

Riverside Community College District

General Obligation Bond Update

April 21, 2015

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Section I

Measure C Update

District General Obligation Bond Issuance History

The District has issued \$264,999,278.45 of the \$350 million Measure C authorization in five series of bonds

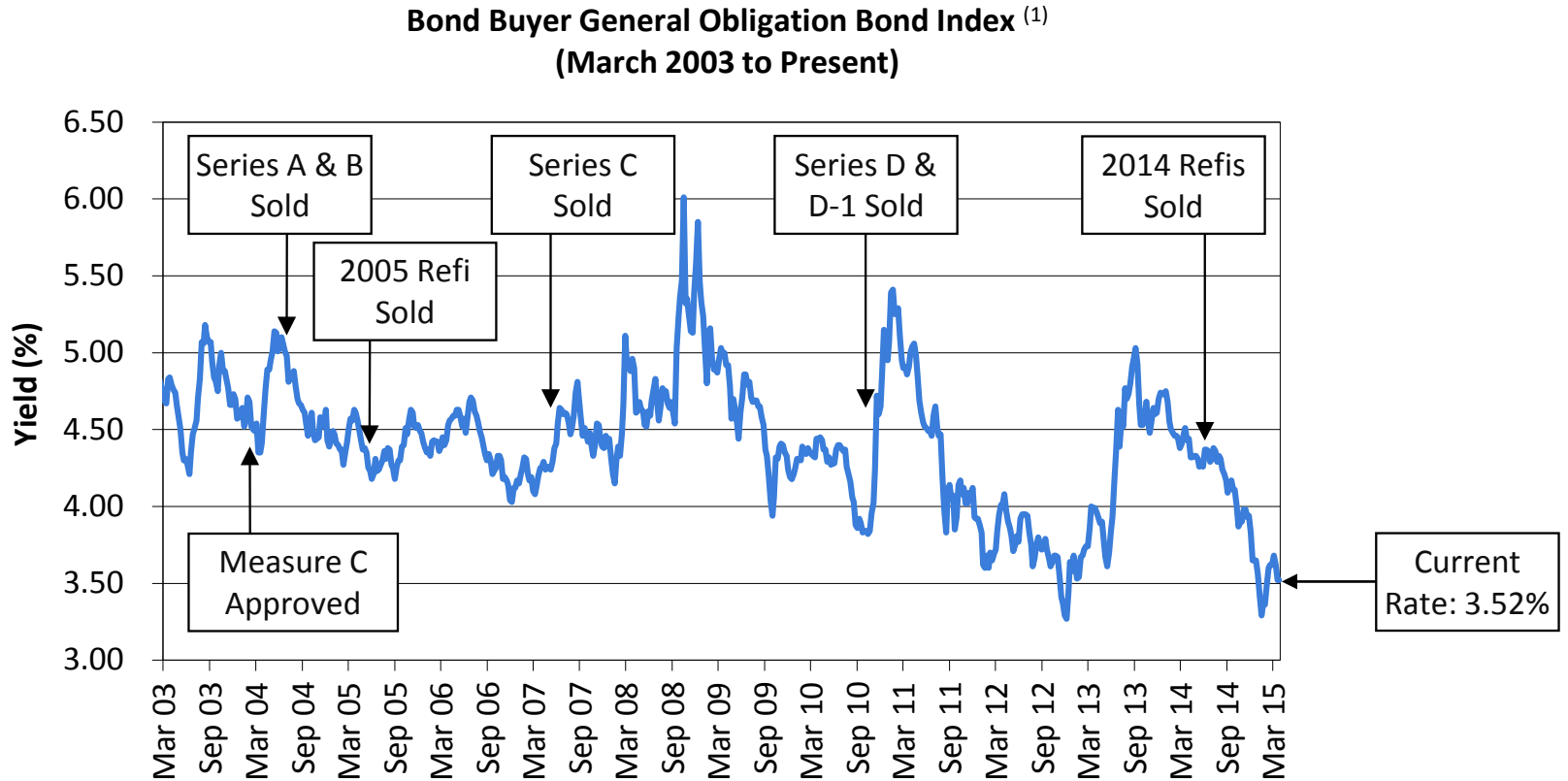
- ◆ Series 2004A on August 3, 2004 for \$55,205,000.00
- ◆ Series 2004B on August 3, 2004 for \$9,795,000.00
- ◆ Series 2007C on June 21, 2007 for \$90,000,000.00
- ◆ Series 2010D on November 10, 2010 for \$7,699,278.45
- ◆ Series 2010D-1 on November 10, 2010 for \$102,300,000.00
- ◆ \$85,000,721.55 of the Measure C authorization remains unissued

Refinancings

- ◆ 2005 Refunding on June 8, 2005 for \$58,386,109.30
 - Refunded a portion of Series 2004A
- ◆ 2014 Refunding, Series A & B on May 29, 2014 for \$73,090,000
 - Refunded portions of Series 2004A, 2005 Refunding and Series 2007C

Interest Rate History

Following is a history of municipal bond interest rates and when Measure C bonds were sold

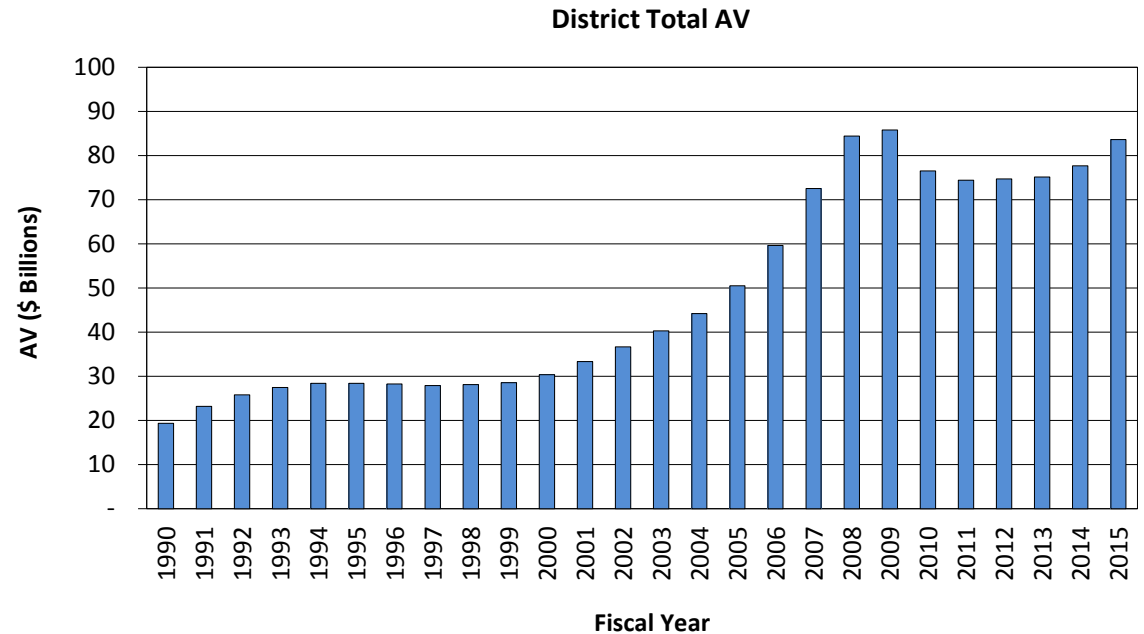


(1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated 'Aa2' by Moody's Investors Service and 'AA' by Standard and Poor's. Source: The Bond Buyer & Bloomberg.

District Assessed Value

The District has experienced four consecutive years of assessed value (“AV”) growth following the recent real estate crisis

FY	Total AV ⁽¹⁾	Annual % Change
1990	\$ 19,381,004,782	
1991	23,213,100,480	19.77 %
1992	25,803,961,998	11.16
1993	27,450,479,789	6.38
1994	28,385,533,017	3.41
1995	28,376,902,364	-0.03
1996	28,295,589,663	-0.29
1997	27,919,727,900	-1.33
1998	28,089,523,008	0.61
1999	28,580,743,385	1.75
2000	30,357,912,678	6.22
2001	33,318,083,812	9.75
2002	36,685,860,178	10.11
2003	40,303,756,845	9.86
2004	44,206,000,617	9.68
2005	50,507,651,502	14.26
2006	59,622,695,477	18.05
2007	72,536,868,844	21.66
2008	84,433,424,625	16.40
2009	85,760,730,435	1.57
2010	76,553,487,867	-10.74
2011	74,411,938,552	-2.80
2012	74,723,496,908	0.42
2013	75,145,624,176	0.56
2014	77,697,159,101	3.40
2015	83,625,392,181	7.63



Growth Statistics			
Annualized Growth Rates:		Lowest Rolling Averages:	
1-year:	7.63 %	3-year:	-4.49 %
5-year:	1.78	5-year:	-2.30
10-year:	5.17	10-year:	3.58
15-year:	6.99	15-year:	6.49
20-year:	5.55	20-year:	5.16

(1) Source: Riverside County & California Municipal Statistics, Inc. Data from 1990 to 2015.

AB 182 Overview

AB 182 became effective on January 1, 2014

- ◆ Establishes a maximum debt service repayment ratio for each bond series of 4 to 1
- ◆ Allows the maximum financing term for current interest bonds (“CIBs”) to remain 40 years
- ◆ Limits the maximum financing term for capital appreciation bonds (“CABs”) to 25 years
- ◆ Limits the maximum interest rate for CABs to 8%
- ◆ Requires CABs be subject to redemption after 10 years
- ◆ Requires two consecutive Board meetings (information and action) if financing utilizes CABs

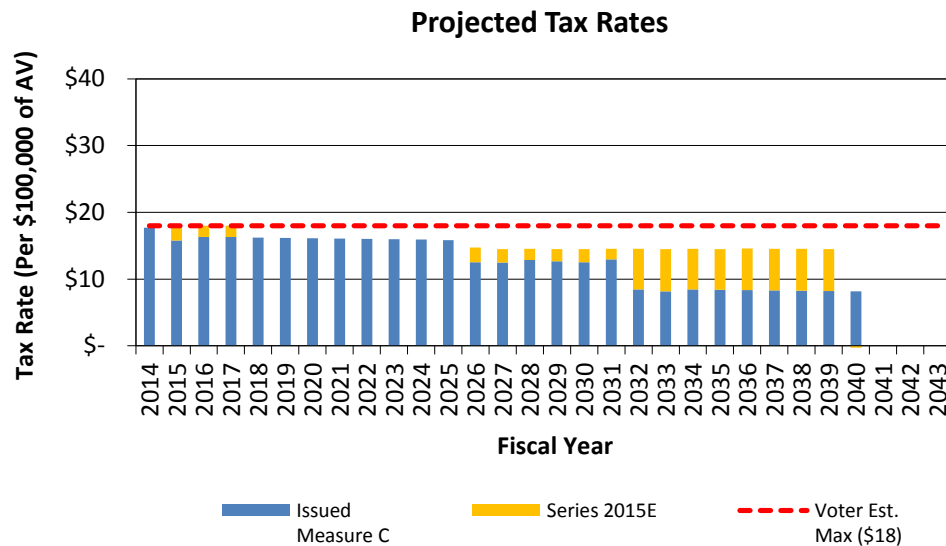
These provisions are unchanged from the preliminary rules shown to the Board of Trustees during the Measure C update on December 3, 2013

Measure C, Series 2015E Overview

Following is a scenario for a \$45 million issuance which maintains the \$18 per \$100,000 of AV tax rate estimate

◆ **Assumptions:**

- Annual AV growth rate: 3.5%
- Interest rate ⁽¹⁾: 4.5%
- County debt service reserve policy: 10%
- Compliance with AB 182



Series 2015E Estimated Debt Service ⁽¹⁾

Date	Principal	Interest	Total
8/1/15	\$ 1,570,000	\$ 21,326	\$ 1,591,326
8/1/16	1,205,000	134,756	1,339,756
8/1/17	1,460,000	73,000	1,533,000
8/1/18	-	-	-
8/1/19	-	-	-
8/1/20	-	-	-
8/1/21	-	-	-
8/1/22	-	-	-
8/1/23	-	-	-
8/1/24	-	-	-
8/1/25	-	-	-
8/1/26	1,611,156	733,844	2,345,000
8/1/27	1,485,026	809,974	2,295,000
8/1/28	1,344,040	870,960	2,215,000
8/1/29	1,381,595	1,043,405	2,425,000
8/1/30	1,414,703	1,235,298	2,650,000
8/1/31	1,134,964	1,120,036	2,255,000
8/1/32	3,934,236	4,360,764	8,295,000
8/1/33	4,118,515	5,016,485	9,135,000
8/1/34	4,119,476	5,500,524	9,620,000
8/1/35	4,063,956	5,916,044	9,980,000
8/1/36	4,091,396	6,458,605	10,550,000
8/1/37	4,057,398	6,932,602	10,990,000
8/1/38	4,019,101	7,420,899	11,440,000
8/1/39	3,987,818	7,917,182	11,905,000
Total	\$ 44,998,378	\$ 55,565,704	\$ 100,564,082

\$ of CABs	\$40,763,378
% of CABs	90.59%
Repayment Ratio	2.23 to 1

(1) Assumes interest rates as of March 30, 2015 and 'Aa2/AA' underlying ratings from Moody's and Standard & Poor's, respectively. Includes all financing costs. Rates are subject to market fluctuation until bonds are sold.

Section II

Measure C Refinancing

General Obligation Bond Refinancing Overview

The District's 2014 refundings left a portion of the Series 2007C bonds outstanding as it was not economical to refund at that time

Under current interest rates, the District may realize savings for its taxpayers by refinancing the remaining Series 2007C bonds

- ◆ Similar to refinancing a home mortgage, savings would be generated for the District's taxpayers by replacing the higher interest rate Series 2007C bonds with lower interest rate refunding bonds ("Refunding Bonds")
- ◆ Savings are subject to fluctuations in interest rates until the Refunding Bonds are sold
- ◆ Refinancing does NOT increase length of bonds (no extension of bond term)
- ◆ All financing costs (except for credit ratings) are contingent upon the successful issuance of the Refunding Bonds and are paid only from bond proceeds, not the General Fund

Refinancing Summary ⁽¹⁾

Under current interest rates, a refinancing produces present value (“PV”) savings above the industry benchmark of 3% (~\$1.9 million in taxpayer savings and ~\$1.3 million PV)

- ◆ Note: savings figures are net of all estimated financing costs

Debt Service Comparison				
Date	Before Refunding	After Refunding	Debt Service Savings	Tax Rate Savings ⁽²⁾
8/1/2015	\$ 1,110,750	\$ 1,108,650	\$ 2,100	\$ -
8/1/2016	2,221,500	2,068,500	153,000	0.20
8/1/2017	2,221,500	2,068,500	153,000	0.18
8/1/2018	2,221,500	2,068,500	153,000	0.16
8/1/2019	2,221,500	2,068,500	153,000	0.16
8/1/2020	2,221,500	2,068,500	153,000	0.15
8/1/2021	2,221,500	2,068,500	153,000	0.15
8/1/2022	2,221,500	2,068,500	153,000	0.14
8/1/2023	2,221,500	2,068,500	153,000	0.14
8/1/2024	2,221,500	2,068,500	153,000	0.13
8/1/2025	2,221,500	2,068,500	153,000	0.13
8/1/2026	2,221,500	2,068,500	153,000	0.13
8/1/2027	2,221,500	2,068,500	153,000	0.12
8/1/2028	11,741,500	11,033,500	708,000	0.60
8/1/2029	12,095,500	11,390,250	705,250	0.56
8/1/2030	12,538,000	11,831,750	706,250	0.50
8/1/2031	12,912,500	12,206,750	705,750	0.49
8/1/2032	1,050,000	341,250	708,750	0.47
Total	\$ 78,106,250	\$ 72,734,150	\$5,372,100	\$ 4.44

Savings Statistics	
Debt Service Savings:	\$5,372,100
Present Value Savings:	\$3,890,153
Present Value Savings %:	8.76%
Interest Rate of Prior Bonds:	5.00%
Interest Rate of Refunding Bonds:	3.38%
Redemption Date:	8/1/2017
Escrow Yield ⁽³⁾ :	0.00%
Refunding Bond Yield:	2.76%
Escrow Negative Arbitrage:	(\$2,653,006)
Principal of Refunded Bonds:	\$44,430,000
Principal of Refunding Bonds:	\$42,270,000

- (1) Assumes interest rates as of March 30, 2015 and ‘Aa2/AA’ underlying ratings from Moody’s and Standard & Poor’s, respectively. Includes all financing costs. Rates are subject to market fluctuation until bonds are sold.
- (2) Tax rate savings per \$100,000 of AV. Assumes annual AV growth rate of 3.5%.
- (3) Subject to bid.

Estimated Costs of Issuance

Estimated Principal Amount	New Money	Refunding
	\$ 45,000,000	\$ 43,000,000

Items	Provider	Not-to-Exceed	Not-to-Exceed
Bond & Disclosure Counsel	Stradling Yocca Carlson & Rauth	\$ 70,000	\$ 70,000
Bond/Disclosure Counsel Expenses	Stradling Yocca Carlson & Rauth	4,000	4,000
Financial Advisor	Keygent LLC	62,500	62,500
Financial Advisor Expenses	Keygent LLC	1,500	1,500
Underwriting	Piper Jaffray & Co.	202,500	193,500
OS/POS Printing/Posting & Distribution	AVIA Communications	2,000	2,000
Demographics	California Municipal Statistics, Inc.	1,000	1,000
Rating	Moody's Investors Service	25,000	25,000
Rating	Standard & Poor's Ratings Service	25,000	25,000
Escrow Verification Agent	Causey, Demgen & Moore, P.C.	-	3,500
Paying/Escrow Agent	U.S. Bank, N.A.	2,500	2,500
Contingency & Expenses		4,000	4,500
Total		\$ 400,000	\$ 395,000

Costs as % of Principal **0.89%** **0.92%**

Financing Timeline

The new money and refinancing can be completed on the same timeline

Date	Event	Responsibility
Completed	Distribution of authorizing resolution and forms of preliminary official statement (POS) and other legal documents	BC
March 30	District Executive Cabinet Meeting to review bond financings	D
April 7	District Board Committee Meeting to review bond financings and legal documents	D
April 21	District Board Meeting to discuss bond financings as information item	D, BC, FA, UW
April 22	Credit packages sent to rating agencies	FA
Week of May 4	Rating agency preparation meeting	D, BC, FA, UW
May 5	District Board Meeting to adopt resolution and forms of POS and other legal documents	D, BC, FA, UW
May 7	Distribution of County resolution (including adopted District resolution) to Riverside County Board of Supervisors	BC
May 13	Rating agency meetings	D, BC, FA, UW
Week of May 18	Receive ratings	FA
June 2	Riverside County Board of Supervisors to adopt resolution	C
June 3	Finalize POS and post electronically	BC, FA, UW
June 10	Pre-pricing conference call to discuss market conditions, interest rate comparables and preliminary interest rates for bonds	D, FA, UW
June 11	Price bonds – Interest rates locked in	D, FA, UW
June 18	Print and mail final official statement	BC, FA, UW
June 24	Pre-closing – All documents signed	All Parties
June 25	Closing	All Parties

Legal Documentation

Legal documents will be presented again to the Board of Trustees as an information item on April 21, 2015 and as an action item on May 5, 2015

- ◆ **Authorizing resolution**

- Approves the issuance of bonds
- Specifies the terms and parameters of the bonds
- Authorizes the District administration to take the necessary steps to complete the bond issuance

- ◆ **Form of other legal documents**

- Preliminary official statement
 - Offering document circulated to prospective investors describing the District and the bonds
- Bond purchase agreement
 - Agreement in which the underwriter agrees to purchase the District's bonds under certain conditions and parameters
- Continuing disclosure certificate
 - Agreement outlining the District's duties to provide ongoing information to the investing community on its finances, tax base information and listed events