



Compliance Guidelines for Tax-Exempt Bonds

Purpose of the Guidelines

The university borrows through the issuance of qualified 501(c)(3) tax-exempt bonds to finance capital projects. Investors in tax-exempt bonds (which include bonds, Variable Rate Demand Notes and tax-exempt commercial paper notes) are willing to accept a lower coupon because interest earned on tax-exempt bonds is exempt from taxation. This exemption translates into a lower cost of capital for the university. Various requirements must be satisfied, however, for tax-exempt bonds to maintain their tax-exempt status.

This document explains the guidelines and practices that Stanford follows to remain in compliance with rules relating to tax-exempt bonds. Compliance is required both upon the issuance of the bonds and during the post-issuance phase which extends through and beyond the life of the bonds. An exception to these Guidelines may only be authorized by the Compliance Coordinator, in consultation with the Tax Department and/or counsel, based on a determination that such exception will not jeopardize the tax-exempt status of the applicable bond issue.

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Part I Roles and Responsibilities

Compliance Coordinator

The Compliance Coordinator, reports to the Director of Capital Accounting, and has primary responsibility for post-issuance compliance efforts. The Compliance Coordinator oversees various aspects of the compliance program and monitors and ensures that compliance tasks are performed in an appropriate and timely manner.

Examples of duties assigned to the Compliance Coordinator include:

1. Perform an annual tax-exempt bond compliance review which includes a review of most-recent-year private use and arbitrage compliance.
2. Prepare annual follow up surveys with schools and departments and review the results.
3. Delegate tasks to parties responsible for particular areas of compliance (*See Exhibit A*).
4. Ensure compliance with deadlines imposed by tax-exempt bond rules
 - Continuing annual disclosure
 - Arbitrage rebate calculations
 - Annual certificate of compliance
5. Ensure compliance with Tax Agreements (including the summary of post-issuance compliance procedures attached thereto in certain cases) and other tax-related documents (e.g., escrow agreement) entered into in connection with each issuance of tax-exempt bonds.

School and Department Responsibilities

School or department senior finance officers have certain responsibilities with respect to capital projects and facilities financed with tax-exempt bonds. These individuals play a critical role in ensuring that their departments are in compliance with the Guidelines, as they are responsible for the accuracy and completeness of the information provided to the Compliance Coordinator regarding the utilization of space. In addition, they are responsible for ensuring that their departments retain records for the appropriate timeframe.

Departmental duties include:

1. Maintain accurate space utilization data in iSpace.
2. Maintain information about the use of facility space and any naming rights.
3. Maintain appropriate records regarding the use of space.
4. Collaborate with LBRE on funding structures for capital projects to ensure sufficient equity contributions.
5. Complete the annual sub-certification required of Regional Tax Compliance Officers (RTCO).
6. Attend regular meetings with RTCO and Building Managers to re-educate, consult and inquire about tax exempt requirements.

Part II Recordkeeping

The university seeks to comply with regulatory record retention requirements (http://adminguide.stanford.edu/34_4.pdf). Good record retention and documentation provide evidence of compliance and are the foundation of a successful bond compliance program.

Records to be maintained

- Bond transcripts
- Offering documents
- Documentation evidencing expenditure of bond proceeds
- Documents evidencing use of bond-financed projects, such as management contracts and research agreements
- Documents evidencing sources of payment or security for the bond
- Minutes and resolutions
- Allocation of bond proceeds
- Monitoring of private use
- Arbitrage rebate compliance
- Continuing annual disclosure

A more complete list of compliance records to be maintained can be found here: (*See Exhibit B*)

The university seeks to retain records relating to each tax-exempt bond issue for the life of the bond issue, plus the life of any issue that refunds (directly or indirectly) that issue, plus six years.

Part III Arbitrage Compliance

Arbitrage arises when proceeds from a bond issue are invested and the yield on the investments is greater than the yield on the bonds. The Internal Revenue Code contains two separate sets of requirements relating to arbitrage, yield restriction and rebate, which must be satisfied to ensure that the bonds do not lose tax-exempt status.

Yield Restriction

1. Yield restriction - the arbitrage rules generally prohibit proceeds of a bond issue from being invested in a yield in excess of the bond yield.

Rebate

2. Rebate– even if an exception to yield restriction applies, if arbitrage is earned on an issue, the excess earnings must be remitted to the U.S. Treasury Department unless an exception to rebate applies.

The university uses an outside vendor to perform rebate (and, as applicable, yield reduction) calculations. The vendor performs rebate calculations annually based on the bond issue date, and again at the time all bond proceeds have been spent (or at the time that the bond issue is retired, if earlier). The vendor also measures the university's bond proceeds spending rate to determine whether an applicable "spending exception" to rebate is satisfied. The Compliance Coordinator is responsible for a) obtaining and supplying relevant investment and spending data to the vendor to allow them to perform these calculations and b) coordinating with the vendor and the bond issuer to ensure that any rebate owed is paid to the U.S. Treasury Department (and Form 8038-T filed) by the deadline applicable to the computation period in question.

The university is responsible for ensuring, in coordination with counsel, and underwriters that any guaranteed investment contracts or investments purchased for a yield-restricted escrow relating to tax-exempt bond proceeds are acquired in compliance with the "three bid" safe harbor procedure set forth in IRS regulations, and that a qualified bidding agent or broker be engaged to conduct such procedure in coordination with the university and its counsel.

Gifts that bear a nexus to the bond-financed portion of a project may be subject to yield restriction if not spent within 30 days of receipt. The Office of Development ("OOD") is responsible for accurately documenting gifts related to capital projects. The Debt Analyst in Capital Accounting reviews the gifts received for capital projects and identifies projects that are financed with tax-exempt debt and require a pay down of the tax-exempt debt. Capital Accounting notifies appropriate individuals and departments in the university to make arrangements for the pay down of tax-exempt debt within the 30 day period, as required.

Part IV Expenditures and Assets

Allocation of Proceeds

Allocation of bond proceeds to capital projects is an important element in the ongoing compliance effort. The default methodology used for making an allocation of bond proceeds is “specific tracing,” meaning the proceeds are deemed to be spent on the expenditures to which they are traceable. The Compliance Coordinator prepares an allocation certificate (*See Exhibit C*) to memorialize the expenditure of bond proceeds (and other funding sources, if any) on the projects. The Compliance Coordinator reviews and updates fields as necessary on a regular basis, until the bond proceeds are fully allocated and all projects have been fully funded.

Typically the university allocates equity or taxable debt to the portion of a project used for private use (if any exists), to minimize the private use of the bond, as documented in the allocation certificate.

Expenditure Policy

Applicable uses of university debt are documented in Administrative Guide 53, <http://adminguide.stanford.edu/53.pdf>. Debt issuances must be approved by the Board of Trustees. The university will only use tax-exempt debt to finance or reimburse capital project expenditures that are included in the approved Tax Equity Fiscal Responsibility Act notice (TEFRA).

Intent to Reimburse

The Board of Trustees has delegated the authority to declare the university’s official intent to reimburse itself for pre-issuance expenditures to the Chief Financial Officer on April 7, 2003. (*See Exhibit D*). This declaration is intended to satisfy the requirements of Treasury Regulation Section 1.150-2 and allows the university to finance capital project expenditures from internal sources and then reimburse itself for these expenditures with proceeds from subsequently issued bonds. Funding sources for capital projects approved by the Board of Trustees are documented in a funding plan/agreement; if the project anticipates tax-exempt debt, the agreement reiterates the university’s intent to reimburse itself.

Capital projects that are not documented in a funding plan/agreement that utilize debt are generally approved by a Form 1, <https://form1.stanford.edu/>. This approval process identifies the funding sources and obtains both project and funding approval at the same time. There is a presumption that if a debt funding

source is identified, it will reimburse internal funds that may have been used for the initial expenditure payment.

Approximately every 60 days the Compliance Coordinator reviews capital projects funded with debt to ensure that the amount declared for reimbursement from tax-exempt debt does not exceed the designated limit by the Intent to Reimburse. If it is determined that the projected tax-exempt debt will exceed the originally stated amount, a revised Intent to Reimburse is prepared and signed by the Chief Financial Officer.

Part V Private Use

Definition

Private Use (PU) means the use of bond-financed property in a trade or business by any person other than a 501(c)(3) or state or local governmental entity, or by a 501(c)(3) entity in an unrelated trade or business. PU is measured separately for each outstanding bond issue and is limited to 5% for qualified 501(c)(3) bonds. Because bond issuance costs are considered to be PU, the allowable PU of bond-financed projects is reduced by the proceeds spent on issuance costs.

Examples of Private Use

1. Leases of university property to non-university entities
2. Noncompliant management or service contracts (e.g., food service contracts) *See Exhibit E*
3. Noncompliant corporate sponsored research agreements *See Exhibit F* unrelated trade or business activities
4. Transfer of ownership to a private user (note that such arrangements are prohibited; the 5% private use allowance does not apply)
5. Naming rights arrangements with a private user

Note: According to IRS regulations, activities are only PU if they are carried out in tax-exempt bond financed space.

Monitoring Private Use

It is the university's general policy not to engage in private use in tax-exempt financed facilities. It is also the university's current practice to finance capital projects with a layer of non tax-exempt debt including university funds or taxable debt.

The Compliance Coordinator in consultation with the Tax Department will make the final determination of whether a potential PU is allowable. Full information must be gathered prior to decision-making, including the details and location of the (proposed) activity, the financing structures of the facilities in question, and information about other potential PU in those facilities. Departments are required to share all information regarding the use of tax-exempt bond financed capital projects. The Compliance Coordinator/Tax Department may approve the potential PU activity only if:

1. The capital project has enough equity (i.e., non tax-exempt debt) to allow the potential PU to be fully allocable to equity.
2. Any allocation of potential PU to equity must not use up a majority of the equity funding available for that project.

At the time of tax-exempt bond issuance, the university assesses and quantifies any potential PU in capital projects, and confirms that the equity contributions to the respective projects will be sufficient to cover such PU.

After issuance, the university, led by the Compliance Coordinator, reviews tax-exempt bond-financed capital projects annually, and calculates PU per project **AND** per bond issue. The Compliance Coordinator utilizes the use of facilities questionnaire (*See Exhibit G*), or similar process, to track all PU activity by location. At least annually, the Compliance Coordinator prepares a spreadsheet calculating PU by project and by bond issue.

Remedial Action

Each department using tax-exempt debt is responsible for notifying Capital Accounting before there is a change in use of the project or facility financed with tax-exempt debt. In the event such a change in use may result in excessive PU for a bond issue, the university may avail itself of rules under Treasury Regulation section 1.141-12 which provide for “remedial action” by redemption or defeasance of nonqualified bonds. Remedial action, when properly taken, preserves the tax exemption of interest on the bonds. Failure to meet remedial action may result in significant penalties which will be borne by the school or department.

In limited circumstances, remedial action may be taken by applying disposition proceeds to other qualifying capital expenditures.

The university will seek the advice of borrower and/or bond counsel in the event remedial action may be required. To the extent a potential violation of PU rules arises that cannot be corrected through remedial action, or in the event of a potential arbitrage violation, the university will seek the advice of borrower and/or bond counsel concerning its alternatives, which may include approaching the Internal Revenue Service under the voluntary closing agreement program (VCAP).

Related Web Content

Tax Compliance at Stanford

<http://www.stanford.edu/group/fms/fingate/staff/taxcompliance/index.html>

Office of the Treasurer / Debt Management <http://treasurer.stanford.edu/>

Capital Accounting

<http://www.stanford.edu/group/fms/fingate/staff/capitalequip/index.html>

Admin guide 53

<http://adminguide.stanford.edu/53.pdf>

Appendix

Exhibit A - Post-Issuance Compliance and Responsible Persons

	<u>Ref.</u>	<u>Responsible Office</u>	<u>Responsible Person</u>
GENERAL			
Serve as compliance coordinator for borrower's post-issuance compliance efforts	II.D	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
Communicate with outside counsel	II.D	<i>Treasurer/ Controller's Office</i>	<i>Treasurer/ Tax Director</i>
Handle IRS inquiries	II.D	<i>Controllers Office</i>	<i>Tax Director</i>
Do you provide training or educational resources to personnel that are responsible for ensuring compliance with the post-issuance private use limitations for bond financed property	II.E	<i>Treasurer/ Controller's Office</i>	<i>Treasurer/Tax Debt Compliance Analyst</i>
Maintain centralized information site (such as an internal website) that includes compliance materials and inform responsible persons of its location	II.D	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
Prepare a Master Compliance Spreadsheet showing important deadlines and keep it updated	II.D	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
INITIAL COMPLIANCE REVIEW			
Coordinate Initial Compliance Review	III	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
Determine compliance with private use rules; take corrective action as appropriate	III.A	<i>Controllers Office</i>	<i>Tax Director/ Tax Debt Compliance Analyst</i>
Determine compliance with arbitrage rules; take corrective action as appropriate	III.B	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>

	<u>Ref.</u>	<u>Responsible Office</u>	<u>Responsible Person</u>
ANNUAL FOLLOW-UP SURVEYS			
Coordinate Annual Follow-Up Surveys	IV	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
Identify any changes in compliance with private use rules; take correction action as appropriate	IV.A	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
Distribute confirmation forms to responsible persons; follow up as necessary	IV.B	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
Identify new responsible persons as necessary	IV.B	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
ONGOING COMPLIANCE PROCEDURES			
<u>Allocation of bond proceeds and equity/taxable debt to expenditures</u>			
- Make sure records are created showing actual expenditure of bond proceeds and taxable debt or equity on projects	V.A.3	<i>Controllers Office</i>	<i>Director of Capital Accounting</i>
Prepare an allocation certificate showing total expenditures of bond proceeds and equity or taxable debt on each project	V.A.3	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
To the extent bond proceeds are reimbursing original advances from equity, make sure allocation of proceeds to such reimbursements is recorded, records of original advances are maintained, and other tax rules regarding reimbursements are followed	V.A.4	<i>Controllers Office</i>	<i>Director of Capital Accounting</i>
Elect "undivided portion" methodology for any project to which equity or taxable debt is applied	V.A.5	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>
Make sure expenditures are consistent with borrower's expectations as reflected in tax certificate and other bond documents	V.A.7	<i>Controllers Office</i>	<i>Tax Debt Compliance Analyst</i>

	<u>Ref.</u>	<u>Responsible Office</u>	<u>Responsible Person</u>
<u>Allocation of bond proceeds to investments</u>			
Make sure records are created showing the actual expenditure of bond proceeds to acquire investments	V.B.2	SMC	Manager
If investments of bond proceeds are to be altered, discuss with counsel in advance	V.B.3	SMC	Manager
<u>Monitor spend-down of new money bond proceeds</u>			
- Create spend-down spreadsheet and keep updated	V.C.3(a)-(b)	Controllers Office	Director of Capital Accounting
Take steps to accelerate spending, if necessary	V.C.3(c)	Controllers Office	Director of Capital Accounting
Take appropriate measures if spending exception not satisfied	V.C.3(d)	Controllers Office/Treasurer	Treasurer/Director of Capital Accounting
Make sure yield restriction rules are satisfied, if applicable	V.C.3(e)	Controllers Office	Treasurer/Director of Capital Accounting
Make sure records are created showing the timing of expenditures of bond proceeds on the projects	V.C.3(f)	Controllers Office	Director of Capital Accounting
<u>Monitor compliance with rebate rules</u>			
- Retain and coordinate with rebate computation firm	V.D.2(a)-(b)	Controllers Office	Tax Debt Compliance Analyst
Keep track of deadlines for payment of rebate	V.D.2(c)	Controllers Office	Tax Debt Compliance Analyst
Coordinate payment of rebate and filing of Form 8038-T	V.D.2(d)	Controllers Office	Director of Capital Accounting
<u>Screen potential arrangements for private use</u>			
Review arrangements transferring ownership	V.E.2(a)	LBRE	VP
- Review new or renewal lease agreements	V.E.2(b)	LBRE	VP

	<u>Ref.</u>	<u>Responsible Office</u>	<u>Responsible Person</u>
Review new or renewal management or service contracts	V.E.2(c)	<i>Procurement Office</i>	<i>Contracts Manager</i>
Review new or renewal sponsored research and clinical trial agreements	V.E.2(d)	<i>Office of Research Administration</i>	<i>Director</i>
Review potential unrelated business arrangements	V.E.2(e)	<i>Provost</i>	<i>Provost</i>
Review new or renewal joint venture, partnership or LLC agreements	V.E.2(f)	<i>Provost</i>	<i>Provost</i>
Review new or renewal naming rights agreements	V.E.2(g)	<i>OOD</i>	<i>Director</i>
If arrangement would give rise to private use, take appropriate action	V.E.5(d)	<i>Controller's Office</i>	<i>Debt Compliance Analyst/Legal Counsel</i>
<u>Avoid the creation of sinking funds</u>			
- Make sure no sinking fund is created	V.F, VIII.B.3, III.B.2	<i>Controller's Office</i>	<i>Director of Capital Accounting</i>
<u>Structure fundraising campaigns</u>			
- Make sure general fundraising materials do not solicit donations for "bricks and mortar" of bond-financed facilities or debt service for such facilities	V.G, VIII.B.4, III.B.3	<i>OOD</i>	<i>Director</i>
Bring any situations where gifts are restricted to "bricks and mortar" or debt service on bond-financed facilities to attention of compliance coordinator	V.G, VIII.B.4, III.B.3	<i>OOD</i>	<i>Director</i>
Bring any proposed "naming rights" arrangements with respect to bond-financed facilities to attention of compliance coordinator	V.G, VIII.B.4, III.B.3	<i>OOD</i>	<i>Director</i>
FORM 990/SCHEDULE K REPORTING			
- Provide answers to bond-related questions on Form 990 and, once effective, Schedule K	VII	<i>Controller's Office</i>	<i>Tax Director and Tax Debt Compliance Analyst</i>

Exhibit B - Compliance Records to be Maintained

ENTIRE BOND TRANSCRIPT (Includes)	LOCATION	Responsible Office
<ul style="list-style-type: none"> Minutes of Board Resolutions 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Official Statement 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Declaration of Official Intent 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Loan Indenture 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Tax Regulatory Agreement 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Underwriter's Certificate 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Credit enhancement documents 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Bond counsel opinion 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Borrower counsel opinion 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Escrow Agreement 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> 501 (c)(3) Determination Letter 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> TEFRA documents 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> IRS Form 8038 with Evidence of filing 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Verification report 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Audited Financial Statements 	CEFA Bond Book	<i>Controllers Office</i>
TAX RELATED DOCUMENTS		
ARBITRAGE RELATED DOCUMENTS		
<ul style="list-style-type: none"> Arbitrage Rebate Analysis 	Bond Logistix Report	<i>Controllers Office</i>
<ul style="list-style-type: none"> Form 8038-T and/or 8038-R 	Tax Department	<i>Tax Compliance</i>
<ul style="list-style-type: none"> Computation of bond yield 	CEFA Bond Book	<i>Controllers Office</i>
DOCUMENTATION OF EXPENDITURES		
<ul style="list-style-type: none"> Records of actual expenditures of bond proceeds 	Capital Accounting	<i>Controller's Office</i>

<ul style="list-style-type: none"> Record of original expenditures of equity to be reimbursed that are subsequently to be reimbursed with bond proceeds 	Capital Accounting	<i>Controller's Office</i>
<ul style="list-style-type: none"> Draw schedule for new money bond issuance 	Capital Accounting	<i>Controller's Office</i>
<ul style="list-style-type: none"> Placed in service dates of bond financed projects 	Capital Accounting	<i>Controller's Office</i>
<ul style="list-style-type: none"> Depreciation schedules for bond-financed projects 	Capital Accounting	<i>Controller's Office</i>
<ul style="list-style-type: none"> Allocations of bond proceeds to issuance costs 	Capital Accounting	<i>Controller's Office</i>
<ul style="list-style-type: none"> List of all bond financed projects 	Capital Accounting	<i>Controller's Office</i>
<ul style="list-style-type: none"> List of all bond financed projects, organized by outstanding issue 	Capital Accounting	<i>Controller's Office</i>
<ul style="list-style-type: none"> Annual private use calculations 	Capital Accounting	<i>Controller's Office</i>
<ul style="list-style-type: none"> Spend down spreadsheet 	Capital Accounting	<i>Controllers Office</i>
<ul style="list-style-type: none"> Allocation Certificate 	Capital Accounting	<i>Controllers Office</i>
<ul style="list-style-type: none"> Contracts entered into for construction, renovation or purchase of bond-financed facilities 	Procurement/ Project Manager for respective School	<i>Schools/ Project Managers</i>
DOCUMENTATION OF INVESTMENT OF BOND PROCEEDS		
<ul style="list-style-type: none"> Investment Contracts 	Bond Holder Relations	<i>Treasurer</i>
<ul style="list-style-type: none"> Trustee Statements 	CEFA Bond Book	<i>Controllers Office</i>
<ul style="list-style-type: none"> Financial Derivatives along with qualified hedge identification documents 	Bond Holder Relations	<i>Treasurer</i>
<ul style="list-style-type: none"> Credit Enhancement Transactions 	Bond Holder Relations	<i>Treasurer</i>

<ul style="list-style-type: none"> Investment bidding documents:(GICs or portfolios of escrow securities) 	Bond Holder Relations	<i>Treasurer</i>
DOCUMENTATION OF USE OF BOND FINANCED PROJECTS		
<ul style="list-style-type: none"> Management and service contracts Research Agreements Clinical Trial Agreements Leases and subleases Naming Rights Agreements All Form 990's beginning with 2008 Documentation of unrelated trade or business activities in bond financed property Documents related to any joint ventures, partnerships or LLC agreements 	Procurement/Respective Schools OSR OSR Procurement/Respective Schools OOD Tax Department Tax Department Office of General Counsel	<i>Controllers Office</i> OSR OSR Procurement/Respective Schools OOD <i>Tax Compliance</i> <i>Tax Compliance</i> <i>Controllers Office/Treasurer</i>
OTHER DOCUMENTS		
<ul style="list-style-type: none"> Documents relating to the changes in use of bond financed projects Records showing source of debt service payments Expected useful life of bond financed projects 	Capital Accounting Capital Accounting Capital Accounting	<i>Controller's Office</i> <i>Controller's Office</i> <i>Controller's Office</i>

Exhibit C - Allocation Certificate

Schedule to Allocation Certificate

Leland Stanford University

CEFA Series

Project	Project Name	Amt. of bond financing	Other Tax-Exempt Bonds	Amt. of equity or taxable debt financing (if any)	Source of equity/taxable debt financing (if any)	Source of Other Tax-Exempt Debt	Total Cost to Date +++	Placed-in-service date ***	Date of listing this project on this schedule	Is this project being listed on this schedule within the Permitted Allocation Period? (If "Yes," this listing constitutes an allocation of proceeds/equity/taxable debt to the project)	If "No":	
											Date (or date range) of original allocation of bond proceeds and equity/taxable debt to this project:	Form of original allocation (e.g., "records of actual expenditures, " "prior allocation certificate," "tax certificate for issue"):

*** Internal Cap Spreadsheet is source document for "Placed in Service Date". This schedule originates at the date of issuance of the bond and is updated monthly until the bond proceeds have been utilized.

+++ Total Cost to Date is taken from the Oracle 195 Report.

Exhibit D - Authorization To Reimburse

Source: Excerpted from Confidential Minutes of the Meeting of the Board of Trustees of The Leland Stanford Junior University, Report of the Committee on Finance, April 7, 2003

Authorization to Reimburse

RESOLVED, that the Board delegates to the Chief Financial Officer or his designee the authority to declare official intent to reimburse projects with tax-exempt debt when such reimbursement is within Board-established limits and/or guidelines. Nothing in this resolution shall delegate the authority of the Board to authorize the issuance of debt.

Background:

The University at times funds capital project expenditures temporarily with funds from sources other than tax-exempt debt, including internal funds (such as equity or reserves) and taxable commercial paper, prior to issuing tax-exempt debt. The University then later reimburses or refunds the original payment source with tax-exempt debt. IRS regulations allow the University to reimburse the prior expenditures with tax-exempt debt if the board or authorized individuals have declared the University's intent to do so before the expenditures are made or within sixty (60) days after such expenditures were made. The regulations give the University latitude to declare such intent in any reasonable form. The University has done so typically in board or committee resolutions and accompanying background narratives.

The failure to declare intent to reimburse on a timely basis could negatively impact the ability to take advantage of tax-exempt financing options such as tax-exempt commercial paper. Therefore, an efficient method of declaring reimbursement intent is an important aspect of the University's debt financing program. IRS regulations permit the declaration to reimburse to be made by action of an appropriate representative of the University as well as by resolution. Staff proposes a resolution of the Board delegating to the Chief Financial Officer or his designee the authority to identify capital expenditures intended to be reimbursed with tax-exempt debt when such reimbursement is within Board-established limits and/or guidelines.

Source: Excerpted from Confidential Minutes of the Meeting of the Board of Trustees of The Leland Stanford Junior University, Report of the Committee on Finance, April 7, 2003

Staff believes delegation to the Chief Financial Officer or his designee is appropriate and efficient because adequate safeguards exist to ensure compliance with Board resolutions if a delegation model is approved, and the delegation option eliminates the need for individual construction reimbursement authorizations, which, if omitted, require expedited Board approval to avoid foreclosing tax-exempt financing options.

This resolution does not result in any obligation to issue additional debt, nor does it delegate the authority to issue additional debt, only the exercise of discretion regarding when tax-exempt debt is used.

Exhibit E - Management and Service Contact Compliance Flow Chart

Exhibit E: Management and Service Contract Compliance Flow Chart

(Note: the analysis shown in this chart is a summary of the analysis shown in Section VIII.A.2(c)(iv) of the Compliance Guide, and is qualified by reference to that summary).

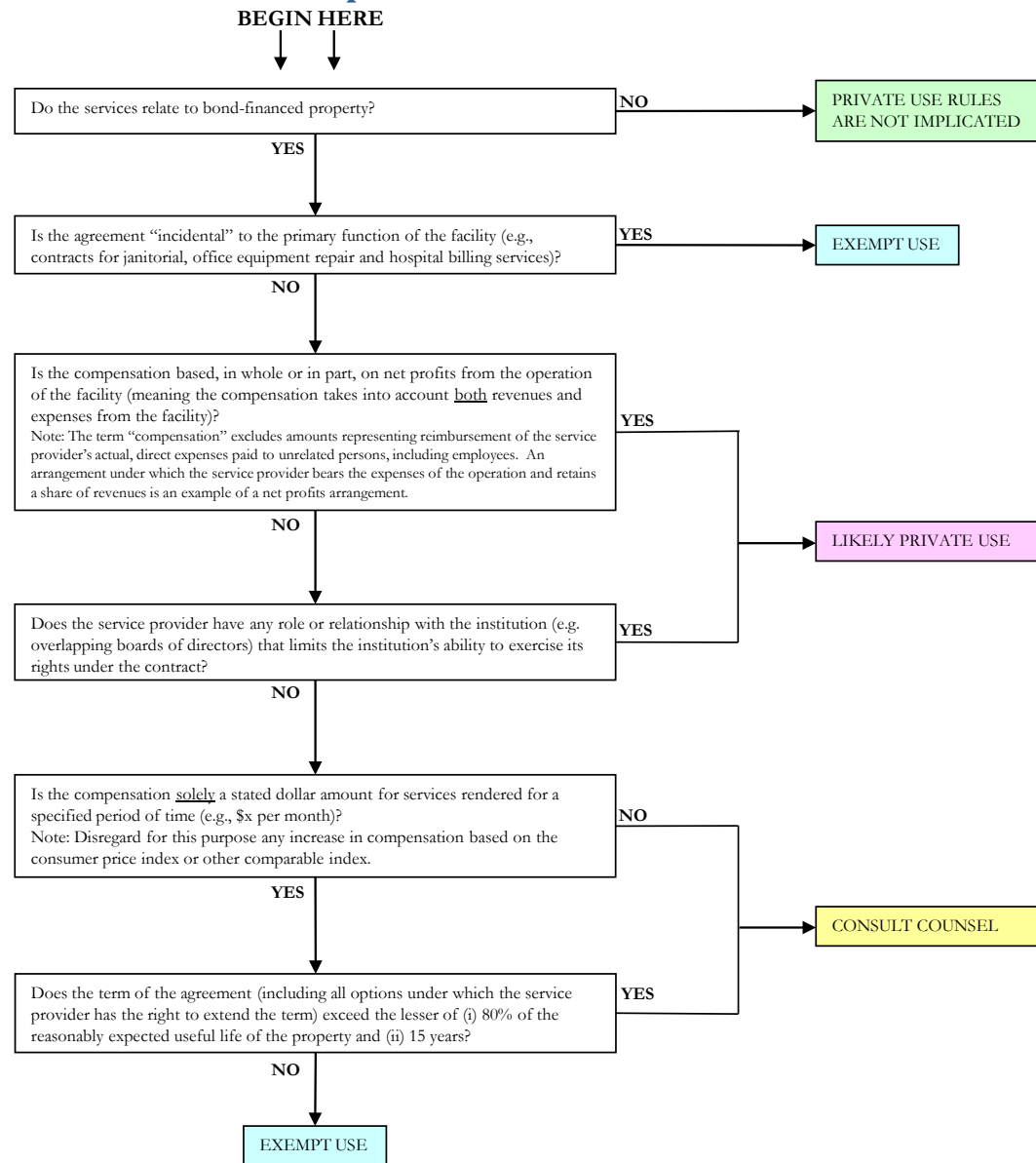


Exhibit F - Research Agreement Compliance Flow Chart

Exhibit F: Research Agreement Compliance Flow Chart (basic research and clinical trials)

(Note: the analysis shown in this chart is a summary of the analysis shown in Section IX.A.2(d) of the Compliance Guide, and is qualified by reference to that summary.)

