# MINNESOTA STATE COLLEGES AND UNIVERSITIES
# BOARD OF TRUSTEES

## Agenda Item Summary Sheet

**Committee:** Finance, Facilities and Technology **Date of Meeting:** March 18, 2009

**Agenda Item:** Revenue Fund Bond Sale

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| ☐ | Proposed Policy Action | x | 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 Indenture to approve fees and long term financial commitments.

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

**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 2009. The bond sale process begins on an individual 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. The institution's student senate must approve the project and resulting fees.

Once an institution 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:** 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 physical assets pledged and the revenue generated from them. Authority for participation in the Revenue Fund, which had been restricted to the universities since its creation, was expanded to the colleges through legislation in 2008.

First Reading

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

| ACTION ITEM |
| --- |
| **Revenue Fund Bond Sale** |

## 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 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.

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. Their 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 physical assets pledged and the revenue generated from them. Authority for participation in the Revenue Fund, which had been restricted to the universities since its creation, was expanded to the colleges through legislation in 2008.

## 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 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 institution. Staff level management oversight resides in the Office of the Chancellor, Facilities Unit.

Similar to financial operations within the General Fund, 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 institution's portion of the Revenue Fund, including fees to support these plans, are submitted to the Office of the Chancellor staff for review. Each institution is required to present a balanced finance plan. Finance plans must include funds for operations, Repair and Replacement (R&R), debt service (if required), and operating reserves, as prescribed by Minnesota State Colleges and Universities. Plans are also required to reflect funding of the Revenue Fund Reinvestment Program. While operating revenues normally produce enough funds for operations and R&R, Reinvestment Program funds have typically come from the sale of Revenue Fund bonds. The fees to support the operations and facilities are approved by the Board prior to the beginning of the fiscal year.

**REVENUE FUND REINVESTMENT PROGRAM**

A facility condition assessment was undertaken in 1998-99 to quantify the physical condition of all facilities within the system. An estimated $165 million maintenance and repair backlog was identified within the Revenue Fund facilities. The backlog when coupled with out-dated facilities prompted the development of the Reinvestment Program which was approved by the Board of Trustees in January 2000. The overarching goal of the Reinvestment Program is to maximize available financial resources to achieve the greatest improvements and reduce deficiency backlogs in the Revenue Fund facilities. Each institution is responsible for developing a plan that works within their programmatic and financial parameters. Reinvestment plans may use a variety of approaches including renovation, decommissioning/demolition, and building of new facilities.

In 2005, the Office of the Chancellor contracted with a national facilities consulting firm, Pacific Partners Consulting Group, to work with all MnSCU colleges and universities in developing a new data base and reinvestment model. A base line report as of the end of fiscal year 2006 shows the Revenue Fund backlog has dropped to about $100 million system-wide but is concentrated at three universities. However, modernization is not included in this backlog number, and so a direct comparison to the 1999 data should not be made. In addition to monitoring backlog reduction, the model also predicts building systems replacement or renewal scheduling, and associated costs on a building, campus, and system-wide basis.

The campuses use operating funds for some remodeling projects, but primarily bond proceeds for large renovation projects or new construction. While backlog reduction is an important part of the Reinvestment Program, equally important is the cyclical planning for building component replacement so that the backlog does not increase. The institutions usually use Repair & Replacement funds for this purpose.

## BOND SALE PROCESS

The process begins on the individual campus when administrators and students formulate the need for a specific project. Since student fees are the sole source of revenue for the re-payment of Revenue Fund debt, students are involved in project planning. The institution's student senate must approve the projects and resulting fees. Student consultation letters are contained in Appendix A.

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 school 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 components, the financial advisor to appropriately size the sale and bond counsel to provide legal documentation. All Revenue Fund construction projects follow the same planning, design and construction process as academic projects.

Revenue Fund bonds usually are for 20 years, 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, after audited financial statements were available, 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 had the capacity to carry $350 million in total debt. Minnesota Statutes Chapter 136F.98 sets the limit on the amount of debt for the Revenue Fund, currently $200 million; outstanding Revenue Fund debt is $155 million. A bill increasing the debt authority to $300 million is in the Legislature. This sale proposal will raise the Fund's outstanding debt to about $197 million.

## 2009 REVENUE FUND BOND PROJECTS

Revenue Fund project requests have been submitted to the Office of the Chancellor for inclusion in the next bond sale scheduled tentatively for June 2009. Project requests are described below. In addition, planning funds for future projects will once again be included.

### Parking Lot Renovation – Century College

**COST:** Total project costs are estimated at $4,075,000

**PROJECT DESCRIPTION:** 884,000 sq ft or 20.3 acres of parking lot will be renovated to increase parking spots, improve circulation and safety, provide proper lighting and treat storm water runoff to current regulations.

Project Completion is scheduled for August 2009

**Student Center Renovation and New Construction – Minneapolis Community & Technical College**
**COST:** Total project costs are estimated at $10,080,000
**PROJECT DESCRIPTION:** New Construction: 21,000 gsf, Renovation: 19,400 gsf.
Helland Center was constructed in 1984 as the library building. When the library was relocated some minimal remodeling was done to create classrooms and offices. Student Life areas were limited to a portion of the second floor and have not seen any significant changes even though there was a 41% FYE enrollment increase from 2001 to 2008. This project will expand and renovate all student life areas to meet the needs of a larger and more diverse student population. Space will be provided for: Student Lounges, Activity Areas, Fitness Center, Clinic Space, Meeting Rooms, Student Clubs & Organization Offices, Student Life Staff Offices, Multi-Purpose/Presentation/Performance Space and Coffee Shop/Convenience Store.
Occupancy is scheduled for February 2011.

**Recreational Fields Renovations and Improvements – Minnesota State University, Mankato**
**COST:** Total project costs are estimated at $7,300,000
**PROJECT DESCRIPTION:** 17.5 **acres** of recreational athletic fields will be upgraded and renovated. Sports using these fields include softball, soccer, flag football, rugby, lacrosse, baseball, and many more.
Completion is scheduled for summer 2011

**Student Center Renovation and Addition – Normandale Community College**
**COST:** Total project costs are estimated at $14,424,000 with a $2,000,000 contribution from internal operations.
**PROJECT DESCRIPTION:** New Construction – 25,800 sq ft; Renovation – 33,000 sq ft.
Kopp Student Center was constructed in 1975 and has undergone only minor modifications and now needs significant improvements to accommodate a student headcount which has grown from 9,900 in 1999 to 13,500 in 2008. This project will provide expanded or new space for: Student Lounges, Activity Areas, Meeting Rooms, Student Clubs & Organization Offices, Student Life Staff Offices, College Store and other Retail, Cafeteria/Dining and Coffee Shop, Multipurpose Banquet Space, Service Learning Programs, New Secondary Loading Dock, and a New Main Entry from the North & West.
Occupancy is scheduled for January 2011.

**Planning Funds for Future Projects**
Funding is also proposed for architectural design to allow development of accurate scopes, budgets and schedules in advance of requesting approval for future projects in 2010 and 2011.
**Cost:** $1.0 million in planning funds

**SUMMARY**
The total bond sale is estimated at $39 million. The difference from project costs is due to issuance costs, debt service reserve deposits, and capitalized interest applied to each of the projects.

**STUDENT CONSULTATION**
Letters have been received in the Office of the Chancellor confirming that student consultation has taken place and students are supportive of the projects at all of the institutions. The letters are included in Appendix A.

**BOND RATING**
Presentations are scheduled in April to Moody's Investor Service and to Standard and Poor's 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 Moody's: Aa1, Standard & Poor's: AAA, and Fitch: AAA. 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 facilities of the Fund and the revenue generated therein.

**BOND SALE RESOLUTION**
The draft Series Resolution authorizing the bond sale is presented in Appendix B. After the second reading in May, the financial advisor, Springsted Inc. will publish a notification of sale. The Series Resolution will also be finalized with assistance of bond counsel. The sale will occur in June.

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

The Board of Trustees is being asked to approve the sale based on the parameters shown in Appendix C.

**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 $44,430,000 for projects totaling about $39,000,000 and subject to the parameters as presented Appendix C. The Board of Trustees approves the Series Resolution as described in Appendix B.

*Date presented to the Board of Trustees: March 18, 2009*

Dear To Whom It May Concern,

Century College administration consulted with the student leadership regarding the revenue bond and parking lot renovation plan. We, the students, had the opportunity to review the plans and ask any questions.

We, the Full Student Senate, met February 4, 2009 and passed a motion to support the Century College plans to seek a revenue bond to complete the work on the west campus parking lot.

Bee Xiong, Student Senate President
Century College
xion0205@go.century.edu

Date 2/6/09

**To:** President Phil Davis

**From:** James Askew, MCTC Student Senate President

**CC:** House HE Committee, MCTC Student Senate

**Date:** 2/23/2009

**Re:** Request to Increase the Revenue Fund Debt Authority

---

We received from Minneapolis Community & Technical College students a request to consider utilizing the State Revenue Fund to build out the current Helland Center into a Student Union. This space will be used to increase activity within Student Life, as well as provide a myriad of services explicitly aimed at ensuring success within our student body.

We submit this recommendation after having engaged in the following activities:

1. Held open information sessions regarding the logistics of cost, benefit to students, and opportunities this build-out gives to our student body

2. Reviewed our current budget, the status of the state budgets, and the financial impact this build-out has on the cost of attending Minneapolis Community & Technical College

3. Continued dialog with the Students, Senate, and interested administrators

Let it be known that on February 11th, 2009, Student Senate hereby recommends that Minneapolis Community & Technical College seek out funding through the use of the Revenue Fund to move forward with the Student Helland Center build-out project. It is further recommended that students incur an additional $7-per credit fee to assist with repayment of this loan.

It has been my pleasure to work with such passionate students and as President, I fully support this project in hopes of creating a place that attracts all students of various backgrounds to come and be part of such a diverse and vibrant community. Providing services and space to students that allow for academic success as well as community engagement is at the core of what is most beneficial for students within the realm of higher education. I look forward to all the opportunities and light this project will bring to our campus, as well as our surrounding community.

Respectfully Submitted,

James Askew
President, Student Senate
Minneapolis Community & Technical College

MSSA

Student Government

MINNESOTA STATE UNIVERSITY, MANKATO

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

Chancellor McCormick;

Pursuant to MnSCU Board Policy 2.3, I am writing to describe the student consultation process concerning the Outdoor Campus Recreation Facility fee with the Minnesota State Student Association (MSSA).

The Outdoor Campus Recreation Facility has been a topic of conversation for over two years. This proposal was brought forward from last year after a student referendum voted the initial proposal down. Following the student referendum last year, President Davenport, along with Vice President Straka and Vice President Swatfager-Haney, began meeting with students to determine what portions of the Outdoor Campus Recreation Facility students felt were most important. After several meetings a final proposal was presented to the Minnesota State Student Association on February 6th, 2008. Following this presentation there was a collaborative effort to solicit student feedback about what was currently being proposed by both the MSSA and administration. During the week of February 11th the MSSA conducted an all student survey looking for additional feedback regarding the Outdoor Campus Recreation Facility. On February 20th the MSSA took a stance supporting the current Outdoor Campus Recreation Facility fee proposal. I have included a copy of the passing resolution.

I feel that administration has been diligent in making sure student consultation has occurred and students appreciate the open conversations that have occurred regarding the Outdoor Campus Recreation Facility.

Please contact me at (507)-389-2611 if you have any questions or concerns. My email address is Christopher.Frederick@mnsu.edu.

Sincerely

Christopher Frederick, President
Minnesota State Student Association

MINNESOTA STATE STUDENT ASSOCIATION
280 CENTENNIAL STUDENT UNION · MANKATO, MN 56001
TELEPHONE 507-389-2611 (V) · 800-627-3529 OR 711 (MRS/TTY) · FAX 507-389-5207

MSSA
STATE
Student Government
MINNESOTA STATE UNIVERSITY, MANKATO

**Whereas:** In effort to show due diligence regarding the proposed campus recreation fee, the Minnesota State Student Association administered a campus wide survey.

**Whereas:** Though only 8% of the student body responded to this survey, it shows an effort was made by the MSSA to obtain students opinions on important issues on campus.

**Whereas:** The survey shows the student body's response to campus recreation proposal as a whole is positive.

**Whereas:** 40% of the students surveyed either agreed or strongly agreed that Field improvements were needed, 28.97% were neutral, and 31.03% either disagreed or strongly disagreed.

**Whereas:** 41.44% of the students surveyed either agreed or strongly agreed that Lighting Improvements were needed, 30.88% were neutral, and 27.68% either disagreed or strongly disagreed.

**Whereas:** 43.41% of the students surveyed either agreed or strongly agreed that Construction of an outdoor track was needed, 26.08% were neutral, and 30.50% either disagreed or strongly disagreed.

**Whereas:** 67.64% of the students surveyed either agreed or strongly agreed that Construction of a walking/jogging fitness trail was needed, 16.10% were neutral, and 16.27% either disagreed or strongly disagreed.

**Whereas:** An average of 48.17% of the students surveyed either agreed or strongly agreed that the outdoor recreation proposal as was presented to the MSSA and student body, an average of 25.49% were neutral about the improvements, and 26.35% either disagreed or strongly disagreed that improvements were needed.

**Whereas:** The survey results show a majority student's support the proposal.

MINNESOTA STATE STUDENT ASSOCIATION
280 CENTENNIAL STUDENT UNION · MANKATO, MN 56001
TELEPHONE 507-389-2611 (V) · 800-627-3529 OR 711 (MRS/TTY) · FAX 507-389-5207

MSSA

Student Government

MINNESOTA STATE UNIVERSITY, MANKATO

**Whereas:** The continuing mission of the MSSA is to represents Minnesota State University, Mankato students at the Institutional, Local, State and Federal governing levels through listening to and voicing the thoughts, ideas, and concerns of all students.

**Whereas:** The Administration have gone though all the right channels to hear what the students have to say about the recreation proposal, and have made changes to the proposal to accommodate the students opinions.

**Be it resolved:** That the MSSA supports the campus recreation proposal.

**Be it further resolved:** That the MSSA takes the position that overall fee imposed on student for this campus recreation proposal is capped at 30 dollars a semester for a full time student.

MINNESOTA STATE STUDENT ASSOCIATION
280 CENTENNIAL STUDENT UNION · MANKATO, MN 56001
TELEPHONE 507-389-2611 (V) · 800-627-3529 OR 711 (MRS/TTY) · FAX 507-389-5207

Normandale
community college

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

40
YEARS OF EXCELLENCE
normandale
community college
1968-2008

February 23, 2009

Board of Trustees
Minnesota State Colleges and Universities

To Whom It May Concern;

Normandale Community College is proposing the sale of revenue bonds for the remodeling and expansion of the Kopp Student Center. I am writing to describe the consultation process that has been completed with students by administration.

During the summer and fall of 2008, students participated in some initial planning of the student needs for the Kopp Student Center; these students included members of Student Senate. In early fall the administration outlined the Revenue Fund method of financing through student fees. A committee of students, staff, and administrators participated in the pre-design process for this project. This committee toured other campus centers, posted design ideas, and had coverage in the student newspaper. The work of this group was presented at Student Senate meetings in November and December, and several open forums for students and staff were held during the fall semester of 2008.

On January 20, the administration described the scope of the project, the possible construction timeline, and the student fee commitment necessary for the sale of the revenue bonds. The Student Senate unanimously voted to support the project and the student fee commitment.

We are committed to adding on to and remodeling a thirty-four year old campus facility, and in this regard the new Kopp Student Center will provide an excellent facility for future students attending Normandale Community College.

Sincerely,

Tyler J. Smith

Tyler J. Smith
Student Senate President

**SERIES RESOLUTION**

**OF**

**THE BOARD OF TRUSTEES**

**OF**

**MINNESOTA STATE COLLEGES AND UNIVERSITIES**

**RELATING TO**

**STATE COLLEGE AND**
**UNIVERSITY REVENUE FUND BONDS**
**SERIES 2009A and TAXABLE SERIES 2009B**

**ADOPTED: May 19, 2009**

# TABLE OF CONTENTS

Page

RESOLUTION

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

WITNESSETH

WHEREAS:

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

2. The Board has previously entered into an Amended and Restated Master Indenture of Trust (the “Master Indenture”), dated as of June 1, 2008, with U.S. Bank National Association (the “Trustee”), pursuant to which the Board and the Trustee agreed to the terms and conditions governing the Revenue Fund Bonds issued by MnSCU pursuant to the Master Indenture.

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

4. The Board has determined that the capital expenditure needs of the Facilities make it necessary and desirable for MnSCU to issue its State College and University Revenue Fund Bonds in an original principal amount up to $44,430,000 (the “2009 Bonds” or the “Bonds”) consisting of its State College and University Revenue Fund Bonds, Series 2009A (the “2009A Bonds”) and its State College and University Revenue Fund Bonds, Taxable Series 2009B (the “2009B Bonds”), and to use the proceeds of the 2009 Bonds to fund capital costs incurred in connection with the Facilities and the Debt Service Reserve Account, and to pay certain costs of issuing the 2009 Bonds and interest on a portion of the 2009 Bonds for an initial period.

5. The colleges and universities which are anticipated to use proceeds of the Bonds for their Facilities have advised the Board that they need to begin work on planning and other activities related to such Facilities prior to the issuance of the Bonds, in order to complete the Facilities in a timely manner, and expect to incur expenditures of no more than $_________ for this purpose prior to the issuance of the 2009 Bonds which it will seek to have reimbursed from the proceeds of the 2009 Bonds.

6. The Board intends to use a portion of the proceeds of the 2009 Bonds to reimburse the colleges and universities for costs incurred in connection with the financed Facilities from March 21, 2009 until the date on which the 2009 Bonds are issued.

7. The execution and delivery of this Series Resolution and the issuance of the 2009 Bonds have been in all respects duly and validly authorized by the Issuer.

8. All things necessary to make the 2009 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 2009 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 2009 Bonds by the Holders thereof, in order to secure the payment of the principal of, interest on, and premium, if any, on the 2009 Bonds according to their tenor and effect, does hereby grant a security interest in and assign to the Holders of the 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 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 2009 Bonds, each April 1 and October 1, commencing October 1, 2009.

Master Indenture means 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, as amended from time to time.

Maturity Date means any date on which principal of or interest or premium, if any, on the 2009 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 2009 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 2009 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 2009 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 2009 Bonds.

Series Resolution means this Series Resolution adopted on May 19, 2009 by the Minnesota State Colleges and Universities Board of Trustees.

Term Bonds means the 2009 Bonds identified as such pursuant to Section 2.3A(A)(2), 2.3B(A)(2), and the Closing Certificate.

2009 Bonds or Bonds means the Minnesota State Colleges and Universities, College and University Revenue Fund Bonds dated as of the date of delivery and issued in the original principal amount of up to $44,430,000, consisting of the 2009A Bonds and the 2009B Bonds issued pursuant to this Series Resolution.

2009A Bonds means the Minnesota State Colleges and Universities, College and University Revenue Fund Bonds, Series 2009A dated as of the date of delivery and expected to be issued in the original principal amount of approximately $38,565,000* pursuant to this Series Resolution.

2009B Bonds means the Minnesota State Colleges and Universities, College and University Revenue Fund Bonds, Taxable Series 2009B, dated as of date of delivery and expected to be issued in an original principal amount of approximately $5,800,000* 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 2009 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 2009 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 2009A Bond;
(2) Exhibit A-2: form of 2009B Bond;
(3) Exhibit B: form of Annual Disclosure Report;
(4) Exhibit C: DTC Letter.

* tentative, subject to change
* tentative, subject to change

ARTICLE 2

THE 2009 Bonds

**PART A – THE 2009A BONDS**

Section 2.1A The 2009A Bonds.

(A) The 2009A 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 2009A Bonds are expected to be issued in the approximate principal amount of $38,565,000*, with the actual principal amount issued to be identified in the Closing Certificate relating to the 2009A Bonds. The total principal amount of 2009A Bonds which may be Outstanding hereunder is expressly limited to the amount identified in the Closing Certificate relating to the 2009A Bonds unless duplicate 2009A Bonds are issued as provided in Section 3.07 of the Master Indenture. The 2009A 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 2009A Bonds to the terms of this Article 2. The Vice Chancellor-Chief Financial officer is hereby authorized to provide for the sale of the 2009A Bonds by competitive sale, and to complete the Closing Certificate for the 2009A 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 2009A Bonds is .5% of par.

(B) Upon issuance, the net proceeds of the 2009A 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 2009A Bonds.

Section 2.2A The 2009A Bonds - Initial Issue. The 2009A Bonds shall be initially issued in the aggregate principal amount set forth in the Closing Certificate relating to the 2009A Bonds and shall:

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

* tentative, subject to change

(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 2009A 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 2009A Bond or portion thereof redeemed pursuant to Sections 2.3A(A) and 2.4 shall also be payable on the Redemption Date as to 2009A Bonds called for redemption.

(b) the 2009A 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 2009A Bonds will be payable by check or draft mailed by the Trustee to the Holders of such 2009A 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 2009A 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 2009A 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 2009A 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 2009A 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 <u>The 2009A Bonds - Redemption</u>.

(A) Pursuant to the provisions of Section 3.12 of the Master Indenture and 2.4 hereof, the 2009A 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 2009A 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 2009A 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 2009A Bonds maturing on or after October 1, 2020 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, 2019 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 2009A Bonds, or (ii) three years from the date of issuance of the 2009A Bonds, proceeds of the 2009A 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 2009A 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 2009A 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 2009A Bonds shall not be subject to redemption prior to their stated maturity date.

**PART B – THE 2009B BONDS**

Section 2.1B The 2009B Bonds.

(A) The 2009B 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 2009B Bonds are expected to be issued in the approximate principal amount of $5,800,000*, with the actual principal amount issued to be identified in the Closing Certificate relating to the 2009B Bonds. The total principal amount of 2009B Bonds which may be Outstanding hereunder is expressly limited to the amount identified in the Closing Certificate relating to the 2009B Bonds unless duplicate 2009B Bonds are issued as provided in Section 3.07 of the Master Indenture. The 2009B 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 2009B Bonds to the terms of this Article 2. The Vice Chancellor-Chief Financial officer is hereby authorized to provide for the sale of the 2009B Bonds by competitive sale, and to complete the Closing Certificate for the 2009B 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 2009B Bonds is 1.2% of par.

(B) Upon issuance, the net proceeds of the 2009B 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 2009B Bonds.

Section 2.2B <u>The 2009B Bonds - Initial Issue</u>. The 2009B Bonds shall be initially issued in the aggregate principal amount set forth in the Closing Certificate relating to the 2009 Bonds and shall:

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

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

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

(4) (a) Interest shall accrue on the 2009B 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 2009B Bond or portion thereof redeemed pursuant to Sections 2.3B(A) and 2.4 shall also be payable on the Redemption Date as to 2009B Bonds called for redemption.

(b) the 2009B 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%.

* tentative, subject to change

(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 2009B Bonds will be payable by check or draft mailed by the Trustee to the Holders of such 2009B 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 2009B 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 2009B 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 2009B 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 2009B Bonds - Redemption. The 2009B Bonds are not subject to redemption prior to their stated maturity date.

Section 2.4 Method of Redemption.

(1) To effect the redemption of the 2009 Bonds under Section 2.3A(A) (1), (3) 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 2009 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 2009 Bonds are redeemed in part pursuant to Section 2.3A(A)(1), (3) or (4), the amounts shown on the tables in those Sections and the serial maturities of the applicable series of 2009 Bonds shall be reduced as the Issuer shall direct in its notice to the Trustee.

(3) The Trustee shall give notice of redemption of 2009 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 2009 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 2009 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 2009 Bonds under Section 2.3A(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 2009 Bond of the applicable Series then Outstanding a distinctive number for each Authorized Denomination of the principal amount of such 2009 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 2009 Bonds, select as many numbers as, at the Authorized Denomination for each number, shall equal the principal amount of such 2009 Bonds to be redeemed. The 2009 Bonds to be redeemed shall be the 2009 Bonds to which were assigned numbers so selected; provided that if, as a result of partial redemption there is a 2009 Bond outstanding in a principal amount less than the Authorized Denomination, such 2009 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 2009 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 2009 Bonds

Section 3.1 Revenue Fund Accounts.

(A) 2009B Revenue Receipts Subaccount. There is hereby created within the Revenue Receipts Account a subaccount titled the 2009B Revenue Receipts Subaccount. All "private payments" (within the meaning of Section 141 of the Code) derived from Facilities financed by the 2009B 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) 2009 Debt Service Subaccounts. The Trustee is hereby directed to create a 2009 Debt Service Subaccount pursuant to the Master Indenture. Net Revenues held in the 2009 Revenue Receipts Account shall be transferred by MnSCU on each March 1 and September 1 to the Trustee for deposit to the 2009 Debt Service Subaccount, and there applied prior to the use of any other funds, to pay principal of, interest on and redemption price of 2009 Bonds.

Section 3.2 Capital Expenditure Account. The Trustee is hereby directed to create a Capital Expenditure Account for the 2009 Bonds pursuant to the Master Indenture, and to deposit proceeds of the 2009 Bonds therein as described in Sections 2.1A and 2.1B hereof. Up to $_________ of the proceeds of the 2009 Bonds may be used to reimburse the colleges and universities which are using proceeds of the Bonds for costs incurred in connection with their respective financed Facilities from March 21, 2009 until the date on which proceeds of the 2009 Bonds are available for payment or reimbursement of such costs.

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 2009 Bonds. In addition, the Issuer shall provide to such rating agencies such other information relating to the 2009 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 2009 Bonds in accordance with the terms of the 2009 Bonds, the Master Indenture and this Series Resolution. Nothing in the 2009 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 2009 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 2009 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 2009 Bonds authorized hereby, to adopt this Series Resolution, to apply the 2009 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 2009 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 2009 Bonds and the execution and delivery of this Series Resolution has been duly and effectively taken; and that the 2009 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 2009 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 2009 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 2009 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 2009 Bonds shall be made as provided in this Section. This Section is intended for the benefit of the Holders of the 2009 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 2009 Bonds; 2009 Bonds means the 2009 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 2009 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 2009 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 2009 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 2009 Bonds are held in Book-Entry form at the Depository Trust Company, as Depository, the Registrar and Paying Agent shall comply with the provisions of the Blanket Letter of Representations between the Issuer and The Depository Trust Institution, and shall also comply with the letter from the Issuer to The Depository Trust Institution dated September 10, 2001 and attached hereto as **Exhibit C**.

# EXHIBIT A-1

## Form of 2009A Bond

R-________________ $________________

UNITED STATES OF AMERICA
STATE OF MINNESOTA

MINNESOTA STATE COLLEGES
AND UNIVERSITIES

REVENUE FUND BOND
Series 2009A

| 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, 2009, 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 $38,565,000[*], 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

[*] tentative, subject to change

located or to be located on the campuses of the Institutions comprising the Minnesota State University System (the “System”). The Revenue Fund Bonds of this Series are issued under authority of, and in strict conformity with, the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 136F (the “Act”), and under and pursuant to an Amended and Restated Master Indenture of Trust (the “Master Indenture”) dated as of June 1, 2008 and entered into between the Issuer and the Trustee and a Series Resolution adopted by the Issuer on May 19, 2009 (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, 2020 are subject to optional redemption and prepayment upon direction of the Issuer in whole on any date after October 1, 2019 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<br>in common | UNIF GIFT MIN ACT . . . . . Custodian. . . . . .<br>(Cust) (Minor) |
| TEN ENT | -- | as tenants<br>by the entireties | |
| JT TEN-- | as joint tenants<br>with right of<br>survivorship and<br>not as tenants<br>in common | | under Uniform Gifts to<br>Minors Act . . . . . . . . . . . . . . .<br>(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 2009B Bond

R-________________ $________________

UNITED STATES OF AMERICA
STATE OF MINNESOTA

MINNESOTA STATE COLLEGES
AND UNIVERSITIES

REVENUE FUND BOND
Taxable Series 2009B

| 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, 2009, 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 $5,800,000[*], 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

[*] tentative, subject to change

located or to be located on the campuses of the Institutions comprising the Minnesota State University System (the "System"). The Revenue Fund Bonds of this Series are issued under authority of, and in strict conformity with, the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Chapter 136F (the "Act"), and under and pursuant to an Amended and Restated Master Indenture of Trust (the "Master Indenture") dated as of June 1, 2008 and entered into between the Issuer and the Trustee and a Series Resolution adopted by the Issuer on May 19, 2009 (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 redemption prior to maturity.

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. . . . . .<br>(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 . . . . . . . . . . . . . . .<br>(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**

**SALE PARAMETERS**

**Series 2009A (Tax Exempt)**
1. Maximum Interest Rate (TIC): 6.50%
2. Maximum Principal: $42,000,000
3. Maximum Discount: 0.8 % of par or $8/$1,000 Bond. Minimum bid of 99.2% is required per the Official Statement
4. Earliest Redemption date: October 1, 2019

**Series 2009B (Taxable)**
1. Maximum Interest Rate (TIC): 7.50%
2. Maximum Principal: $7,500,000
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: No optional redemption (matures on October 1, 2019).

In any event, the total principal for Series 2009 A and 2009B may not exceed $44,430,000.