

**UNIVERSITY OF NORTH DAKOTA
REAC FINANCING
ANALYSIS OF PROPOSALS
July 22, 2013**

Bank	Interest Rate	Origination Fee	Prepayment	Notes
1. Bremer	5.38% for 20 years 4.67% for 7 years 3.82% for 5 years 2.86% for 3 years	\$ 5,000.00	8/1/2018	Semi annual or monthly payments
2. Wells Fargo	Bank Cost of Funds Rate on Rate Set Date plus 1.56% for 7 years (on July 17 rate was 3.50%)	None	9/1/2018	
3. Alerus	FHLB + 2.00% for 5 years	\$ 11,500.00	?	Monthly payments
4. U.S. Bank	4.06% for 10 years 4.57% for 25 years	\$ 180,000.00 to 195,000.00	Anytime at make-whole premium of T + 50 bsp*	T rate used to set interest rates: 2.31% 10 yr 2.82% 25 yr

* Examples: if used above T rates prepayment premium on:
10 year note 2.81%;
25 year note 3.32%

REAC Financial Proposals

FY Payments	Alerus	Bremer	US Bank	Wells Fargo
2014	\$ 538,343	\$ 594,879	\$ 530,890	\$ 498,167
2015	\$ 717,791	\$ 713,855	\$ 637,068	\$ 979,183
2016	\$ 717,791	\$ 713,855	\$ 637,068	\$ 956,317
2017	\$ 717,791	\$ 713,855	\$ 637,068	\$ 933,450
2018	\$ 717,791	\$ 713,855	\$ 637,068	\$ 910,583
2019	\$ 8,233,309	\$ 713,855	\$ 637,068	\$ 887,717
2020		\$ 713,855	\$ 637,068	\$ 864,850
2021		\$ 713,855	\$ 637,068	\$ 5,650,517
2022		\$ 713,855	\$ 637,068	
2023		\$ 713,855	\$ 637,068	
2024		\$ 7,546,776	\$ 48,661	
FY Payments	\$ 11,642,814	\$ 14,566,352	\$ 6,313,163	\$ 11,680,784
Balloon	\$ 8,053,861	\$ 7,368,313	\$ 7,148,123	\$ 5,650,517
Balloon due	8/1/2018	10/1/2023	8/1/2023	9/1/2020
Prepayment	N/A	8/1/2018	(1)	9/1/2018
Fees	\$11,500	\$5,000	\$180-195,000	\$20,000
Amortized over	20 years	25 years	25 years	15 years

Subject to Make-Whole Premium ranging from \$603,307 to \$1,198,834,



3100 South Columbia Road
PO Box 13118
Grand Forks, North Dakota 58208-3118
phone: 701-795-4500
fax: 701-795-4568

July 16, 2013

University of North Dakota
Purchasing Office – JoAnn Albrecht, Sr. Buyer
Twamley Hall 114
264 Centennial Drive Stop 8381
Grand Forks, ND 58202-8381

RE: RFP #34-2014

It is our pleasure to present the enclosed bid on the above referenced proposal in connection with the acquisition of the REAC facility.

The Proposal Form reflects the terms of our bid, but we'd like to offer the following considerations to provide UND with some flexibility if found to be beneficial by your office.

Bremer is open to local bank participation, up to 40% of the gross loan amount, if the other institution(s) is/are willing to accept our proposed terms. You would just need to provide us with the direction you would like to take on any participation(s).

We are willing to provide other rate and payment options if they are found to be in the best interest of the University as the process unfolds. The Proposal Form includes a 10-year fixed rate as requested. We are open to other rate options upon request. For illustrative purposes, the following options are also available: 3-year rate of 2.86%; 5-year rate of 3.82% and a 7-year rate of 4.67%. Semi-annual payments versus monthly payments would also be available.

We hope you find our proposal competitive and flexible to meet your upcoming financing needs. Please let us know if you have any questions.

Regards,

A handwritten signature in black ink, appearing to read 'Angie Baumann', written over a horizontal line.

Angie Baumann
VP, Business Banking
(701) 795-4507
agbaumann@bremer.com

Proposal Form
\$9,800,000 UNIVERSITY OF NORTH DAKOTA
REAC LOAN

JoAnn Albrecht
Senior Buyer
University of North Dakota
Twamley Hall 114
264 Centennial Drive, Stop 8381
Grand Forks, North Dakota 58202-8381

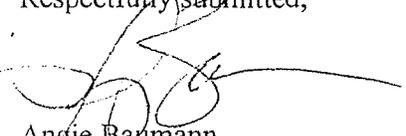
In connection with an approximately \$9,800,000 loan to the University of North Dakota for the acquisition of the REAC facility, more fully described in your Request for Proposals, we offer the following terms:

- (i) Interest rate of 5.38* % from closing date until August 31, 2023 (not before August 1, 2018);
- (ii) Interest and principal payments shall be payable on date per Borrower request, 2013, and on the first day of each month thereafter until .
- (iii) Origination fee of [\$ 5,000.00] [N/A % of the principal amount].
- (iv) Prepayment on any date on or after August 1, 2018 without penalty.

This proposal is for prompt acceptance and for anticipated delivery of the loan documents within 30 days.

*The above 30-day rate is based upon the 10-year FHLB index plus 1.75%. If there is a decrease in the index prior to closing, the final rate will be adjusted to reflect the reduction. A history of the index is available upon request.

Respectfully submitted,


Angie Baumann
VP, Business Banking
(701) 795-4507
agbaumann@bermer.com

Government & Institutional Banking

100 E. Wisconsin Ave.
Suite 1400
N9811-141
Milwaukee, WI 53092



July 17, 2013

JoAnn Albrecht
Senior Buyer
University of North Dakota
Twamley Hall
264 Centennial Drive, Stop 8381
Grand Forks, ND 58201

Re: RFP #34-2014, \$9.8 million term loan

Dear Ms. Albrecht:

We are pleased to express our interest in considering the credit accommodation described below. This letter is not intended to constitute a commitment or offer to lend on the part of Wells Fargo Bank, National Association ("Wells Fargo" or "Bank"), but only to summarize, for discussion purposes, the credit accommodation we are interested in considering at this time.

- BORROWER:** University of North Dakota ("UND" or the "Borrower")
- PURCHASER:** Wells Fargo Bank N.A., or any other wholly owned subsidiary of Wells Fargo Bank, N.A. ("Wells Fargo" or the "Bank").
- FACILITY AMOUNT:** Up to \$9,800,000 in principal.
- STRUCTURE:** The Bank will offer a 7 year fixed rate term loan, which will be callable after September 1, 2018.
- PURPOSE:** The Bonds will be used to finance the acquisition of the Research Enterprise and Commercialization building from the University of North Dakota Research Foundation.
- TERM:** The initial fixed rate will end on the seventh anniversary of purchase of the Bonds.
- AMORTIZATION:** The Facility will amortize in equal semiannual payments over a 15 year period.
- SECURITY:** The Facility is an unsecured obligation payable from all available unrestricted current funds, all revenue and appropriations to the UND and other revenues generated by UND from the use of the Facility. The Facility will not be secured by the real or personal property of UND or the Board of Regents.
- TAXABLE INTEREST RATE:** The Bonds will bear interest at a fixed rate equal to the sum of (i) the Bank Cost of Funds Rate prevailing on the Rate Set Date and (ii) the Applicable Spread as detailed below. The Bank Cost of Funds Rate is defined as the executable swap rate at which Wells Fargo would pay fixed and receive 1 month LIBOR to a third party, as determined by Wells Fargo the day prior to closing, corresponding to the Amortization.

Tenor	Spread to Bank Cost of Funds	Indicative Rate*
Seven Years	1.56%	3.50%

*Please note that this is an indicative rate and may adjust based on movements in the LIBOR swap market. The actual Fixed Rate shall be determined on the Rate Set Date.

The Fixed Rate is subject to adjustment upon a) the Borrower being downgraded by any of Moody's, S&P or Fitch, or b) the incurrence of increased costs.

OTHER FEES: Usual and customary for this type of financing (i.e. similar to a bank enhanced VRDB transaction), including amendment fees, trustee fees, termination fees, and attorney's fees (bond and bank).

INCREASED COSTS AND CAPITAL ADEQUACY; TAXES: Customary for facilities of this type, including, without limitation, provisions concerning increased costs, taxes, changes in capital adequacy, capital requirements and other requirements of law (including Dodd-Frank Wall Street Reform and Consumer Protection Act and Basel III), or their interpretation, illegality, unavailability, and reserves without proration or offset and payments free and clear of withholding or other taxes.

OPTIONAL REDEMPTION: The Bonds are subject to optional redemption after September 1, 2018.

PRINCIPAL FINANCIAL COVENANTS: Usual and customary for this type of financing (i.e. similar to a bank enhanced VRDB transaction), including a Minimum Debt Service Coverage Test. Debt service payments related to this transaction will be included in the Borrower's biannual appropriation request from the State of North Dakota.

BASE RATE: Greatest of (i) the Bank's Prime Rate plus 1.00%, (ii) the Federal Funds Rate plus 2.00%, or (iii) 7%.

DEFAULT RATE: Base Rate plus 3.00%.

MANDATORY TENDER: The Bonds will be subject to a mandatory tender to the Borrower at the end of the initial Fixed Rate Mode. Current scheduled principal redemptions of the bonds will also be required.

CONDITIONS PRECEDENT TO CONSIDERING CREDIT ACCOMMODATION: Usual and customary for this type of financing (i.e. similar to a bank enhanced VRDB transaction). The Facility will be governed by a Continuing Covenants Agreement for the benefit of the Bank, which agreement will contain conditions and covenants and other provisions that would be usual and customary for this type of financing including without limitation, the Bank has the option to secure (i) at least one long-term Direct Purchase Program rating assigned to the Bonds and (ii) a CUSIP number assigned to the Bonds.

REPORTING REQUIREMENTS: Usual and customary for this type of financing (i.e. similar to a bank enhanced VRDB transaction).

EMMA AND RATING AGENCY DISCLOSURE: To maintain transparency with its existing bondholders and the rating agencies, Wells Fargo requests that the Borrower a) post the Resolution and the loan agreement on the MSRB's EMMA site following the closing

of the transaction, provided that pricing and certain other information contained therein, as directed by the Bank, shall be redacted prior to such posting and b) deliver relevant financing documents to the rating agencies.

**REPS AND
WARRANTIES:**

Usual and customary for this type of financing (i.e. similar to a bank enhanced VRDB transaction).

**TRANSFER
PROVISIONS:**

While the Bank is purchasing the Bonds for its own account without a current intention to transfer them, the Bank reserves the right in its sole discretion to sell the Bonds or assign, pledge or participate interests in the Bonds without the consent of the Borrower.

EVENTS OF DEFAULT:

Usual and customary for this type of financing (i.e. similar to a bank enhanced VRDB transaction).

CONFIDENTIALITY:

This Term Sheet is confidential and proprietary, and terms herein may not be disclosed without our prior written consent, except to your professional advisors in connection with this Financing who agree to be bound by such confidentiality requirements, or as may be required by law.

Notwithstanding anything herein to the contrary, any party hereto may disclose to any and all persons, without limitation of any kind the tax treatment or tax structure of this transaction. Furthermore, the parties to this transaction may disclose, as required by federal or state laws, any information as required to comply with such federal or state laws.

This expression of interest is not intended to be, and should not be construed as, a commitment to enter into a direct purchase of bonds, nor should it be construed as an attempt to establish all of the terms and conditions relating to such an accommodation. It is intended only to be indicative of certain terms and conditions around which credit approval may be sought, and if approved, how the operative documents might be structured, and not to preclude negotiations within the general scope of these terms and conditions. The execution versions of agreements containing final terms and conditions, if any, would be subject to approval by Borrower and Bank.

The parties hereto represent and warrant to one another that the pricing and other terms and conditions for the services provided under this agreement are unrelated to whether the school refers private education loans to Wells Fargo and to the amount of any such referrals.

Unless this term sheet is earlier rescinded, it shall expire automatically without further action or notice by the Bank 15 days from the date hereof.

As these materials include information related to a bank-purchased bond transaction ("Direct Purchase"), please be advised that Direct Purchase is a product offering of Wells Fargo Bank, N.A. or a subsidiary thereof ("Purchaser") as purchaser / investor. Wells Fargo Securities will not participate in any manner in any Direct Purchase transaction between you and Purchaser, and Wells Fargo employees involved with a Direct Purchase transaction are not acting on behalf of or as representatives of Wells Fargo Securities. Information contained in this document regarding Direct Purchase is for discussion purposes only in anticipation of engaging in arm's length commercial transactions with you in which Purchaser would be acting solely as a principal to purchase securities from you or a conduit issuer, and not as a municipal advisor, financial advisor or fiduciary to you or any other person or entity regardless of whether Purchaser or an affiliate has or is currently acting as such on a separate transaction. Additionally, Purchaser, as purchaser / investor, has financial and other interests that differ from your interests. In its capacity as purchaser / investor, Purchaser's sole role would be to purchase securities from you (or the issuer in the case of a conduit transaction). Purchaser will not have any duty or liability to any person or entity in connection with the information provided herein. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934.

Best Regards,

Thomas M. Harkless
Senior Vice President
Wells Fargo Bank, N.A.
P) 414-224-7434
C) 414-736-3214
E) thomas.m.harkless@WellsFargo.com

Government & Institutional Banking
100 E. Wisconsin Ave.
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RFP #34-2014
Proposal Form
\$9,800,000 UNIVERSITY OF NORTH DAKOTA
REAC LOAN

JoAnn Albrecht
Senior Buyer
University of North Dakota
Twamley Hall 114
264 Centennial Drive, Stop 8381
Grand Forks, ND 58292-8381

In connection with an approximately \$9,800,000 loan to the University of North Dakota for the acquisition of the REAC facility, more fully described in your Request for Proposal, we offer the following terms:

- (i) Interest rate of 3.50% from the date of closing until August 31, 2020, which represents a spread of 1.56% over the Bank's cost of funds. The actual Fixed Rate shall be determined on the Rate Set Date.
- (ii) Interest and principal payments shall be payable in equal semi-annual installments, based on a 15 year amortization schedule.
- (iii) Origination fee = none
- (iv) Prepayment on any date on or after September 1, 2018 without penalty.

Additional terms and conditions are documented in the accompanying term sheet. This expression of interest is intended to be indicative of certain terms and conditions around which credit approval may be sought, and if approved, how the operative documents might be structured, and not to preclude negotiations within the general scope of these terms and conditions. The execution versions of agreements containing final terms and conditions, if any, would be subject to approval by Borrower and Bank.



July 17, 2013

Ms. JoAnn Albrecht, Senior Buyer
University of North Dakota
Twamley Hall 114
264 Centennial Drive, Stop 8381
Grand Forks, ND 58202-8381

RE: Proposal for Proposals – University of North Dakota RFP #34-2014

Dear Ms. Albrecht:

As requested by the University of North Dakota, Alerus Financial is herein submitting our response to the Request for Proposals.

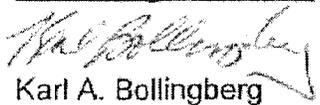
If you have any immediate questions or would like further clarification of specific terms, please feel free to contact us at one of the numbers or e-mail addresses below.

Thank you for allowing Alerus Financial to present our RFP for consideration. We look forward to hearing from you.

Sincerely,


Mark V. Hall
Relationship Manager
1-701-795-3429
mark.hall@aleraus.com


Eric Useldinger
Senior Credit Underwriter
1-701-795-3273
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Karl A. Bollingberg
Executive Vice President
Banking Division
karl.bollingberg@aleraus.com

Enclosure: Lending Proposal Form



Proposal Form

**\$9,800,000
UNIVERSITY OF NORTH DAKOTA
REAC LOAN**

JoAnn Albrecht, Senior Buyer
University of North Dakota
Twamley Hall 114
264 Centennial Drive, Stop 8381
Grand Forks North Dakota 58202-8381

In connection with an approximately \$9,800,000 loan to the University of North Dakota for the acquisition of the REAC facility, more fully described in your Request for Proposals, we offer the following terms:

- i. Interest rate of FHLB+2.00% from closing date until August 1, 2018;
- ii. Interest and principal payments shall be payable on September 1, 2013 based on a 20-year amortization and due on the first day of each month thereafter until August 1, 2018.
- iii. Origination Fee of \$11,500.00, or .12% of the principal amount.

This proposal is for prompt acceptance and for anticipated delivery of the loan documents within 30 days.

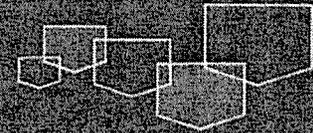
Sincerely,

Mark V. Hall
Relationship Manager
1-701-795-3429

Eric Useldinger
Senior Credit Underwriter
1-701-795-3273

Karl A. Bollingberg
Executive Vice President
Banking Division
1-701-795-3381

Strictly Private and Confidential



U N I V E R S I T Y O F **UND** N O R T H D A K O T A

Capital Markets Financing Proposal

RFP #34-2014

July 15, 2013

All of  serving you®

usbancorp.



Relationship Team at U.S. Bancorp

U.S. Bank National Association
600 DeMers Avenue
Grand Forks, North Dakota 58201

John O. Snustad
Regional President – Northeast North Dakota Region
Tel: (701) 795-6175
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Email: john.snustad@usbank.com

U.S. Bancorp Investments, Inc.
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Executive Summary

- U.S. Bancorp appreciates the opportunity to provide our financing proposal to the University of North Dakota (“UND” or the “Company”), in response to RFP #34-2014.
- U.S. Bancorp understands UND requests financing in the amount of approximately \$9.8 million to finance the acquisition of the Research Enterprise and Commercialization building on the campus of UND from the University of North Dakota Research Foundation.
- We understand UND is also considering acquiring an apartment complex for student housing for approximately \$10 million.
 - UND could combine this \$10 million financing need with UND’s currently contemplated \$9.8 million financing. The aggregate \$19.8 million transaction could be available to UND at nominal incremental transaction fees and expenses (see a subsequent slide).
- U.S. Bancorp believes privately placed Senior Unsecured Notes represent a viable financing option presently available to UND.
 - UND is well positioned to tap the private placement market given its current rating of A+ (positive outlook).
 - Since the beginning of 2012, 17 universities have tapped the public and private bond markets (see a subsequent slide).
 - Private placements are primarily fixed rate senior note structures.
 - Private placements have tenors ranging from 3 to 30 years (7 to 12 year maturities are most common).
 - Bullet or amortizing structures, as well as customized maturities are available.
 - Investors are mainly insurance companies with buy-and-hold investment views.
 - No formal, third-party rating are required.
- U.S. Bancorp is pleased to enclose the following financing proposal, which is further discussed on the subsequent pages:
 - Financing Option #1: 10-year final maturity with an 8.7-year average life (25-year mortgage style amortization); and
 - Financing Option #2: 25-year final maturity with a 14.9-year average life (mortgage-style amortization).
 - *Note: Given the current favorable conditions and flexibility of the Private Placement Market, other structures could also be available to UND, should the Company desire.*



Summary of Indicative Private Placement Terms

	FINANCING OPTION #1	FINANCING OPTION #2
Issuer	University of North Dakota	same
Amount	Approximately \$9,800,000	same
Placement Agent	U.S. Bancorp Investments, Inc.	same
Purpose	Proceeds to be used to finance the acquisition of the Research Enterprise and Commercialization building on the campus of UND from the University of North Dakota Research Foundation.	same
Security and Rank	Senior unsecured notes, ranking pari passu with the Issuer's existing and future senior unsecured indebtedness	same
Final Maturity	10.0 years from Closing	25.0 years from Closing
Average Life	8.7 years	14.9 years
Amortization	25-year mortgage-style amortization, with a balloon payment due at Final Maturity	Mortgage-style amortization schedule
Principal & Interest Payments	We understand UND has requested monthly payments; Quarterly payments could be available, if the Issuer so prefers	same
Indicative Pricing	Fixed coupon of 4.06% area (U.S. Treasuries + 175 bps area), representing a swapped equivalent of LIBOR + 146 bps area	Fixed coupon of 4.57% area (U.S. Treasuries + 175 bps area), representing a swapped equivalent of LIBOR + 130 bps area
Documentation	Based on the Model Form Note 1	same
Estimated Transaction Fees and Expenses	Placement Fee: \$150K Distribution Costs: 5K Noteholders' Legal Expenses: 25-40K Total: <u>\$180K-\$195K</u>	same
Prepayment	Prepayable at any time at the make-whole premium of T+50 bps	same



Recent Public and Private Bond Transactions for Universities

Date	Issuer	Ticker	Industry	Ratings			Amount	Securities	Maturity	Average Life	Coupon	Issuance Spread
				Moody's	S&P	NAIC						
8-May-13	University of Chicago	UNICHI	University	Aa1	AAA		\$205	Public Senior Notes	10/1/2045		4.151%	T + 115
1-May-13	Leland Stanford Junior University	STNFRD	University	Aaa	AAA		\$150	Public Senior Notes	6/1/2044		3.563%	T + 73
23-Apr-13	Hamilton College	HAMCLG	University	Aa2	NR		\$103	Public Senior Notes	7/1/2113		4.750%	T + 198
13-Feb-13	Johns Hopkins University	JHUNIV	University	Aa2	NR		\$355	Public Senior Notes	7/1/2053		4.083%	T + 100
5-Feb-13	George Washington University	GRWASH	University	A1	A+		\$170	Public Senior Notes	9/15/1943		4.363%	T + 115
26-Oct-12	University of Michigan	UNVHGR	University	Aaa	AAA	NAIC 1	\$50	Private Credit Tenant Lease	25 yrs	16 yrs	n/a	T + 135
21-Aug-12	Baylor College of Medicine	BAYLOR	University	NA	A-		\$109	Public Senior Notes	11/15/2046		5.259%	T + 238
26-Jun-12	Bowdoin College	BOWDOI	University	Aa2	NR		\$129	Public Senior Notes	7/1/2112		4.693%	T + 200
19-Jun-12	George Washington University	GRWASH	University	A1	A+		\$168	Public Senior Notes	9/15/2017		1.827%	T + 113
13-Jun-12	Dartmouth College	DARMTH	University	Aa1	AA+		\$150	Public Senior Notes	6/1/2043		3.760%	T + 105
31-May-12	University of Notre Dame	UNIVND	University	Aaa	NR		\$100	Public Senior Notes	3/1/2043		3.720%	T + 105
9-May-12	Loyola University of Chicago	LOYOLA	University	A2	A		\$57	Public Senior Notes	7/1/2022		3.199%	T + 138
9-May-12	Loyola University of Chicago	LOYOLA	University	A2	A		\$100	Public Senior Notes	7/1/2042		4.626%	T + 160
8-May-12	Columbia University	COLUNV	University	Aaa	AAA		\$100	Public Senior Notes	10/1/2042		3.827%	T + 80
3-Apr-12	Stanford University	STNFRD	University	Aaa	AAA		\$143	Public Senior Notes	5/1/2042		4.013%	T + 70
29-Mar-12	University of Pennsylvania	UPENN	University	Aa2	AA+		\$300	Public Senior Notes	9/1/2112		4.674%	T + 140
22-Mar-12	Tufts University	TUFTS	University	Aa2	AA-		\$250	Public Senior Notes	4/15/2112		5.017%	T + 165
21-Mar-12	Northwestern University	NWUNI	University	Aaa	AAA		\$200	Public Senior Notes	12/1/2047		4.198%	n/a
20-Mar-12	George Washington University	GRWASH	University	A1	A+		\$300	Public Senior Notes	9/12/2022		3.485%	T + 112
24-Jan-12	University of Chicago	UNICHI	University	Aa1	AA		\$35	Public Senior Notes	10/1/2024		3.065%	T + 100
24-Jan-12	University of Chicago	UNICHI	University	Aa1	AA		\$155	Public Senior Notes	10/1/2042		4.683%	T + 155
11-Jan-12	Liberty University (VA)	FLAMES	University	A1	AA		\$100	Public Senior Notes	3/1/2042		5.100%	T + 215
8-Dec-11	Wayne State University	WAYHGR	University	Aa2	AA-	NAIC 1	\$19	Private Credit Tenant Lease	26 yrs	16 yrs	n/a	T + 215
22-Oct-10	Kent State University (Summit Cour	KSUHGR	University	Aa3	A+	NAIC 1	\$14	Private Credit Tenant Lease	30 yrs	21 yrs	n/a	T + 190

Sources: Bloomberg, compilation of data from private placement trade publications



Indicative Private Placement Pricing (as of July 15, 2013)

- The coupon would be fixed for the life of the Senior Notes and would be comprised of: (i) a credit spread of approximately 175 bps area; plus (ii) the Interpolated U.S. Treasury yield based on the average life of the Senior Notes, as shown below.

Indicative Private Placement Pricing		
	FINANCING OPTION #1	FINANCING OPTION #2
Final Maturity	10.0 Year	25.0 Year
Average Life	8.7 Year	14.9 Year
Benchmark U.S. Treasury	8.7-Year Interpolated due 3/25/22	14.9-Year Interpolated due 6/4/28
U.S. Treasury Yield	2.31%	2.82%
Credit Spread (1)	T + 175 bps Area	T + 175 bps Area
Fixed Coupon	4.06% Area	4.57% Area
Swap Rate (2)	2.60%	3.27%
Swap to 3-Month US\$ LIBOR	L + 146 bps Area	L + 130 bps Area

Notes:

(1) Source: Bloomberg's ICUR function as of July 15, 2013 at 1:13 p.m. ET.

(2) Source: Bloomberg's IRSB screen for tenors of 9-year and 15-year as of July 15, 2013 at 1:13 p.m. ET.



Private Placement Proposed Transaction Fees and Estimated Expenses

- The chart below shows U.S. Bancorp's proposed private placement fees and estimated transaction expenses, assuming transaction sizes of both \$9.8 million and \$19.8 million.

Proposed Transaction Fees & Estimated Expenses		
Total Transaction Size	\$9,800,000	\$19,800,000
Placement Agent	U.S. Bancorp only	
<u>Estimated Fees & Expenses</u>		
Placement Agent Arrangement Fee (\$)	\$150,000	\$200,000
<u>Estimated Transaction Expenses</u>		
Distribution Expenses (\$)	\$5,000 (1)	\$5,000 (1)
Legal Expenses (\$)	\$25,000 - \$40,000 (2)	\$30,000 - \$50,000 (2)
Grand Total Fees and Expenses (\$)	\$180,000 - \$195,000	\$235,000 - \$255,000

Notes:

(1) Distribution expenses include related travel arrangements, conference calls, etc.

(2) Legal expenses represent Noteholders' counsel expenses only, and exclude any potential issuer's third-party counsel expenses.



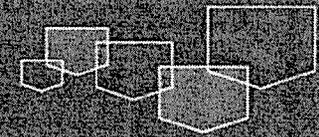
Private Placement Transaction Timeline

- The private placement transaction process would encompass approximately 6 weeks from mandate to documentation closing.
- An expedited transaction process could also be achievable.

July 2013							August 2013							September 2013						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6					1	2	3	1	2	3	4	5	6	7
7	8	9	10	11	12	13	4	5	6	7	8	9	10	8	9	10	11	12	13	14
14	15	16	17	18	19	20	11	12	13	14	15	16	17	15	16	17	18	19	20	21
21	22	23	24	25	26	27	18	19	20	21	22	23	24	22	23	24	25	26	27	28
28	29	30	31				25	26	27	28	29	30	31	29	30					

 Federal Holiday

	U.S. Bancorp's Responsibilities	Company's Responsibilities
Pre-Mandate	<ul style="list-style-type: none"> U.S. Bancorp presents its financing proposal to the Company. 	<ul style="list-style-type: none"> The Company evaluates various financing proposals.
Week 1	<ul style="list-style-type: none"> Following verbal mandate as Placement Agent, U.S. Bancorp drafts Engagement Letter. U.S. Bancorp begins drafting Private Placement Memorandum ("PPM"). U.S. Bancorp works with investors' counsel to draft Note Purchase Agreement ("NPA"). 	<ul style="list-style-type: none"> The Company engages U.S. Bancorp as Placement Agent. The Company engages investors' counsel. The Company and company's counsel review, finalize and execute Engagement Letter, in conjunction with U.S. Bancorp.
Week 2	<ul style="list-style-type: none"> U.S. Bancorp conducts agent's due diligence. U.S. Bancorp pre-screens prospective investors. U.S. Bancorp drafts the Investor Presentation. 	<ul style="list-style-type: none"> The Company reviews and finalizes PPM. The Company and company's counsel review NPA. The Company reviews and finalizes Investor Presentation.
Week 3	<ul style="list-style-type: none"> U.S. Bancorp launches transaction and distributes PPM and NPA to prospective investors via DebtX. In conjunction with U.S. Bancorp, the Company hosts targeted roadshows with prospective investors. U.S. Bancorp addresses questions from prospective investors. 	<ul style="list-style-type: none"> In conjunction with U.S. Bancorp, the Company hosts targeted roadshows with prospective investors. The Company addresses investor questions that U.S. Bancorp is unable to answer.
Week 4	<ul style="list-style-type: none"> U.S. Bancorp continues to address questions from prospective investors. U.S. Bancorp circles transaction and discusses bids with the Company. Senior notes are allocated to investors. U.S. Bancorp prices transaction via a conference call with investors. 	<ul style="list-style-type: none"> The Company addresses investor questions that U.S. Bancorp is unable to answer. The Company reviews bids and decides on final deal size. The Company may choose to join pricing call with investors.
Week 5	<ul style="list-style-type: none"> In conjunction with the Company, U.S. Bancorp hosts Investors' Due Diligence call or site visit with investors. 	<ul style="list-style-type: none"> In conjunction with U.S. Bancorp, the Company hosts Investors' Due Diligence call or site visit with investors.
Week 6	<ul style="list-style-type: none"> U.S. Bancorp facilitates transaction closing, in conjunction with investors' counsel. 	<ul style="list-style-type: none"> The Company, company's counsel and investors' counsel finalize NPA. Transaction closes.



Private Placement Group Capabilities

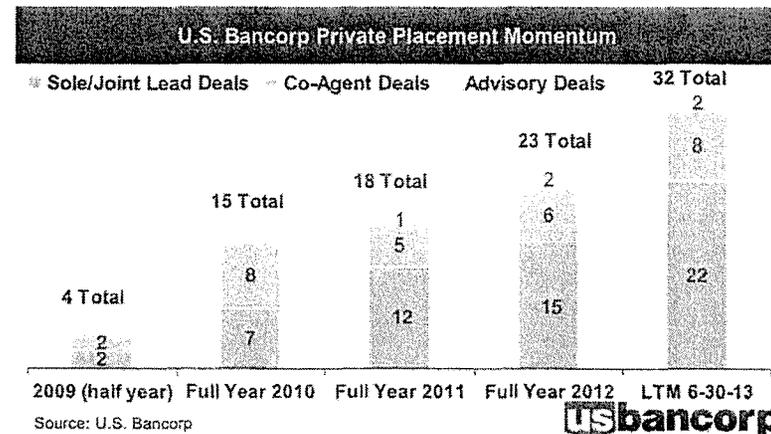
All of  serving you®

 **usbancorp.**



U.S. Bancorp Private Placements Group Overview

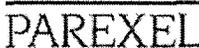
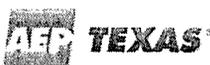
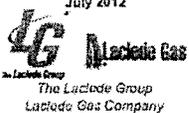
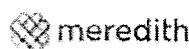
- U.S. Bancorp's Private Placements Group was started as a de novo effort in July 2009.
- The Private Placements Group provides capability to directly place term debt with institutional investors through 2 main products:
 - **Senior Notes** – Private debt instrument placed with institutional investors, primarily large insurers, that is pari passu with other senior debt including banks;
 - **Junior Capital** – Private debt instrument placed with institutional investors that is junior in the capital structure, either in the form of a second lien or unsecured subordinated notes.
- U.S. Bancorp has the experience, talent and motivation to obtain the optimal private placement execution.
 - The team has lead-managed over 400 deals and has over 50 years of aggregate experience in the Private Placement Market.
 - **U.S. Bancorp ranked #4 in the domestic traditional private placement league table (based on deal count) in full year 2012.**
Note: U.S. Bancorp exclusively serves domestic U.S. issuers in the Private Placement Market.
 - Previously, under Terry Martin's leadership as JPMorgan's Global Head of Private Placements, JPMorgan ranked #1 or #2 in league tables for 5+ years, with \$6 to \$7 billion transaction volume annually.
- Since inception, U.S. Bancorp has been involved in over 60 private placement transactions that have raised more than \$11 billion.
 - In 2010, U.S. Bancorp sole/joint lead managed 7 transactions and served as co-agent on 8 transactions.
 - In 2011, U.S. Bancorp sole/joint lead managed 12 transactions, served as co-agent on 5 transactions, and served as advisor on 1 transaction.
 - In 2012, U.S. Bancorp sole/joint lead managed 15 transactions, served as co-agent on 6 transactions, and served as advisor on 2 transactions.
 - **In LTM June 30, 2013, U.S. Bancorp sole/joint lead managed 22 transactions, served as co-agent on 8 transactions, and served as advisor on 2 transactions, totaling over \$4.5 billion of private placements.**
 - **In LTM June 2013, U.S. Bancorp increased its lead managed deal count by 47% over full year 2012.**
- U.S. Bancorp has strong momentum to further grow the business, driven by our experience, talent and motivation.
- The deal team is highly motivated to succeed in all private placement transactions in order for U.S. Bancorp to continue to build our franchise.
 - Other agents' business models of processing transactions ("volume shops") do not necessarily maximize value for the Company.
- The private placement investor community wants U.S. Bancorp to succeed.
 - Investors will be motivated to bring their best bids for U.S. Bancorp led transactions.





Recent U.S. Bancorp Private Placement Experience

Recent Lead Placement Agent Transaction Experience

<p>June 2013</p>  <p>\$85 million Senior Notes \$30.0 million 3.69% due 2023 \$15.0 million 3.29% due 2028 \$20.0 million 4.42% due 2043 \$20.0 million 4.47% due 2048</p> <p>Joint Lead Placement Agent</p>	<p>June 2013</p> <p>Stadium Funding Trust</p>  <p>\$549 million Senior Secured Notes \$100.0 million L+212.5 due 2023 \$449.0 million 5.00% due 2039</p> <p>Joint Lead Placement Agent</p>	<p>June 2013</p>  <p>\$200 million Senior Secured Notes \$200.0 million 4.27% due 2028</p> <p>Sole Lead Placement Agent</p>	<p>May 2013</p>  <p>\$100 million Senior Notes \$100.0 million 3.11% due 2020</p> <p>Joint Lead Placement Agent</p>	<p>May 2013</p> <p>Private Trucking Company</p> <p>\$100 million Senior Notes \$30.0 million 2.91% due 2020 \$70.0 million 3.55% due 2023</p> <p>Joint Lead Placement Agent</p>	<p>May 2013, October 2011</p>  <p>\$200 million Senior Notes \$50.0 million 4.00% due 2023 \$150.0 million 4.40% due 2028</p> <p>\$225 million Senior Notes \$14.5 million 3.72% due 2018 \$37.5 million 4.20% due 2021 \$160.0 million 4.35% due 2023 \$13.0 million 4.59% due 2026</p> <p>Sole Lead, Joint Lead</p>	<p>March 2013, August 2010</p>  <p>\$150 million First Mortgage Bonds \$50.0 million 1.83% due 2018 \$60.0 million 3.30% due 2028 \$40.0 million 4.21% due 2043</p> <p>\$75 million First Mortgage Bonds \$30.0 million 4.90% due 2025 \$45.0 million 5.82% due 2040</p> <p>Joint Lead Placement Agent</p>
<p>January 2013</p>  <p>\$200 million Senior Notes \$125.0 million 3.09% due 2023 \$75.0 million 4.49% due 2043</p> <p>Joint Lead Placement Agent</p>	<p>January 2013</p>  <p>\$50 million Senior Notes \$50.0 million 3.15% due 2028</p> <p>Joint Lead Placement Agent</p>	<p>November 2012</p>  <p>\$115 million Senior Notes \$9.0 million 4.69% due 2021 \$17.0 million 4.24% due 2021 \$12.0 million 4.45% due 2023 \$28.0 million 4.60% due 2023 \$15.0 million 4.60% due 2025 \$40.0 million 4.75% due 2025</p> <p>Joint Lead Placement Agent</p>	<p>October 2012</p>  <p>\$75 million Senior Notes \$75.0 million 4.69% due 2022</p> <p>Joint Lead Placement Agent</p>	<p>October 2012</p>  <p>\$350 million Senior Notes \$150.0 million 3.61% due 2022 \$100.0 million 3.76% due 2024 \$100.0 million 3.96% due 2027</p> <p>Joint Lead Placement Agent</p>	<p>September 2012 October 2011, October 2009</p>  <p>\$100 million First Mortgage Bonds \$100.0 million 4.07% due 2044</p> <p>\$350 million First Mortgage Bonds \$250 million 4.00% due 2031 \$100.0 million 5.10% due 2049</p> <p>\$535.0 million First Mortgage Bonds \$325.0 million 4.00% due 2016 \$100.0 million 4.89% due 2027 \$110.0 million 5.59% due 2040</p> <p>Sole Lead, Joint Lead, Sole Lead</p>	<p>September 2012</p> <p>QIP Tucson Office I, LLC</p> <p>\$33 million Credit Tenant Lease \$33.0 million 3.70% due 2032</p> <p>Sole Lead Placement Agent</p>
<p>August 2012</p>  <p>\$150 million Senior Notes \$60.0 million 3.23% due 2020 \$45.0 million 4.13% due 2023 \$45.0 million 4.26% due 2025</p> <p>Sole Lead Placement Agent</p>	<p>July 2012</p>  <p>\$50 million Senior Secured Notes \$50.0 million 3.25% due 2022</p> <p>Sole Lead Placement Agent</p>	<p>July 2012</p>  <p>\$100 million First Mortgage Bonds \$55.0 million 3.00% due 2023 \$45.0 million 3.40% due 2028</p> <p>\$25 million Senior Notes \$25.0 million 3.31% due 2022</p> <p>Joint Lead Placement Agent</p>	<p>June 2012, March 2011</p>  <p>\$100 million Senior Secured Notes \$100.0 million 3.25% due 2017</p> <p>\$20 million Senior Secured Notes \$20.0 million 3.30% due 2016</p> <p>Joint Lead, Sole Lead</p>	<p>April 2012</p>  <p>\$64 million Senior Notes \$11.0 million 2.64% due 2017 \$29.0 million 3.84% due 2032 \$24.0 million 3.94% due 2032</p> <p>Joint Lead Placement Agent</p>	<p>February 2012</p>  <p>\$200 million Senior Notes \$50.0 million 2.62% due 2015 \$150.0 million 3.04% due 2018</p> <p>Joint Lead Placement Agent</p>	<p>January 2012, December 2010</p>  <p>\$150 million Senior Notes \$150.0 million 4.37% due 2042</p> <p>\$300 million Senior Notes \$75.0 million 4.17% due 2025 \$75.0 million 4.27% due 2025 \$150.0 million 5.17% due 2040</p> <p>Joint Lead, Co-Agent</p>



U.S. Bancorp enjoys a leading League Table position Private Placement League Tables – Full Year 2012

U.S. Bancorp exclusively serves domestic U.S. issuers in the Private Placement Market

Global Traditional Private Placement League Table (AN12)
(Full Year 2012)

(\$ millions)	Rank by # Deals	# Deals	Dollar Volume
Bank of America Merrill Lynch	1	61	\$10,526
JPMorgan	2	40	\$7,707
RBS	3	35	\$5,376
Wells Fargo	4	29	\$3,143
Citibank	5	25	\$5,304
Barclays	6	23	\$3,478
U.S. Bancorp	7*	15	\$879
HSBC	7*	15	\$2,419
RBC	9	13	\$1,881
Mitsubishi UFJ	10*	11	\$1,423
Morgan Stanley	10*	11	\$2,127
Deutsche Bank	12	10	\$1,449
Commonwealth Bank of Australia	13	8	\$1,435
National Australia Bank	14	7	\$1,531

Source: Thomson Reuters
* Denotes tie

Domestic Traditional Private Placement League Table (AN12)
(Full Year 2012)

(\$ millions)	Rank by # Deals	# Deals	Dollar Volume
Bank of America Merrill Lynch	1	40	\$6,552
JPMorgan	2	33	\$5,717
Wells Fargo	3	28	\$3,063
U.S. Bancorp	4	15	\$879
Citibank	5	12	\$1,620
Morgan Stanley	6	10	\$1,977
Key Bank	7	9	\$643
Barclays	8	8	\$1,285
Mitsubishi UFJ	9	7	\$988
RBS	10	6	\$649

Source: Thomson Reuters
* Denotes tie

UND Research Foundation
Liabilities as of 12/31/12

	LOANS					CAPITAL LEASES			LONG TERM LIABILITES TOTAL	
	#2611 Bremer Tax Exempt Bond	#2613 Assurity Finance	#2615 Bremer Constr Loan	#2616 Bremer RE Term Loan	LOAN TOTAL	#2311 Kinetic (1)	#2313 Cisco (1)	#2314 Cisco (2)		LEASE TOTAL
Balance @ 12/31/12	2,338,769.06	936,520.76	5,924,160.77	223,000.49	9,422,451.08	134,622.67	42,518.20	13,353.48	190,494.35	9,612,945.43
Interest Rate	4.90%	5.50%	3.55%	4.50%		7.90%	5.73%	5.23%		
Maturity	10/1/2038	3/12/2016	7/31/2013	5/1/2015		2/1/2016	12/1/2013	10/1/2013		
Monthly Pymt	13,270.00	10,890.52	28,610.73	1,920.96		4,111.25	3,976.92	1,516.26		64,296.64