

**STAFF SUMMARY AND RECOMMENDATION
STANFORD UNIVERSITY**

Amendment to Final Resolution Number 200

July 31, 2003

ISSUE AMOUNT: \$150,000,000

ORIGINAL APPROVAL DATE: April 25, 2002

RATING: Aaa/AAA/AAA- (Moody's/S&P/Fitch) based on University credit

USE OF PROCEEDS: Issuance of tax-exempt commercial paper notes were approved in April 2002 to support various planned capital expenditures and improvements within the University as part of its on-going capital plan.

PURPOSE OF AMENDMENT: Stanford University seeks Authority approval to include additional projects to its projects list as submitted in the original tax-exempt commercial paper (TECP) financing request approved in April 2002. The projects list identified in the April 2002 approval will be supplemented to include additional projects as described below and in Exhibit A to the Resolution. This request does not include any additional funding.

The University makes a significant investment in its facilities for teaching, research and related activities through a Capital Plan, which is reviewed annually by the Board of Trustees resulting in various updates to its projects, as necessary. Accordingly, Stanford anticipates providing an updated projects list to the Authority for approval from time to time as may be desirable to correspond with its Capital Plan.

ADDITIONAL PROJECTS: The following facilities located or to be located on or adjacent to the main campus area of the University (the boundaries of which are El Camino Real, Page Mill Road, Junipero Serra Boulevard and Sand Hill Road) in the County of Santa Clara, California:

Housing, Dining and Residential Life Projects, consisting of new facilities and renovations to existing facilities for graduate, undergraduate and faculty housing and dining and related improvements (comprising a variety of facilities), including without limitation the following: Escondido Village Highrise Seismic (Quillen, Blackwelder, McFarland); Escondido Village Slab Heating Replacement; Escondido Village Elevator Upgrades (Barnes, Abrams); Synergy House; Columbae; Cluster I Row Houses Renovation (including 680 Lomita, Kappa Sigma, Theta Delta Chi); Residential and Dining Services Systems Replacement; and Port per Pillow Project.

Academic Facilities, consisting of new academic facilities and renovations to existing academic facilities, including without limitation the following: Grant, Alway, Lane, Edwards (Main Medical Campus structural/seismic upgrades) ; Chemistry/Biology Facility (Lokey Lab); Building 500 Archeology Center Renovation; Graduate Student Community Center, Science Engineering and Medical Campus (Stanford Medicine Information and Learning Environment, New Biology Building, and School of Engineering Center); HEPL End Station III; Varian 2, Furniture, Fixtures and Equipment.

Infrastructure Projects, consisting of a variety of infrastructure works and facilities, such as (i) Parking Structures 6, 7 and 8; and (ii) Fire Alarm and Sprinklers Upgrades and Landscaping.

II. Other Locations

Remaining portions of the following facilities, substantial portions of which have been financed with available funds of the Borrower, including funds derived from external borrowings, which are located or to be located on or adjacent to Sand Hill Road in the City of Menlo Park and unincorporated areas in the County of San Mateo, California or in the County of Santa Clara, California: Stanford West Apartments, consisting of approximately 628 units located at or about 1000 Sand Hill Road; creation and expansion of and improvements to roadways, including but not limited to Sand Hill Road.

The following facility located or to be located on or adjacent to Sand Hill Road in the City of Menlo Park and in the County of San Mateo, California: Kavli Institute for Particle Astrophysics and Cosmology, 2575 San Hill Road.

BACKGROUND: The TECP program is for large institutions that are very credit-worthy with strong levels of internal liquidity. It is designed for facilities that have significant or numerous projects on a continual basis rather than occasional long-term funding requirements. The program provides many benefits to qualifying entities including permitting the Borrower to align borrowing and spending needs.

In typical bond financings, bonds are sold in anticipation of expenditures and proceeds being drawn down as expenses are incurred. The TECP program reverses the mechanism since expenditures are incurred first and then funded afterward. Further, contribution and endowment funds designated for projects can be utilized as received in lieu of additional note issuance for better overall management of debt. Additionally, IRS yield limitations on investment of short-term bond or note proceeds is less restrictive, allowing at least some earnings on proceeds to be utilized for project costs. TECP provides the opportunity to achieve the lowest possible financing costs available. The TECP interest compares favorably to variable rate bonds set in daily or weekly modes, while combining the surety of a fixed rate over a set time period with the ability to issue only the amount currently needed versus what will be needed over the next three years.

Following an informational presentation on the TECP program in February 2002, the Authority approved the new TECP program in March 2002. Stanford University was the first institution to utilize the new CEFA program with a request for TECP issuance in the amount of \$150,000,000 in April 2002. The issue did not close until March 2003 due to several delays including the desire to wait until the final 2002 audit was available, the dissolution of the merger with Stanford Hospital was final, as well as the University selecting a new auditor. As of July 24, 2003, \$72.6 million has been drawn down under the Stanford TECP program.

RECOMMENDATION: Staff recommends the Authority approve an Amendment to Resolution Number 200, to provide financing for additional projects, subject to all other provisions and conditions remaining unchanged and in full effect.