

RESOLUTION OF THE BOARD OF TRUSTEES
OF MICHIGAN STATE UNIVERSITY
AUTHORIZING THE ISSUANCE AND DELIVERY OF
GENERAL REVENUE DEBT AND PROVIDING FOR
OTHER MATTERS RELATING THERETO

WHEREAS, the Board of Trustees of Michigan State University (the “Board”) is a body corporate created by and existing under the Constitution of the State of Michigan with full constitutional authority over and general supervision of Michigan State University (the “University”) and control and direction of all expenditures from the University’s funds; and

WHEREAS, the Board has previously issued in several outstanding series its General Revenue Bonds and Notes (the “Prior Bonds”), its Commercial Paper Notes, Series A (Tax-Exempt) and Series B (Taxable) (the “Notes”), and certain other obligations, in each case payable from and secured by a lien on General Revenues (hereinafter defined) (collectively, the “Outstanding Obligations”); and

WHEREAS, the Board has determined it may be appropriate and in the best interests of the University to refund all or a portion of the Prior Bonds and all or a portion of the Notes as shall be determined by the Authorized Officers (hereinafter defined) (the portion of the Prior Bonds to be refunded being herein called the “Bonds to be Refunded, and the portion of the Notes to be refunded being herein called the “Notes to be Refunded”); and

WHEREAS, the Board has determined that financing capital projects of the University with the proceeds of tax-exempt or taxable debt, or both, will enhance the flexibility of the University with respect to its budget and financial resources, and will permit the allocation of the costs of the capital projects to the periods of the useful lives of the projects being acquired; and

WHEREAS, the University’s current high credit ratings not only reflect the financial strength of the University and its ability to repay its debt obligations, but will also permit the University to access the public debt markets in the most efficient and economic manner; and

WHEREAS, the Board has therefore determined it is appropriate and in the best interests of the University to finance all or a portion of certain capital expenditures of or for the benefit of the University, as described on Exhibit A attached hereto (collectively, the “Projects”), with the proceeds of the general revenue debt authorized hereby; and

WHEREAS, the provisions of the American Recovery and Reinvestment Act of 2009 (“ARRA”) may allow the economic and efficient use of financing structures for the bonds authorized hereby which are different from or alternative to traditional tax-exempt bond structures, including but not limited to the issuance of taxable “Build America Bonds” with related tax credits available to the Board or the holders of such bonds, or assignees thereof; and

WHEREAS, in the exercise of its constitutional duties, and in order prudently to control and direct expenditures from the University’s funds, the Board has determined it is necessary and desirable to authorize the issuance and delivery of additional General Revenue Bonds (the

“Bonds”) payable from and secured by a pledge of General Revenues (as shall be defined in the Trust Agreement in a manner generally consistent with the definition thereof contained in the instruments pursuant to which the Outstanding Obligations were issued) in order to provide funds which, together with other available funds of the University, will be used to fund all or a part of the costs of the Projects (the portion of the Projects to be financed to be determined by an Authorized Officer), to pay all or part of the costs of refunding the Bonds to be Refunded and the Notes to be Refunded, if any, and to pay costs related to the issuance of the Bonds and the refunding, including the costs of insurance premiums or other credit or liquidity facilities, if appropriate; and

WHEREAS, one or more trust agreements or indentures (collectively, the “Trust Agreement”) must be entered into by and between the Board and a trustee (the “Trustee”) designated by an Authorized Officer, pursuant to which the Bonds will be issued and secured; and

WHEREAS, the indentures and other documents authorizing the Outstanding Obligations create certain conditions for the issuance obligations payable from and secured by a pledge of General Revenues on a parity basis with the Outstanding Obligations; and

WHEREAS, the Vice President for Finance and Operations and Treasurer shall, on or prior to the delivery of the Bonds, certify that the conditions for issuing the Bonds, secured on a parity basis by General Revenues with the Outstanding Obligations, have been met; and

WHEREAS, it is necessary to authorize the Authorized Officers to negotiate the sale of the Bonds with an underwriter or group of underwriters selected by an Authorized Officer (collectively, the “Underwriter”) and to enter into one or more bond purchase agreements (collectively, the “Bond Purchase Agreement”) and, if deemed appropriate, one or more remarketing agreements (collectively, the “Remarketing Agreement”) with the Underwriter setting forth the terms and conditions upon which the Underwriter will agree to purchase the Bonds and the interest rates thereof and the purchase price therefor; and

WHEREAS, in order to be able to market the Bonds at the most opportune time, and in accordance with the Board’s Capital Projects Debt Policy, it is appropriate for the Board to ratify and confirm its authorization of the Vice President for Finance and Operations and Treasurer and the Director of Investments and Financial Management (each an “Authorized Officer”) or either of them individually, to negotiate, execute and deliver on behalf of the Board, the Trust Agreement, the Bond Purchase Agreement, the Remarketing Agreement and other related documents, to publish any notice of sale required for the sale of any portion of the Bonds, to establish the specific terms of the Bonds and to accept the offer of the Underwriter to purchase the Bonds, all within the limitations set forth herein; and

WHEREAS, the acquisition, equipping and construction of the Projects, the refunding of the Bonds to be Refunded and the Notes to be Refunded, and the funding of all or a part of the costs thereof with the proceeds of the Bonds will serve proper and appropriate public purposes; and

WHEREAS, the Board has full power under its constitutional authority and supervision of the University, and control and direction of expenditures from the University funds, to acquire, equip and construct the Projects, to refund the Bonds to be Refunded and the Notes to be

Refunded and to pay all or a part of the costs of the Projects and of the refunding by issuance of the Bonds, and to support payment of the Bonds by a pledge of General Revenues;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF MICHIGAN STATE UNIVERSITY, AS FOLLOWS:

1. The Board hereby approves the definition of the term "Projects" as set forth on Exhibit A attached hereto, and, subject to final approval of the Board in the case of any of the Projects listed in Category I-B or Category II on Exhibit A, for which final approval has not yet been received, authorizes the Authorized Officers, or either of them, to select the portion of the Projects to be financed, in whole or in part, from the proceeds of the Bonds, and to fund, as appropriate, the remaining portion of the costs of the Projects from available funds of the University, consistent with the Board's resolutions authorizing construction of the Projects. The Board further approves the refunding of the Bonds to be Refunded and the Notes to be Refunded and authorizes the Authorized Officers, or either of them, to select the portion, if any, of the Prior Bonds to constitute the Bonds to be Refunded and the portion, if any, of the Notes to constitute the Notes to be Refunded, in order to produce interest costs savings or a more favorable debt service structure, or both, to provide for more favorable terms or covenants, or to provide for permanent financing of projects previously financed from short-term debt, and to fund, if deemed appropriate, a portion of the costs of the refunding from available funds of the University and the balance of such costs from the proceeds of the Bonds, and to proceed with the refunding.

In connection with the refunding of all or any portions of any Prior Bonds or the Notes, either Authorized Officer may, in the name and on behalf of the Board, and as its corporate act and deed, terminate any related interest rate swap agreements, in whole or in part, and any fees or termination payments in connection with any such terminations may be paid from the proceeds of the Bonds, or from available funds of the University.

2. The Board hereby authorizes the issuance, execution and delivery of the Bonds in one or more series to be designated GENERAL REVENUE BONDS, SERIES 2010, in each case with appropriate additional or alternative series designations, if any, in the aggregate original principal amount established by an Authorized Officer, but not to exceed the principal amount necessary to produce proceeds of Two Hundred Five Million Dollars (\$205,000,000), plus the amount necessary to accomplish the refunding of the Bonds to be Refunded and the Notes to be Refunded. The Bonds shall be dated as of the date or dates established by an Authorized Officer, and shall be issued for the purpose of providing funds which, together with other available funds, will be used to pay all or a portion of the costs of the Projects, including, if determined to be appropriate by an Authorized Officer, capitalized interest related to all or a portion of the Projects for a period specified by an Authorized Officer, to pay all or a portion of the costs of refunding the Bonds to be Refunded, if any, and the Notes to be Refunded, if any, and to pay costs related to the issuance of the Bonds and the refunding, including the costs of bond insurance premiums or other credit or liquidity facilities, if appropriate. The Bonds shall be serial Bonds or term Bonds, which may be subject to redemption requirements, or both, as shall be established by an Authorized Officer, but the first maturity shall be no earlier than July 1, 2010 and the last maturity shall be no later than December 31, 2050. The Bonds may bear no interest or may bear interest at stated fixed rates for the respective maturities thereof as shall be established by an Authorized Officer, but the weighted average yield of the Bonds (computed using the stated coupon and the stated original offering price) shall not exceed 6.5% per annum

for tax-exempt bonds and 10.0% per annum for taxable bonds, and the Bonds may be issued in whole or in part as capital appreciation bonds, which for their term or any part thereof bear no interest but appreciate in principal amount over time at compounded rates (not in excess of 6.5% per annum for tax-exempt bonds and 10.0% per annum for taxable bonds) determined by an Authorized Officer. Alternatively, all or part of the Bonds may bear interest at a variable rate of interest, determined on the basis of an index or through market procedures, or both, for all or a portion of their term, and the variable rate of interest shall not exceed the lesser of the maximum rate permitted by law or the maximum rate, if any, specified in the Trust Agreement. The Bonds may be subject to redemption or call for purchase prior to maturity at the times and prices and in the manner as shall be established by an Authorized Officer, but no redemption premium shall exceed 3% of the principal amount being redeemed, unless the redemption price is based on a "make whole" formula, in which case no redemption premium shall exceed 40% of the principal amount being redeemed. Interest on the Bonds shall be payable at such times as shall be specified by an Authorized Officer. The Bonds shall be issued in fully registered form in denominations, shall be payable as to principal and interest in the manner, shall be subject to transfer and exchange, and shall be executed and authenticated, all as shall be provided in the Trust Agreement. The Bonds shall be sold to the Underwriter for a price established by an Authorized Officer (but the Underwriter's discount, exclusive of original issue discount, shall not exceed 2.0% of the principal amount thereof) plus accrued interest, if any, from the dated date of the Bonds to the date of delivery thereof.

All or any portion of the Bonds may, subject to the parameters set forth above, be issued as Build America Bonds or under any other structure established or enhanced by the provisions of ARRA, and in connection therewith, either of the Authorized Officers is authorized to make, for and on behalf of and as the act of the Board, any and all designations or elections (revocable or irrevocable), to execute and deliver any agreements, certificates or other instruments to or with the federal government or any agency thereof or the State of Michigan or any agency thereof, and to take any other actions necessary for the Bonds, the holders of the Bonds and the Board to receive any benefits, funds or federal subsidies available under ARRA.

In relation to the debt service on the Bonds, or in relation to all or any portion of the debt service on any series of Outstanding Bonds, either of the Authorized Officers may, at any time, on behalf of and as the act of the Board, enter into an interest rate swap, cap, forward starting swap, option, swaption, rate lock or similar agreement or agreements (collectively, the "Swap Agreement") with a counter-party or counter-parties to be selected by the Authorized Officer. Such Swap Agreement shall provide for payments between the Board and the counter-party related to interest on all or a portion of the Bonds, or to indexed or market established rates. If the Swap Agreement is entered into at approximately the same time as the issuance of the Bonds, the expected effective interest rates on the Bonds, taking into account the effect of the Swap Agreement, shall be within the limitations set forth herein. Any Swap Agreement authorized hereunder, and any similar agreement previously entered into in connection with any Outstanding Bonds, may, if determined necessary or appropriate by either Authorized Officer, be subsequently terminated, which may result in termination payments due by the Board. Any such required payments and other costs of termination may be funded from available funds of the University or the proceeds of the Bonds or other indebtedness of the Board.

Any or all of the Bonds may be made subject to tender for purchase at the option of the holder thereof. The obligation of the Board to purchase any Bonds subject to tender options may

be made payable from General Revenues, from available cash reserves of the University, subject to such limitations as may be specified in the Trust Agreement, or from a letter of credit, line of credit or other liquidity device (the "Liquidity Device"), or any combination thereof, all as shall be determined by an Authorized Officer and provided for in the Trust Agreement. Any reimbursement obligation for draws under the Liquidity Device shall be a limited and not a general obligation of the Board, payable from and secured by a pledge of General Revenues. Either Authorized Officer is authorized to execute and deliver at any time, for and on behalf of the Board, any amendments to the Trust Agreement and any agreements or instruments with a party or parties selected by an Authorized Officer, necessary to obtain, maintain, renew or replace, and provide for repayments under, any Liquidity Device deemed by such officer to be required for the purposes of this Resolution. Purchase obligations shall not be considered as principal or interest on the Bonds.

Any Bonds authorized and issued hereunder, may, at any time upon direction of an Authorized Officer, be subsequently converted to another mode or structure authorized hereby, either through procedures established in the Trust Agreement pertaining thereto, or through the issuance hereunder of refunding Bonds to refund and replace the outstanding Bonds to be converted. Any such refunding Bonds issued hereunder shall be subject to the terms, conditions and limitations contained in this Resolution. Either Authorized Officer is authorized to execute and deliver, for and on behalf of the Board, any documents or instruments, including but not limited to, any amendments to the Trust Agreement, necessary or convenient for the purpose of accomplishing the conversion as described in this paragraph.

3. The Bonds, and the obligations of the Board under the Swap Agreement and the Liquidity Device, if any, shall be limited and not general obligations of the Board payable from and secured by a lien on the General Revenues and moneys, securities or other investments from time to time on deposit in certain funds created pursuant to the Trust Agreement or agreements entered into in connection with the Swap Agreement or Liquidity Device. Except as otherwise determined by an Authorized Officer, as provided below, the lien on General Revenues shall be on a parity basis with the liens on General Revenues securing the Outstanding Obligations.

No recourse shall be had for the payment of the principal amount of or interest or premium on the Bonds, the Swap Agreement or the Liquidity Device, or any claim based thereon, against the State of Michigan, or any member or agent of the Board (including, without limitation, any officer or employee of the University), as individuals, either directly or indirectly, or, except as specifically provided in the Trust Agreement or the instruments entered into in connection with the Swap Agreement or the Liquidity Device, if any, against the Board, nor shall the Bonds and interest with respect thereto, or any obligations of the Board in connection with the Swap Agreement or Liquidity Device, if any, become a lien on or be secured by any property, real, personal or mixed, of the State of Michigan or the Board, other than General Revenues and the moneys, securities or other investments from time to time on deposit in certain funds established as pledged pursuant to the Trust Agreement or agreements entered into in connection with the Swap Agreement or Liquidity Device, if any.

Any pledge of General Revenues, and funds specified in the Trust Agreement or agreements entered into in connection with the Swap Agreement or Liquidity Device, if any, shall be valid and binding from the date of the issuance and delivery of the Bonds or such agreements, and all moneys or properties subject thereto which are thereafter received shall immediately be subject to the lien of the pledge without physical delivery or further act. The lien

of said pledge shall be valid and binding against all parties (other than the holders of any other bonds, notes or other obligations secured by a parity first lien on General Revenues) having a claim in tort, contract or otherwise against the Board, irrespective of whether such parties have notice of the lien.

Notwithstanding anything herein to the contrary, any obligations of the Board under the Swap Agreement or any agreement with respect to the Liquidity Device may, if determined appropriate by an Authorized Officer, be payable and secured on a subordinated basis to the Bonds and other General Revenue obligations of the Board, or may be payable from General Revenues but unsecured.

4. The right is reserved to issue additional bonds, notes or other obligations payable from General Revenues and secured on a parity or subordinated basis with the Bonds and the Outstanding Obligations by a lien on General Revenues, upon compliance with terms and conditions therefor as shall be set forth in the Trust Agreement.

5. Either Authorized Officer is hereby authorized and directed, in the name and on behalf of the Board, and as its corporate act and deed, to negotiate, execute and deliver the Trust Agreement with a Trustee selected by an Authorized Officer. The Trust Agreement may contain such covenants on behalf of the Board and terms as such officers deem appropriate and as shall be approved by the Office of the General Counsel, including, but not limited to, covenants with respect to the establishment of General Revenues at levels expressed as a percentage of debt service on the Bonds or all General Revenue obligations of the Board, and with respect to the issuance of additional bonds, notes or other obligations payable from and secured by General Revenues. In addition, either Authorized Officer is hereby authorized, empowered and directed to negotiate, if necessary and expedient for the issuance of the Bonds, for the acquisition of bond insurance and to execute and deliver an insurance commitment or other documents or instruments required in connection with such insurance.

6. Either Authorized Officer is hereby authorized and directed, in the name and on behalf of the Board and as its corporate act and deed, to negotiate, execute and deliver the Bond Purchase Agreement and Remarketing Agreement, if necessary, with the Underwriter selected by an Authorized Officer, setting forth the terms of the Bonds and the sale thereof, in the forms as an Authorized Officer may approve upon recommendation of the Office of the General Counsel, all within the limitations set forth herein. In the alternative, if determined appropriate by either Authorized Officer, selection of the Underwriter and setting of the terms for all or any portion of any series of the Bonds may be made through a competitive sale or other bidding process, and either of the Authorized Officers is authorized to award the Bonds to the entity selected through such process.

7. Either the President or Vice President for Finance and Operations and Treasurer is authorized, empowered and directed, in the name and on behalf of the Board, and as its corporate act and deed, to execute the Bonds by manual or facsimile signature and, if deemed appropriate, to impress or imprint the University seal thereon, and either of the Authorized Officers is authorized to deliver the Bonds to the Underwriter in exchange for the purchase price thereof, as provided in the Bond Purchase Agreement.

8. Either Authorized Officer is hereby authorized to cause the preparation and publication of a notice of sale, if appropriate, for any Bonds, and the preparation of a Preliminary

Official Statement, if necessary, and an Official Statement with respect to each series of the Bonds, to deem such statements "final" in accordance with applicable law, and to execute and deliver the Official Statement. Either Authorized Officer and the Underwriter, as appropriate, are authorized to circulate and use, in accordance with applicable law, the Preliminary Official Statement, if any, and the Official Statement in connection with the offering, marketing and sale of the Bonds.

9. The President, the Vice President for Finance and Operations and Treasurer, the Director of Investments and Financial Management, the Secretary of the Board, the Vice President for Legal Affairs and General Counsel and any Associate or Assistant General Counsel, and all other appropriate officers or representatives of the Board or the University and each one of them, are authorized to perform all acts and deeds and to execute and deliver for and on behalf of the Board all instruments and documents required by this resolution, the Trust Agreement, or the Bond Purchase Agreement, or necessary, expedient and proper in connection with the issuance, sale and delivery of the Bonds, as contemplated hereby (including a Letter or Letters of Representations among the Board, the Trustee and The Depository Trust Company and an Escrow Deposit Agreement with an escrow agent designated by an Authorized Officer). Any reference to an officer of the Board or the University herein shall include any interim or acting officer appointed by the Board. Each Authorized Officer is hereby authorized to designate and empower the escrow agent or the Underwriter to subscribe for United States Treasury Obligations, State and Local Government Series, on behalf of the Board, as may be necessary in connection with any refunding authorized hereby.

Any action required under the Trust Agreement, Bond Purchase Agreement, Remarketing Agreement, Swap Agreement, any agreement entered into in connection with the Liquidity Device or any other instrument related to the Bonds, and any action necessary or appropriate in connection with the on-going administration of the financing program authorized hereby, may be taken by and on behalf of the Board by an Authorized Officer.

10. In accordance with the requirements of Rule 15c2-12 of the United States Securities and Exchange Commission, the Board may be required in connection with the issuance of the Bonds to enter into a Disclosure Undertaking for the benefit of the holders and beneficial owners of the Bonds. Either Authorized Officer is authorized to cause to be prepared and to execute and deliver, on behalf of the Board, the Undertaking.

11. If deemed necessary by the University's bond counsel, either of the Authorized Officers is authorized to arrange for the publication of a notice of and to conduct a public hearing with respect to the issuance of tax-exempt Bonds, if applicable, for that portion of the Projects that may be used by private entities, all in accordance with requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

12. Any resolutions or parts of resolutions or other proceedings of the Board in conflict herewith are hereby repealed insofar as such conflict exists.

EXHIBIT A

PROJECTS

The Projects, as that term is used in the Resolution to which this Exhibit A is attached, are defined as follows:

Category I

<u>Project Description</u>	Currently Estimated Approximate Cost To be Funded From Bond Proceeds (exclusive of bond issuance expense) <u>(millions)</u>
A. (Board approved project construction/renovation)	
Plant Science Building addition and major renovation	\$ 41.4
Brody Hall renovations, remodeling, furnishing and equipping as part of Brody Complex Master Plan	25.5
Enterprise Business System, relating generally to the new financial and payroll systems of the University	15.6
Emmons Hall renovations, remodeling, furnishing and equipping as part of Brody Complex Master Plan	12.1
T.B. Simon Power Plant coal handling equipment replacement, rail yard expansion and environmental improvements	11.0
B. (Board approved project planning and design)	
Morrill Hall replacement	\$ 34.7
Dining facilities renovations, remodeling, furnishing and equipping as part of Dining Master Plan	22.3
Bailey Hall renovations, remodeling, furnishing and equipping as part of Brody Complex Master Plan	14.4
Facility for Rare Isotope Beams construction and equipping	11.6
Cyclotron Building Office Addition Phase II	7.6

Category II

All projects heretofore or hereafter approved by the Board with an identified total or partial funding source as the proceeds of bonds or other debt obligations issued by the Board.

Category III

Miscellaneous building, renovation, remodeling, site improvement, equipment, utility, information system and similar capital projects of the University, each with an estimated cost of \$5,000,000 or less, including but not limited to, roof repairs and replacements; electrical, mechanical, chiller, refrigeration and steam system renovations, repairs, replacements and improvements; heating, cooling and air conditioning system renovations, repairs, replacements and improvements; structural repairs and improvements; utility distribution repairs and improvements; road and sidewalk repairs and improvements; building and building addition construction, renovation, furnishing and equipping; information and computing system acquisitions and improvements (including wiring and cabling); elevator repairs and improvements; miscellaneous landscaping and site work; and miscellaneous equipment acquisitions.

I hereby certify that the attached is a true and complete copy of a resolution adopted by the Board of Trustees of Michigan State University on February 12, 2010, in accordance with applicable law, and that the minutes of the meeting at which the resolution was adopted were kept and will be or have been made available at the Office of the Secretary of the Board of Trustees of Michigan State University.

I further certify as follows:

1. Present at the meeting were the following Board members:

Absent from the meeting were the following Board members:

2. The following members of the Board voted for the adoption of the Resolution:

The following members of the Board voted against adoption of the Resolution:

RESOLUTION DECLARED ADOPTED.

Secretary, Board of Trustees of
Michigan State University