

STAFF SUMMARY AND RECOMMENDATION
STANFORD UNIVERSITY Series L-9

Second Amendment to Final Resolution Number 108

October 25, 2001

ISSUE AMOUNT: \$15,490,000

PURPOSE OF AMENDMENT: To provide for a technical revision to Section 2 of Final Resolution No. 108 (the "Resolution") adopted at the Authority's December 16, 1993 meeting (see Exhibit A).

BACKGROUND: On December 16, 1993, the Authority approved Stanford University's issuance of six series of bonds (L-1 to L-6) as part of a planned refunding program. Each series of bonds was targeted toward refinancing prior debt that becomes due on a number of fixed rate bond issues and converting to variable rate. All bond sales were to be completed by January 1, 1999. This variable rate refunding program was established to allow the University to maximize its use of available tax-exempt financing under federal borrowing limits.

In August of 1997, the Authority approved the University's request to expand its refunding program, which amended three features of the Resolution (see Exhibit B). First, it added the Series M bonds to the program. Second, it increased the remaining amounts approved for Series L-5 and L-6 to accommodate the addition of Series M. Finally, it extended the refunding program to include the addition of Series L-7 through L-9 to further accommodate the introduction of Series M to the program.

Series L-7 and L-8 have since been completed and the final series (L-9) is currently in the process of being refunded with an anticipated October 29, 2001 sale date and a closing on October 30, 2001.

ISSUE: Section 2 of the Resolution authorized the sale of the bonds "on or before January 1, 1999". On August 27, 1997, the Resolution was amended to include the extension of the refunding program adding three years to include Series L-7 through L-9 and increasing the amount to be sold from \$57,125,000 to an amount not to exceed \$119,998,000. A supplement schedule of sale dates and amounts including Series L-7 through L-9 was attached to and referenced in the resolution. However, counsel to the Authority from the State Attorney General's Office is of the opinion that while implied, the January 1, 1999 completion date was not explicitly extended to allow the L-7 through L-9 bonds to be sold in 1999, 2000, and 2001, respectively.

This proposed technical amendment is intended to clarify and further confirm the Authority's previous authorization in August 1997, to extend the sale date from on or before January 1, 1999 to January 1, 2002. Additionally, it should be noted that both Bond Counsel and the State Attorney General's office concur that there is no subsequent resulting adverse impact to the Series L-7 and L-8 bonds.

RECOMMENDATION: Staff recommends the Authority approve the Second Amendment to Resolution No. 108 for Stanford University which replaces the date January 1, 1999 with January 1, 2002.