhancement Instrument.

Each Credit Enhancement instrument shall be delivered to the Trustee for the related Series on or before the date on which the Series is issued, or, if applicable, on or before that date of expiration of a prior Credit Enhancement instrument. In the event MnSCU ever fails to transmit to the Trustee moneys sufficient to pay the principal of and interest on any credit enhanced Series of Revenue Fund Bonds when due, the Trustee shall have full and complete authority to make a claim under the applicable Credit Enhancement instrument in strict accordance with its terms and to cause the issuing financial institution to pay to it all moneys needed for this purpose, and to apply such moneys for this purpose.

c. Subrogation.

Each provider of Credit Enhancement shall, to the extent it makes payment of principal of or interest on a Series of Revenue Fund Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Credit Enhancement instrument, and to evidence such subrogation (i) in the case of subrogation as to claims for past due interest, the Trustee shall note the rights of the subrogee on the Bond Register upon receipt from the provider of Credit Enhancement of proof of the payment of interest thereon to the Registered Owners of the Revenue Fund Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Trustee shall note the provider of Credit Enhancement rights as subrogee on the Bond Register upon surrender of the Revenue Fund Bonds by the Registered owners thereof together with proof of the payment of principal thereof. The Trustee shall cooperate with MnSCU and the provider of Credit Enhancement to the extent necessary or appropriate to facilitate performance of the above obligations.

d. Guarantees – Generally.

MnSCU may from time to time, in its discretion, enter into a Guarantee for the purpose of providing Revenue Fund support for either (i) debt incurred to finance a Facility which will serve the needs of an Institution, or (ii) a stream of payments to be made by an Institution pursuant to a lease or similar instrument, in either case under the following conditions:

(a) the debt must have been incurred to finance a Facility which provides direct benefit to students at the applicable Institution and must be a Facility of a kind which MnSCU is authorized by law to undertake, build, operate and own in connection with its statutory responsibilities for the System;

(b) if a lease, the lease must have been entered into with respect to a facility of the kind described in (a) above;

(c) the terms and conditions of the guaranteed debt or lease are acceptable to MnSCU, in its discretion and the issuance of the Guarantee is authorized by a resolution of the Board;

(d) amounts due under the Guarantee are payable solely from the Revenue Fund, and not from any other fund, account, asset or revenue of MnSCU or any Institution; and

(e) the maximum amount for which MnSCU is liable in any applicable period pursuant to the Guarantee does not cause non-compliance with Section 2.5(d) (as measured at the time the Guarantee is issued and as interpreted according to clause (vi) of the last paragraph of Section 2.5(d).

Institutions shall not guarantee the debt of any third party, nor pledge or encumber funds held in any Local Account except as permitted by this Indenture.

Unless otherwise agreed to by MnSCU, the obligation of MnSCU under each Guarantee shall be to pay (if the primary obligor is liable to pay) the regularly scheduled debt service then due on account of the guaranteed obligation, disregarding any provision for acceleration or mandatory prepayment (other than scheduled mandatory sinking fund payments).

e.Types of Guarantees.

Guarantees shall be either a “Senior Guarantee” payable from the Debt Service Account (or Debt Service Reserve Account) or a “Subordinate Guarantee” payable solely from the Surplus Account. For the purposes of financial covenants herein (including those related to debt service coverage), the maximum amount due in any applicable period under any Senior Guarantee shall be taken into account as part of “Maximum Annual Debt Service.” At MnSCU’s discretion, or if required by a Guarantee, funds may be deposited in a subaccount in the Debt Service Reserve Account as provided in Section 5.7(h). In such a case, the amount taken into account for the purposes of the financial covenants shall exclude the amounts of Net Revenues required to be transferred or diverted from the Surplus Account to the subaccount in the Debt Service Reserve Account securing the Guarantee.

f.Application of Debt Service Coverage Test.

MnSCU shall not enter into any Senior Guarantee obligation unless, after taking account of the maximum amount for which MnSCU may be liable thereunder in the current or any future Fiscal Year, MnSCU will be in compliance with the debt service coverage ratio test provided in Section 2.5(d).

g.Procedure for Guarantees.

No Guarantee shall be issued except upon the authority of a resolution of the Board which (i) approves the terms and conditions of the Guarantee and the guaranteed obligation, (ii) makes findings as to satisfaction of the conditions stated in Section 9.4, and (iii) authorizes an

officer of the Board who is an Authorized Representative to execute and deliver the Guarantee for and on behalf of MnSCU. Execution and delivery of the Guarantee shall not occur until and unless MnSCU receives an opinion of qualified legal counsel to the effect that (i) MnSCU has the legal right and authority to issue the Guarantee, (ii) the Guarantee is the valid and enforceable obligation of MnSCU, enforceable in accordance with its terms (subject to customary exceptions) and (iii) all amounts payable pursuant to the Guarantee are payable solely from the Revenue Fund, and are not a general obligation of MnSCU or the State of Minnesota.

10.

FURTHER GENERAL PROVISIONS

a. Registered Owners Rights.

No Registered owner of any Bond issued and secured under the provisions of this Indenture or, if a single Series only is involved, of that Series, shall have the right to institute any proceedings, judicial or otherwise, for the enforcement of the covenants herein contained, without the written concurrence of the Registered Owners of not less than 25% in aggregate Stated Principal Amount of all Revenue Fund Bonds, which are at the time outstanding or, if a single Series only is involved, of all Outstanding Revenue Fund Bonds of such Series; but, the Registered Owners of not less than 25% of the Stated Principal Amount of such Revenue Fund Bonds or Series of Revenue Fund Bonds may, either at law or in equity, by suit, action or other proceedings, protect and enforce the rights of all Registered Owners of such Revenue Fund Bonds and compel the performance of any and all of the covenants required herein to be performed by MnSCU and its officers and employees. The Registered Owners of a majority in Stated Principal Amount of such Outstanding Revenue Fund Bonds or Series shall have the right to direct the time, method and place of conducting any proceedings for any remedy available to the Registered Owners of the exercise of any power conferred on them, and the right to waive a default in the performance of any such covenant, and its consequences, except a default in the payment of the principal of or interest on any Bond when due. Nothing herein shall impair the absolute and unconditional right to the Registered Owners of each Bond to receive payment of the principal of and interest on such Bond as such principal and interest respectively become due, and to institute suit for the enforcement of any such payment. In the event of default in any such payment, any court having jurisdiction of the action may appoint a receiver to administer the Revenue Fund and to collect and segregate and apply the Revenues pledged thereto as provided by the Act, this Indenture and any Series Resolution. Any such action shall be for the equal and ratable benefit of the Registered Owners of the Senior Revenue Fund Bonds and (separately and on a subordinate basis) Subordinate Revenue Fund Bonds Outstanding, and any recovery of funds or moneys shall be applied ratably to any unpaid but accrued interest on the Senior Revenue Fund Bonds, and the balance to principal amounts due and unpaid, if any, on account of the Senior Revenue Fund Bonds; and the funds remaining, if any, shall be applied first to pay accrued and unpaid interest on the Subordinate Revenue Fund Bonds and then to pay Subordinate Bond principal due and unpaid, if any; any excess shall be deposited and credited to the proper account hereunder.

b. Amendments Without Consent.

MnSCU and the Trustee reserve the right to enter into supplemental indentures amending this Indenture from time to time and at any time, for the purpose of:

- (a) curing any ambiguity or of curing, correcting or supplementing any defective provision contained herein.
- (b) designating additional Permitted Investments in accordance with law,
- (c) making a change necessary or desirable in light of changes in the Act and which are not materially prejudicial to the interests of the Holders of the then Outstanding Revenue Fund Bonds,
- (d) expanding the kind of Facilities financed hereunder or expanding the sources of Revenues, or otherwise expanding the scope of operations of the Revenue Fund, if such actions are not materially prejudicial to the interests of the Holders of the then Outstanding Revenue Fund Bonds,
- (e) of making such changes or provisions with regard to matters or questions arising hereunder as MnSCU may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Registered Owners of Revenue Fund Bonds theretofore issued hereunder,
- (f) for the purpose of adding to the covenants and agreements herein contained, or to the Net Revenues herein pledged, other covenants and agreements thereafter to be observed and additional revenues or income thereafter appropriated to the Revenue Fund,
- (g) for the purpose of surrendering any right or power herein reserved to or conferred upon the Board, or
- (h) for the purpose of authorizing the creation and issuance of a series of Additional Revenue Fund Bonds, as provided in and subject to the conditions and requirements of Sections 2.5 and 2.13.

Any such Series Resolution may be adopted without the consent of any Credit Enhancer or the Registered Owners of any of the Revenue Fund Bonds previously issued and then Outstanding hereunder, provided that all conditions and requirements for the issuance of such Series of Revenue Fund Bonds are strictly observed.

c. Amendments With Consent.

With the consent of the Registered Owners of Outstanding Revenue Fund Bonds as provided in Section 10.4 and, if any Series of credit enhanced Revenue Fund Bonds are outstanding, with the prior written consent of the Credit Enhancer (if it is not then in default of its obligations under Credit Enhancement instrument and is not the subject of bankruptcy, insolvency or reorganization proceedings and its Credit Enhancement instrument has not been determined to be invalid), MnSCU may from time to time and at any time adopt resolutions amending this Indenture by adding any provisions hereto or changing in any manner or eliminating any of the provisions hereof or of any supplemental resolution, except that no amendment shall be adopted at any time without the consent of the Registered Owners of all outstanding Revenue Fund Bonds affected thereby, if it would extend the time of payment of interest thereon, would reduce the amount of the principal thereof or redemption premium thereon, would give to any Bond or Revenue Fund Bonds any privileges over any other Bond or Revenue Fund Bonds not provided for herein, would reduce the Revenues appropriated to the Revenue Fund or the Net Revenues appropriated to the Debt Service Accounts, (other than as expressly permitted hereby) or would reduce the percentage in principal amount of Revenue Fund Bonds required to authorize or consent to any such amendment.

d. Notice of Amendments.

Notice of the proposed amendment of this Indenture pursuant to Section 10.3 be mailed by first-class mail, postage prepaid, to the Registered Owners of all Outstanding Revenue Fund Bonds at their addresses appearing in the Bond Register and, if its consent thereto is required, to

any credit enhancer, and shall become effective only upon the filing of written consents with the Secretary of MnSCU, signed by the Registered Owners of not less than two-thirds in Stated Principal Amount (or Accreted Amount in the case of Capital Appreciation Bonds) of Revenue Fund Bonds, which are then Outstanding, and signed by the credit enhancer(s), if its consent thereto is required. Any written consent to an amendment may be embodied in and evidenced by one or any number of concurrent written instruments of substantially similar tenor signed by Registered Owners in person or by agent duly appointed in writing, and shall become effective when delivered to the Secretary of MnSCU. Any consent by the Registered Owner of any Bond shall bind him and every future Registered Owner of the same Bond with respect to any amendment adopted by MnSCU pursuant to such consent; provided that any Registered Owner may revoke his consent with reference to any Bond by written notice received by the Secretary of MnSCU before the amendment has become effective. In the event that unrevoked consents of the Registered Owners of the required amount of Revenue Fund Bonds have not been received by the Secretary of MnSCU within one year after the publication of notice of the amendment, the amendment and all consents theretofore received shall be of no further force and affect.

e.Certification of Transcript.

The Authorized Representative of MnSCU is authorized and directed to prepare and furnish to the purchasers of each Series of Revenue Fund Bonds and to bond counsel approving its issuance, certified copies of all actions and proceedings taken by MnSCU preliminary to and in its issuance, and certificates as to all such other matters shown by the officers' records or otherwise known to them as may reasonably be required to evidence the validity and marketability of the Series, and all such certified copies and certificates shall constitute representations of the Board as to the correctness of all statements therein and the proper completion of all actions and proceedings therein stated to have been taken.

f.Certification to Commissioner of Finance.

Before each Series of Revenue Fund Bonds is delivered to the purchaser thereof, the Secretary shall file a certified copy of this Indenture and of the applicable Series Resolution with the Commissioner of Finance, together with such additional information relating to the Series as the Commissioner may request, and shall obtain a certificate of the Commissioner that the issue has been entered on the Bond Register.

g.Certification Relating to Official Statement.

Before each Series of Revenue Fund Bonds is delivered to the purchasers thereof, the Authorized Representative shall execute and deliver to the purchasers a certificate relating to the official statement prepared for such Series stating, among other things, that the official statement was at the time of acceptance of the purchaser's offer to purchase such Series, and is at the time of delivery of and payment for such Series, true and correct in all material respects, and did not at the time of the acceptance of the bid, and does not at the time of delivery of and payment for such Series, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make any statement made therein, in light of the circumstances under which they were made, not misleading.

h. Delegation.

Wherever this Indenture refers to the Board or to MnSCU, any duty or task related thereto may be delegated to the Chancellor or Vice Chancellor or any other Authorized Representative, then each such other Authorized Representative shall be an official or employee of MnSCU whom the Board shall deem appropriate by policy or by specific resolution; provided that this Section shall not be construed to detract from the Board's authority as MnSCU's governing body, or from MnSCU's legal responsibilities hereunder.

11.

DEFAULT PROVISIONS AND REMEDIES

a. Events of Default.

Any of the following events is hereby defined as and declared to be and to constitute an Event of Default (whatever the reason for such an Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) If default shall be made in the due and punctual payment of any interest on any Bond hereby secured or on any 2002 Bond or 2005 Bond; or

(b) If default shall be made in the due and punctual payment of the principal of any Bond hereby secured or of any 2002 Bond or 2005 Bond, whether at the stated maturity thereof or at the date fixed for redemption thereof, or upon the maturity thereof, plus redemption premium, if any; or

(c) If default shall be made in the performance or observance of any other of the covenants, agreements or conditions on the part of MnSCU contained in this Indenture, in the Revenue Fund Bonds or in the 2002 Bonds or 2005 Bonds and such default shall have continued for a period of 30 days after written notice, specifying such default, shall have been given to MnSCU by the Trustee and the period of cure contained therein has expired; or

(d) If an Act of Bankruptcy should occur.

b. Remedies.

(a) Upon the occurrence of an Event of Default, the Trustee may proceed to pursue any available remedy by suit at law or in equity to enforce all rights of the Bondholders, including without limitation the right to the payment of the principal or premium, if any, and interest on the Revenue Fund Bonds then outstanding.

(b) If any Event of Default shall have occurred, and if it shall have been requested so to do by the Holders of twenty percent (20%) in aggregate principal amount of the Revenue Fund Bonds then outstanding, and if it shall have received an indemnity bond as provided in Section 12.1, the Trustee shall be obliged to exercise such rights and powers conferred on the Trustee by this Section, as the Trustee (being advised by Independent Counsel) shall deem most expedient in the interests of the Bondholders; provided, however, that the Trustee shall have the right to decline to comply with any such request if the Trustee shall be advised by independent counsel that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the Bondholders not parties to such request.

(c) No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy (a) given to the Trustee or to the Holders hereunder or (b) now or hereafter existing at law or in equity or by statute, provided that the Trustee may not take any action or exercise any

remedy which is in derogation of the rights of the Holders of the Outstanding Revenue Fund Bonds, as set forth in this Indenture.

(d) No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

(e) No waiver of any Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent Event of Default or impair any rights or remedies consequent thereon.

c. Priority of Payment and Application of Monies.

(a) Upon the occurrence of an Event of Default under Section 11.1(a), (b) or (d), all monies collected pursuant to action taken under this Indenture shall be held and applied by the Trustee to the payment of the persons entitled thereto of all installments of principal and interest due on the Revenue Fund Bonds as provided in Section 5.6.

(b) Whenever all Revenue Fund Bonds and interest thereon have been paid under the provisions of this Section 11.3, and all expenses and charges of the Trustee have been paid, any balance remaining shall be paid to the person entitled to receive the same; and if no other person shall be entitled thereto, any balance remaining shall be paid to MnSCU.

d. Remedies Vested in Trustee.

All rights of action (including the right to file proof of claims) under this Indenture or under any of the Revenue Fund Bonds may be enforced by the Trustee without the possession of any of the Revenue Fund Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Revenue Fund Bonds, and any recovery of judgment shall be for the equal benefit of the Holders of the Outstanding Revenue Fund Bonds to the extent and in the manner provided herein. MnSCU and Trustee hereby agree, without in any way limiting the effect and scope thereof, that the pledge and assignment hereunder to the Trustee of all rights included within the Trust Estate shall constitute an agency appointment coupled with an interest on the part of the Trustee which, for all purposes of this Indenture, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of MnSCU or its default hereunder or, on the Revenue Fund Bonds.

e. Termination of Proceedings.

In case the Trustee shall have proceeded to enforce any right under this Indenture, by the appointment of a receiver, by entry and possession or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case MnSCU and the Trustee shall be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

f. Notice of Default.

Anything herein to the contrary notwithstanding, no default under Section 11.1(c) shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee to MnSCU, and MnSCU shall have had the time permitted by the applicable subsection after receipt of such notice to correct said default or cause said default to

be corrected and MnSCU shall not have corrected said default or caused said default to be corrected within said time.

12.

THE TRUSTEE

a. Duties of the Trustee.

(a) The Trustee, prior to the occurrence of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations should be read into this Indenture against the Trustee. In case an Event of Default has occurred, the Trustee agrees to perform such trusts as an ordinarily prudent trustee under a corporate mortgage, but in any such event, only upon and subject to the express terms and conditions of this Article Twelve.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees, and shall be entitled to advice of counsel concerning all matters of trusts hereof and duties hereunder. The Trustee may act upon the written opinion or written advice of any attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care or, if selected or retained by MnSCU, approved by the Trustee in the exercise of such care, provided that the only legal advice or opinion that the Trustee may rely upon for purposes of securing advice or an opinion relating to the tax exempt status of the Revenue Fund Bonds is given by a firm of nationally recognized bond counsel experienced in tax exempt revenue bond financing. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Revenue Fund Bonds (except with respect to the certificate of the Trustee authenticated on the Revenue Fund Bonds) or for the investment of monies as herein provided, or for the validity of the execution by MnSCU of this Indenture, or of any Supplemental Indentures or instruments of further assurance, or for the sufficiency of any security for the Revenue Fund Bonds issued hereunder or intended to be secured hereby, or for the value of title of the property herein conveyed, if any, or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the property conveyed pursuant to any provisions of this Indenture it shall use due diligence in preserving such property. The Trustee may, but shall be under no duty to, require of MnSCU full information and advice as to the performance of the covenants, conditions and agreements hereunder and shall use its best efforts, but without any obligation, to advise MnSCU of any impending Event of Default known to the Trustee.

(d) The Trustee shall not be accountable for the use or application by MnSCU of any of the Revenue Fund Bonds or the proceeds thereof (except as herein expressly provided) or for the use or application of any money paid over by the Trustee in accordance with the provisions of this Indenture or for the use and application of money received by any Paying Agent (except where the Trustee is the Paying Agent). The Trustee may become the owner of Revenue Fund Bonds secured hereby with the same rights it would have if not Trustee.

(e) The Trustee shall be protected in acting upon any written notice, order, requisition, request, consent, certificate, opinion (including an opinion of independent counsel or Bond Counsel), affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Bond, shall be conclusive and binding upon all future Holders of the same Bond and upon Revenue Fund Bonds issued in exchange therefor or in place thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of MnSCU signed by its Representative under the seal of MnSCU as sufficient evidence of the facts stated therein as the same appear from the books and records under the Secretary's custody or control or are otherwise known to him or her. The Trustee may accept a certificate of the Representative of MnSCU under the seal of MnSCU to the effect that a motion, resolution or ordinance in the form therein set forth has been adopted by the governing body of MnSCU as conclusive evidence that such motion, resolution or ordinance has been duly adopted, and is in full force and effect,

and may accept such motion, resolution or ordinance as sufficient evidence of the facts stated therein and the necessity or expediency of any particular dealing, transaction or action authorized or approved thereby, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same.

(g) The Trustee shall not be answerable except for its negligence or willful default.

(h) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, accountants and representatives, shall have the right fully to inspect any and all books, papers and records of MnSCU pertaining to the Revenue Fund Bonds and to take such memoranda from and in regard thereto as may be desired.

(i) The Trustee shall not be required to give any bond or surety in respect to the execution of said trusts and powers or otherwise with respect to the premises.

(j) Notwithstanding anything contained elsewhere in this Indenture, the Trustee shall have the right, but shall not be required, to demand, in respect to the authentication of any Revenue Fund Bonds, the withdrawal of any cash, the release of any property or any action whatsoever within the purview of this Indenture, any showings, certificates, opinions (including opinions of independent counsel), appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a *condition* of such action by the Trustee, deemed desirable for the purpose of establishing the right of MnSCU to the authentication of any Revenue Fund Bonds, the withdrawal of any cash, the release of any property, or the taking of any other action by the Trustee.

(k) The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the real and tangible personal property as in this Indenture provided.

(l) Before taking any action hereunder, other than actions for which the Trustee is being paid, or for which the Trustee otherwise can reasonably anticipate that it will be paid, the Trustee may require that it be furnished an indemnity bond satisfactory to it for the reimbursement of all expenses to which it may be put and to protect it against all liability (except liability which is adjudicated to have resulted from the negligence or willful default of the Trustee), by reason of any action so taken by the Trustee.

b. Notice to Holders of Default.

The Trustee shall give to the Bondholders whose names and addresses are known by it written notice of all Events of Default known to the Trustee, within 90 days after the occurrence of an Event of Default; provided that, except in the case of an Event of Default in the payment of the principal of or interest on any of the Revenue Fund Bonds, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or the chief executive officer of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders.

c. Intervention by Trustee.

In any judicial proceeding to which MnSCU is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Bondholders, the Trustee may intervene on behalf of Bondholders and shall do so if (a) requested in writing by the owners of at least twenty-five percent (25%) of the aggregate principal amount of Outstanding Revenue Fund Bonds and (b) it is provided with evidence satisfactory to it (which may be provided by an indemnity bond) that it will be reimbursed for all expenses to which it might be put and protected against all liability (except liability for its own negligence or willful misconduct) by reason of any action so taken. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction in the premises.

d. Successor Trustee.

(a) Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or

substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee and paying agent hereunder and under this Indenture and vested with all of the title to the Trust Estate, and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

(b) Every successor Trustee appointed pursuant to this Section shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Minnesota, duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$25,000,000.

e. Resignation by the Trustee.

The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving 30 days written notice to MnSCU and by first class mail to each Bondholder as shown by the list of Holders maintained pursuant to Section 2.9 hereof, provided that such resignation shall not take effect until the appointment of a successor trustee by the Holders or by MnSCU. Such notice to MnSCU may be served personally or sent by registered mail.

f. Removal of Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to MnSCU, and signed by the Holders of a majority in aggregate principal amount of Revenue Fund Bonds then outstanding. MnSCU may remove the Trustee for just cause if in the interests of the Bondholders.

g. Appointment of the Successor Trustee.

In case the Trustee hereunder shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Holders of a majority in aggregate principal amount of the Revenue Fund Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Holders, or by their attorney-in-fact, duly authorized. Nevertheless, in case of such vacancy MnSCU by resolution of its governing body may appoint a temporary trustee to fill such vacancy unless and until a successor trustee shall be appointed by the Holders in the manner above provided; and any such temporary trustee so appointed by MnSCU shall immediately and without further act be superseded by the Trustee so appointed by such Holders. Every such Trustee appointed pursuant to the provisions of this Section 12.7 shall be a trust company or bank having trust powers and having a reported capital and surplus not less than \$25,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

h. Acceptance by Successor Trustees.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, to MnSCU, an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors as Trustee and Paying Agent; but such predecessor shall, nevertheless, on the written request of

MnSCU, or of its successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and monies held by it as Trustee hereunder to its successor. Should any instrument in writing from MnSCU be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by MnSCU. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be forthwith filed and/or recorded by the successor Trustee in each recording office where the Indenture shall have been filed and/or recorded.

i.Right of Trustee to Pay Taxes and other Charges.

In case any tax, assessment or governmental or other charge upon any part of the Facilities is not paid, to the extent, if any, that the same is legally payable, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Bondholders arising in consequence of such failure, and provided that amounts so paid under this section shall not become additional indebtedness secured by the Indenture.

j.Resolutions.

The resolutions, orders, requisitions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee.

k.Successor Trustee as Custodian of Common Bond Fund and Paying Agent.

In event of a change in the office of Trustee the predecessor trustee which has resigned or been removed shall cease to be custodian of the funds prescribed in Article Five and shall cease to act as the Paying Agent for principal and interest on the Revenue Fund Bonds, and the successor trustee shall be and become such custodian and paying agent.

I.Co-Trustee.

At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, MnSCU and Trustee shall have the power to appoint, and, upon the request of the Trustee or of the Holders of at least fifty-one percent (51%) in aggregate principal amount of the Revenue Fund Bonds then outstanding, MnSCU shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as MnSCU and Trustee may consider necessary or desirable, subject to the remaining provisions of this Section 12.12.

If MnSCU shall not have joined in such appointment within 15 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

MnSCU shall execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(a) The Revenue Fund Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations conferred by this Indenture upon the Trustee with respect to the custody, control or management of monies, papers, securities and other personal property shall be exercised solely by the Trustee.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(c) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(d) Any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) The Trustee at any time, by an instrument in writing, with the concurrence of MnSCU, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 12.12, and, in case of a continuing Event of Default the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of MnSCU. Upon the request of the Trustee, MnSCU shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 12.12.

(f) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-trustee or separate trustee.

(h) Any moneys, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he or she shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee, its or his or her attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or his or her behalf and in its or his or her name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate, and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

m.Obligation to Trustee As To Reporting.

Upon written request from and at the expense of MnSCU, the Trustee shall cause to be filed any reports lawfully required by any public agency to be filed under the Minnesota Securities Law or any other applicable security laws and, any other reports lawfully required by any public agency to be filed under the Act or any other applicable state law.

n.Successor Paying Agent.

The provisions of Sections 12.5 through 12.9 with respect to removal, resignation and appointment of a successor trustee shall be equally applicable to resignation, removal and appointment of a successor to the Paying Agent. The Trustee shall be eligible for appointment as successor to the Paying Agent.

o.Confirmation of the Trustee.

(a) At any time while Revenue Fund Bonds remain Outstanding under this Indenture and in any of the following circumstances, to the extent permitted by law, to-wit:

(i) The Trustee is in doubt as to whether or not this Indenture or any instrument requires Bondholders' consent or the consent of MnSCU in connection with any proposed action;

(ii) The Trustee has substantial doubt as to whether its consent to a proposed action, although authorized, should in the particular circumstances be given;

(iii) The Trustee's consent is sought or deemed necessary in connection with a proposed action which is not specifically dealt with or contemplated by this Indenture or it is unclear whether this Indenture is intended to deal with the proposed action;

(iv) There is a disagreement between any of the parties to this Indenture as to whether a proposed action may be taken or is required to be taken;

(v) There is doubt as to whether or not a proposed action falls within one of the provisions of Section 10.2 authorizing such action without Bondholders' consent;

(vi) Bondholders' consent is required by this Indenture but consent cannot be obtained because: (1) it is not possible to comply with requirements of this Indenture or any other document as to the notice to be given to Bondholders with respect to the proposed matter requiring consent, or (2) if action is to be taken at a meeting of Bondholders, the requisite number of Bondholders (the quorum) necessary to be present at a meeting in order for a proposed action to be taken was not present at such meeting or any adjourned meeting;

(vii) The Trustee wishes to depart from the procedures set forth in Section 14.3 for purposes of calling or conducting a meeting of the Bondholders; or in any other eventuality in which it shall be necessary to determine a question arising under, or to construe, this Indenture, the Trustee may, and upon request of MnSCU or the Holders of twenty-five percent (25%) or more in principal amount of Outstanding Revenue Fund Bonds and the receipt of evidence satisfactory to the Trustee (which may be provided by an indemnity bond) that it will be reimbursed for all expenses to which it might be put and protected against all liability (except liability for its own negligence or willful misconduct) by reason of any action so taken, shall proceed in accordance with the applicable provisions of Minnesota Statutes, Chapter 5018, as amended.

If Bondholder's consent cannot be obtained because of the circumstances described in (a)(vii) above, a court of competent jurisdiction may amend or supplement the Indenture upon a proper showing of the necessity therefor.

(b) In construing and interpreting the Indenture, the objective shall always be to ascertain and effectuate the intention of the parties. So far as possible and appropriate, and to the extent that it does not conflict with the provisions of this Indenture, the principles of statutory construction enunciated in Minnesota Statutes, Sections 645.16, 645.17, 645.18, 645.19 and 645.20, as amended, shall be applied in the interpretation and construction of this Indenture.

(c) The Trustee or successor Trustee shall not be answerable for actions taken in compliance with any final order of the court. The Trustee or successor Trustee shall not be entitled to require an indemnity bond pursuant to Section 12.1, prior to taking any action directed by final order of the court.

13.

SUPPLEMENTAL INDENTURES

a.Rights of Trustee.

If, in the opinion of the Trustee, any supplemental indenture provided for in this Article affects the rights, duties or immunities of the Trustee under this Indenture or otherwise, the Trustee may, in its discretion, decline to execute such supplemental indenture, except to the extent that this may be required in the case of a supplemental indenture entered into under Section 10.2. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of independent counsel as conclusive evidence that any such supplemental indenture conforms to the requirements of this Indenture.

14.

AMENDMENTS TO RELATED DOCUMENTS

a.Consent of Holders.

(a) Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the Holders may be in any number of concurrent writings of similar tenor and must be signed or executed by such Holders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Revenue Fund Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee and MnSCU with regard to any action taken by it under such request or other instrument, namely:

(i) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgements within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution; and

(ii) The fact of the holding by any person of Revenue Fund Bonds and the amounts and numbers of such Revenue Fund Bonds, and the date of the holding of the same, may be proved by a certificate executed by any trust company, bank or banker, wherever situated, stating that at the date thereof the party named therein did exhibit to an officer of such trust company or bank or to such banker, as the property of such party, the Revenue Fund Bonds, if such certificate shall be deemed by the Trustee to be satisfactory. The Trustee may, in its discretion, require evidence that such Revenue Fund Bonds have been deposited with a bank, banker or trust company, before taking any action based on such ownership.

(b) Such consents shall become effective when such instrument or instruments are delivered to the Secretary of MnSCU or the Trustee.

(c) For all purposes of this Indenture and of the proceedings for the enforcement thereof, such person shall be deemed to continue to be the Holder of such Bond until the Trustee shall have received notice in writing to the contrary.

b.Rights Under Indenture.

With the exception of rights herein expressly conferred, *nothing* expressed or mentioned in or to be implied from this Indenture or the Revenue Fund Bonds is intended or shall be construed to give any person or company other than the parties hereto, and the Holders of the Revenue Fund Bonds, any legal or equitable right, remedy, or claim under or with respect to this Indenture or any covenants, conditions and provisions herein contained; this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Holders of the Revenue Fund Bonds hereby secured as herein provided.

c.Meetings of Bondholders.

(a) A meeting of Bondholders may be called at any time and from time to time pursuant to this Section to facilitate any of the following purposes:

(i) to give any notice to MnSCU or Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default under this Indenture, or to take any other action authorized to be taken by the Bondholders under this Indenture;

(ii) to remove the Trustee or to appoint a successor trustee pursuant to Sections 12.6 and 12.7; or

(iii) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Revenue Fund Bonds under any other provision of this Indenture or under applicable law.

(b) Meetings of Bondholders may be held at such place or places as the Trustee or, in case of its failure to act, the Bondholders calling the meeting, shall from time to time determine.

(c) The Trustee may at any time call a meeting of Bondholders to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of Bondholders setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be published at least three times in a newspaper or financial journal of general circulation among dealers in municipal securities in the Minneapolis and Saint Paul, Minnesota, Metropolitan area. The first publication of such notice shall be not less than 30 nor more than 180 days prior to the date fixed for such meeting. If all of the outstanding Revenue Fund Bonds are at that time registered as to principal, notice by first class mail to the Holders of such Revenue Fund Bonds shall be sufficient and published notice need not be given.

(i) At the time of the first publication of such notice, the Trustee shall also mail, postage prepaid, a copy of such notice to the registered owner of each Bond at the address shown on the registration books. Any failure of the Trustee to mail such notice, or any defect therein shall not, however, in any way impair or affect the validity of any such meeting.

(ii) In the event that the Holders of at least ten percent (10%) in aggregate principal amount of the Outstanding Revenue Fund Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have accomplished the first publication of notice of such meeting within 20 days after receipt of such request, then such Bondholders may determine the time and the place for such meeting and may call such meeting to take any action authorized in paragraph (a) of this Section by giving notice of such meeting in accordance with the provisions of paragraph (c).

(d) To be entitled to vote at any meeting of Bondholders, a person shall be a Holder of one or more Revenue Fund Bonds Outstanding, or a person appointed by an instrument in writing as proxy for a Bondholder by such Bondholder. The only persons who shall be entitled to be present or to speak at any meeting of Bondholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its Counsel.

(e) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Bondholders with regard to proof of the holding of Revenue Fund Bonds and of the appointment of proxies and with regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Revenue Fund Bonds shall be proved in the manner specified in Section 14.1 and the appointment of any proxy shall be proved in the manner specified in said Section or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker or trust company authorized by said Section to certify to the holding of Revenue Fund Bonds.

(i) The Trustee or, if the Bondholders have called the meeting, the Bondholders shall, by an instrument in writing, appoint a temporary chairman of the meeting. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority of the Revenue Fund Bonds represented at the meeting and entitled to vote.

(ii) At any meeting such Bondholder or proxy shall be entitled to one vote for each \$5,000 of principal amount of outstanding Revenue Fund Bonds held or represented by him or her; provided, however, that no vote shall be cast or counted at any meeting with respect to any Bond challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote, except as a Bondholder or proxy.

(iii) At any meeting of Bondholders, the presence of persons holding or representing Revenue Fund Bonds in an aggregate principal amount sufficient under the appropriate provision of this Indenture to take action upon the business for the transaction of which such meeting was called shall constitute a quorum. Any meeting of Bondholders duly called pursuant to this Section may be adjourned from time to time by vote of the Holders (or proxies for the Holders) of a majority of the Revenue Fund Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present; and the meeting may be held as so adjourned without further notice.

(f) The vote upon any resolution submitted to any meeting of Bondholders shall be by written ballots on which shall be subscribed the signatures of the Bondholders or of their proxies and the number or numbers of the

Revenue Fund Bonds outstanding held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes, who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Bondholders shall be prepared by the secretary of the meeting. The original reports of the inspectors of votes on any vote by ballot taken at such meeting, and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published or mailed as provided in this Section shall be attached to such record. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to MnSCU and another to the Trustee to be preserved by the Trustee, which copy shall have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

(g) At any time prior to the preparation of the record of the meeting in accordance with the terms of this Section for delivery to the Trustee evidencing the taking of any action by the Holders of the percentage in aggregate principal amount of the Revenue Fund Bonds specified in this Indenture in connection with such action, any Holder of a Bond the number of which is included in the Revenue Fund Bonds, the Holders of which have consented to such action, may, by filing written notice with the Trustee at its principal corporate trust office and upon proof of holding as provided in Section 14.1, revoke such consent so far as it concerns such Bond. Except as aforesaid, any such consent given by the Holder of any Bond shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Bond and of any Bond issued in exchange therefor or in lieu thereof, irrespective of whether or not any notation with regard thereto is made upon such Bond. Any action taken by the Holders of the percentage in aggregate principal amount of the Revenue Fund Bonds specified in this Indenture in connection with such action shall be conclusively binding upon MnSCU, Trustee and Holders of all the Revenue Fund Bonds.

(h) Nothing in this Section 14.3 is intended to limit or prevent the Trustee from taking any action permitted under Section 12.15, including but not limited to the Trustee's right to apply to a court of competent jurisdiction for confirmation of appointment, or for instructions in accordance with the applicable provisions of Minnesota Statutes, Chapter 5018, as amended.

15. MISCELLANEOUS

a. Severability.

If any provision of this Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or paragraphs of this Indenture contained shall not affect the remaining portions of this Indenture or any part thereof.

b. Notices.

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. MnSCU and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Indenture. Until otherwise provided by

the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To MnSCU: Minnesota State Colleges and
Universities
500 Wells Fargo Place
30 East 7th Street
Saint Paul, MN 55101

To the Trustee: U.S. Bank National Association
60 Livingston Avenue
3rd Floor
EP-MN-WS3C
St. Paul, MN 55107-2292_
Attention: Corporate Trust Services

c.Required Approvals.

Consents and approvals required by this Indenture to be obtained from MnSCU, or the Trustee shall be in writing and shall not be unreasonably withheld or delayed.

d.Counterparts.

This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

e.MnSCU and its Officers; Employees and Agents.

No provision, covenant or agreement contained in this Indenture or the Revenue Fund Bonds, or any obligation herein or therein imposed upon MnSCU, or the breach thereof, shall constitute or give rise to or impose a liability upon MnSCU, or any of MnSCU's officers, employees or agents or a charge upon MnSCU's general credit. In making the agreements, provisions and covenants set forth in this Indenture, MnSCU has not obligated itself except with respect to certain Bond proceeds, Net Revenues, sums deposited in the Revenue Fund, the Reserve Fund, and any Facility Operating Account, and investment earnings as hereinabove provided.

f.Amounts Remaining in Funds.

After adequate provision has been made to discharge the Revenue Fund Bonds in accordance with Article Eight and make all other payments required hereunder, the Trustee forthwith shall, pay all remaining amounts in the funds established in Article Five hereof to MnSCU.

g.Relationship of this Indenture to Master Resolution and to Prior Master Indenture.

As more fully provided in Section 1.3, this Indenture is intended to supersede and replace the Master Resolution in its entirety, and to provide for the security and payment of the 2002 Bonds, the 2005 Bonds, and all additional Revenue Fund Bonds issued under this Indenture, on a parity of lien. In addition, this Indenture amends and supersedes in its entirety the Prior Master Indenture.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, MnSCU has caused these presents to be signed in its name and in its behalf by its Vice Chancellor, and to evidence its acceptance of the trusts hereby created the Trustee has caused these presents to be signed in its name and behalf by its duly authorized officers, all on the ____ day of _____, 2007.

MINNESOTA STATE COLLEGES AND
UNIVERSITIES

By _____

Laura M. King

Its Vice Chancellor – Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION
Trustee

By _____
Its _____

EXHIBIT A

Form of Bond

R-_____

\$_____

UNITED STATES OF AMERICA
STATE OF MINNESOTA

MINNESOTA STATE COLLEGES
AND UNIVERSITIES

REVENUE FUND BOND
[Taxable] Series _____

Interest Rate

Maturity Date

Date of Original Issue

CUSIP

Registered owner:

Stated Principal Amount:

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 _____, 20__, 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 on the reverse side 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, 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 Authorizing Resolution.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Authorizing Resolution 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 \$_____, (comprising Current Interest Revenue Fund Bonds and Capital Appreciation Bonds,)* 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 a Master Trust Indenture (the "Master Indenture") dated as of February 1, 2007 and entered into between the Issuer and the Trustee and a Series Resolution adopted by the Issuer on _____, ____ (the "Series Resolution").

Under the Act, the Master Indenture and the Authorizing Resolution, 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 Authorizing Resolution) 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 (Tax-Exempt Bond)* (Taxable Bond) Debt Service Account in the Issuer's Revenue Fund, on a parity as to both principal and interest with certain other Revenue Fund Bonds heretofore or hereafter issued under and pursuant to the Master Resolution, and are further secured by a Bond Reserve required to be established and maintained in the (Tax-Exempt Bond)* (Taxable Bond) Debt Service Account. Such pledge and appropriation is junior and subordinate to the pledge and appropriation of such Net Revenues for the payment of the principal of and interest on certain Outstanding College Building Revenue Fund Bonds of the Issuer. All covenants and provisions made for the payment and security of Revenue Fund Bonds payable from the (Tax-Exempt Bond)* (Taxable Bond) Debt Service Account are set forth in the Authorizing Resolution 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.

(Municipal Bond Insurance Policy No. _____ (the Bond Insurance Policy) has been issued to the Issuer by _____ (the Bond Insurer) with respect to the Revenue Fund Bonds of this Series, and has been deposited with the Registrar and Paying Agent. The Bond Insurance Policy provides for the payment of the principal of and interest on this Bond from moneys of the Bond Insurer in the event the Net Revenues pledged and appropriated for this purpose are insufficient, The Insurer is a _____.)*

(Current Interest)* Revenue Fund Bonds of this Series maturing in, the years _____ through _____ are each subject to redemption and prepayment at the option of the Issuer on June 1, 20____, and on any interest payment date thereafter, in whole or in-part, in Stated Principal Amounts of \$5,000 or any multiple thereof, in inverse order of maturity and by lot within each maturity, at a price of par plus accrued interest to the date fixed for redemption, (plus a premium equal to of the par value of each Bond or part thereof so redeemed).

(Current Interest)* Revenue Fund Bonds of this Series maturing in the year are required to be redeemed prior to their stated maturity date, in Stated Principal Amounts of \$5,000 or any multiple thereof, selected by lot, at a price equal to the principal amount of the Revenue Fund Bonds or portions thereof to be redeemed plus accrued interest to the redemption date, on June 1 in the years and amounts set forth below:

<u>Year</u>	<u>Amount</u>
-------------	---------------

Notice of any redemption of (Current Interest)* Revenue Fund Bonds will be published in financial newspapers circulated in St. Paul, Minnesota, not less than 25 days before the redemption date, stating (i) the Series and maturities of the Revenue Fund Bonds to be redeemed on presentation to the Registrar and Paying Agent at a specified redemption date, (ii) if less than all Revenue Fund Bonds of any maturity are to be redeemed, the registration numbers of those to be redeemed, (iii) the Stated Principal Amount to be redeemed if less than the entire Stated Principal Amount of any Bond, (iv) that on the redemption date the redemption price of the Revenue Fund Bonds or Portions thereof to be redeemed will payable at the redemption price therein specified, with accrued interest, and (v) that interest will thereafter cease to accrue or be payable thereon. Notice shall also be mailed to the address of the registered owner of any such Bond as shown on the Bond register, not less than twenty-five (25) days before the redemption date, but published notice shall be effective without mailing. Notice having been so published, the Revenue Fund Bonds or portions of Revenue Fund Bonds therein specified shall be due and payable at the specified redemption date and price, with accrued interest, and moneys for such payment being held by, or on behalf of, the Registrar and Paying Agent so as to be available therefor, interest thereon shall cease to accrue, and such Revenue Fund Bonds or portions thereof shall no longer be considered outstanding under the Authorizing Resolution.

The Revenue Fund Bonds of this Series are issuable only as fully registered (Current Interest)* Revenue Fund Bonds, in Stated Principal Amounts of \$5,000 or any multiple thereof of a single maturity, (or as fully registered Capital Appreciation Bonds with an Accreted Value at maturity of \$5,000 or any multiple thereof).*

As provided in the Authorizing Resolution 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 _____, 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 Revenue Fund 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.

(The interest payable on this Bond is subject to federal and State of Minnesota income taxes.)*

[Statement of Insurance]*

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.

[Trustee]

By _____
Authorized Representative

ABBREVIATIONS

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

TEN COM -- as tenants UNIF GIFT MIN ACT Custodian.
in common (Cust) (Minor)

TEN ENT -- as tenants
by the entireties

JT TEN -- as joint tenants under Uniform Gifts to
with right of Minors
survivorship and
not as tenants Act
in common (State)

Additional abbreviations may also be used.

* Strike if inapplicable

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

RESOLUTION OF THE
MINNESOTA STATE COLLEGES AND UNIVERSITIES

EXHIBIT C

Form of Request for Payment from Capital Expenditures Account

U.S. Bank National Association
60 Livingston Avenue
3rd Floor
EP-MN-WS3C
Saint Paul, MN 55107

RE: [Insert appropriate caption]

Ladies and Gentlemen:

Reference is made to that certain Master Indenture of Trust dated as of February 1, 2007, (the "Indenture "), between the Minnesota State Colleges and Universities (the "Issuer") and U.S. Bank National Association (the "Trustee") and the Series Resolution adopted by the Issuer on _____ (the "Series Resolution"). This Request for Payment is delivered by the undersigned, an Authorized Representative of the Issuer, under the provisions of the Indenture for the purpose of payment or reimbursement for Costs.

The undersigned hereby requests a disbursement in the amount of \$_____. The disbursement requested hereby should be made to the Issuer in the amount and from the accounts shown on Schedule A attached hereto.

The undersigned hereby certifies:

(1) that no default or "Event of Default" under the Indenture has occurred which has not been cured;

(2) the amount and nature of each item of Cost certified to have been incurred, and requested to be paid or reimbursed, is as stated on the attached Schedule A;

(3) that each item of Cost for which payment or reimbursement is requested was necessary in connection with the Project and qualifies as a Cost under the Indenture and the Series Resolution; and

(4) that no item of Cost requested by this Certificate to be paid or reimbursed has been previously paid or reimbursed from the Capital Expenditures Account.

Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Indenture.

Dated: _____, 20__.

MINNESOTA STATES COLLEGES AND
UNIVERSITIES

By _____
Authorized Representative

SCHEDULE A

Costs

Project	Amount			Description of Costs to be Paid
	Series __ Account	Series __ Account	Series __ Account	
A. [School]				
B. [School]				
C. [School]				
Total	\$ _____	\$ _____	\$ _____	

**Minnesota State Colleges & Universities
Revenue Fund 2008 Bond Sale**

SALE PARAMETERS

Series 2008A

1. Maximum Interest Rate (TIC): 6.00%
2. Maximum Principal: \$41,865,000
3. Maximum Discount: 0.5 % of par or \$5/\$1,000 Bond. Minimum bid of 99.5% is required per the Official Statement
4. Earliest Redemption date: October 1, 2018 for 2019 and later maturities

Series 2008B (Taxable)

1. Maximum Interest Rate (TIC): 7.50%
2. Maximum Principal: \$1,135,000 (we aren't allowing for a change in issue size on the Taxable bonds since there are no specific projects associated with this Series of Bonds)
3. Maximum Discount: 1.2 % of par or \$12/\$1,000 Bond. Minimum bid of 98.8% is required per the Official Statement
4. Redemption date: The Series 2008B Bonds are not subject to optional redemption prior to their final maturity on October 1, 2018

Items 3 and 4 are in the Official Statement for each Series. Items 1 and 2 are determined by the market and will be known on the day of sale.