

**RESOLUTION OF THE BOARD OF TRUSTEES OF
MICHIGAN STATE UNIVERSITY
APPROVING AN ASSESSMENT AGREEMENT WITH MERIT NETWORK, INC,**

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, Merit Network, Inc. (“Merit”), a Michigan nonprofit corporation, has been formed to promote computer resource sharing through the provisions of resources, including a high-speed research and education network within the State of Michigan for use by public universities in Michigan and other education and research groups and institutions; and

WHEREAS, the governing members of Merit are the Board, the Regents of the University of Michigan (the “Regents”), and ten other public universities in Michigan (collectively, the “Members”); and

WHEREAS, Merit has been awarded grants from the federal government in the approximate amount of \$103,000,000 to be used for the construction of additional network facilities within Michigan; and

WHEREAS, in order to receive and utilize the federal grant for the purposes described above, it is necessary for Merit to borrow an amount not to exceed \$8,000,000 through the issuance of a tax-exempt bond (the “Bond”) by the Michigan Strategic Fund, the proceeds of which will be loaned to, and repaid with interest by, Merit; and

WHEREAS, J.P. Morgan Chase Bank (the “Bank”), has agreed to purchase the Bond, but only upon the execution of an Assessment Agreement (the “Assessment Agreement”) by the Members, under which the Members agree to pay to Merit sufficient funds to pay the debt service requirements on the Bond; and

WHEREAS, the benefits to the University from its membership in Merit and from the indebtedness to be incurred by Merit and guaranteed under the Assessment Agreement include:

- Service by Merit to its Members by providing advanced networking services on an extremely high-quality network infrastructure. As controlling Members of Merit the universities ensure themselves that they have a trusted source for network connectivity.
- As Members of Merit, the public universities in the State of Michigan have access to and control a technology network. They are their own regulators of costs and the policies on

that network. Access, both in scope and capacity, is not dictated by an outside service provider. The Members have available to their facilities almost unlimited use of bandwidth. In the last six years alone, the Members have increased their utilization of the Merit infrastructure by tenfold with no increase in cost over the last five of those years.

- Merit is the only provider in Michigan allowed multiple connections to Internet2 and to other Midwest regional networks required for research purposes. Merit partners with over 20 national and international networks to provide peering relationships and a direct path to and from other networks for exchanging sensitive data. This connectivity permits Michigan-based universities to work with other institutions across the nation on research and educational projects over their own networks.
- Merit is the neutral party that allows the Members to work together on connectivity and other collaborative opportunities. It gives the Members a venue for resolving networking issues and allows all of them to leverage the benefits of a large, robust infrastructure. Merit regularly contributes to these activities staff, expertise and resources that would not necessarily be available to all Members.
- Merit provides services to the majority of the Members' remote campuses and offices throughout the State, including hospitals, libraries, extension offices, computing centers, and research facilities. Economies of scale would be lost by having multiple service providers.
- Merit allows for a conduit of information flow between other state-funded universities across the nation that control their own networks. This enables the universities in Michigan to partake in a larger social, educational and research network of participants.
- Merit, with its own research staff, is a partner in funded network research endeavors; immediate availability to a controlled environment is paramount to network research. The Members benefit, both directly and indirectly, from the research engagements Merit enters into by fostering synergies between network researchers and operational groups across Michigan and the nation to push the boundaries of networking.
- Merit's connections with national initiatives, other regional networking organizations, and Michigan's educational and research communities puts the Members in a strong position to identify relevant trends, key technologies, and opportunities for learning that are shared among the Members. This interaction allows the universities to not only stay abreast of networking developments but to guide protocol on regional networks to the benefit of the universities.
- Membership in Merit provides residual interests in the assets of Merit upon its dissolution; and

WHEREAS, the Bond is being delivered and sold under certain provisions of the Internal Revenue Code of 1986, as amended, which provisions expire on December 31, 2010; and

WHEREAS, the execution and delivery of the Assessment Agreement by the Members of Merit requires that the governing board of each public university Member authorize such execution and delivery, and it may not be possible for all of the Members to achieve such authorization in time to permit the Bond to be delivered on or before December 31, 2010; and

WHEREAS, in order to assure that the Bond can be delivered prior to December 31, 2010, it is necessary for the Board and the Regents to each agree that they will assume up to one-half of the liabilities under the Assessment Agreement until such time as the remaining Members have authorized and executed the Assessment Agreement, upon which the liabilities of the Board and the Regents will be proportionately reduced; and

WHEREAS, the Board in the exercise of its constitutional duties, has determined that the guarantee of a portion of Merit's obligation with respect to the Bond through the execution and delivery by and on behalf of the Board of the Assessment Agreement as described above is in the interest of the University;

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The guarantee by the Board of a portion of the obligations of Merit in connection with the Bond through the execution and delivery of the Assessment Agreement is hereby authorized and approved; provided, however, that the obligations of the Board under the Assessment Agreement shall be limited obligations of the Board, payable solely from General Revenues, as defined in the trust agreements under which the Board has issued its General Revenue Bonds. As provided in the Assessment Agreement, the Board's liabilities may be increased in the case of default by any other Member, but in no event shall the Board's obligations under the Assessment Agreement exceed the principal amount of four million dollars (\$4,000,000), plus interest on that principal amount and any penalties, premiums or other charges related to that principal amount.

2. The form of the Assessment Agreement on file with the Secretary of the Board is hereby approved, and 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 are hereby authorized to execute and deliver the Assessment Agreement substantially in such form, with such changes not inconsistent with the terms of this Resolution as the executing officer may determine appropriate, as evidenced by his signature thereon. Each of the Authorized Officers and each other appropriate officer or representative of the Board is hereby authorized to negotiate, execute and deliver, for and on behalf of the Board, any other certificates, opinions, documents or instruments necessary to effect the purposes of this Resolution.

3. The Board finds that the value of the benefits derived and to be derived by the University from its membership in Merit and from the proceeds of the indebtedness related to the Bond exceeds the liabilities to be incurred by the Board from its execution and delivery of the Assessment Agreement.

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

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 _____, __, 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