

# Riverside Community College District

General Obligation Bond Update

April 17, 2014

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# Section I

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Measure C Update

# Original Measure C Financing Plan

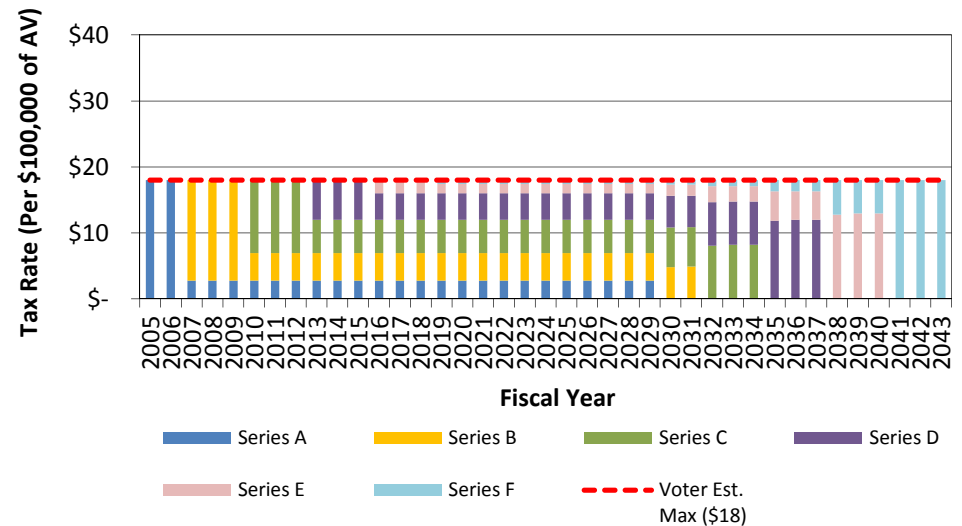
On March 2, 2004, District voters approved Measure C, a \$350 million general obligation bond authorization, with a 60.59% affirmative vote (55% required)

- ◆ Estimated tax rate of \$18 per \$100,000 of assessed value (“AV”)
- ◆ Assumptions:
  - Annual AV growth rate: 4.50%
  - Interest rate: 5.50%

**Issuance Schedule**

Issue	Issue Date	Proceeds
Series A	August 2004	\$ 40,000,000
Series B	August 2006	60,000,000
Series C	August 2009	75,000,000
Series D	August 2012	75,000,000
Series E	August 2015	50,000,000
Series F	August 2018	50,000,000
<b>Total</b>		<b>\$ 350,000,000</b>

**Projected Tax Rates**



# District General Obligation Bond Issuance History

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

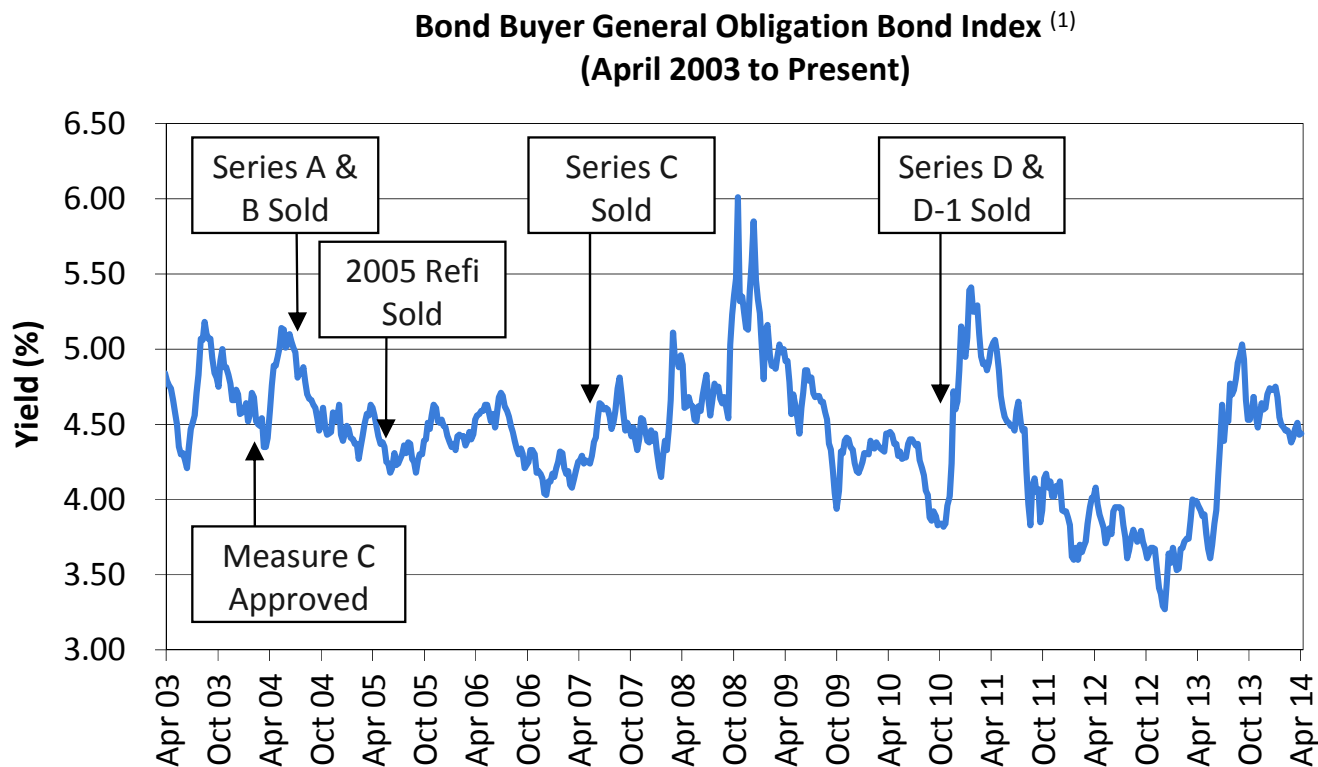
- ◆ Series 2004A on August 3, 2004 for \$55,205,000.00
- ◆ Series 2004B on August 3, 2004 for \$9,795,000.00
- ◆ Series 2007C on June 21, 2007 for \$90,000,000.00
- ◆ Series 2010D on November 10, 2010 for \$7,699,278.45
- ◆ Series 2010D-1 on November 10, 2010 for \$102,300,000.00
- ◆ \$85,000,721.55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

## Refinancing

- ◆ The District refunded a portion of Series 2004A
  - 2005 Refunding issued on June 8, 2005 for \$58,386,109.30

# Interest Rate History

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

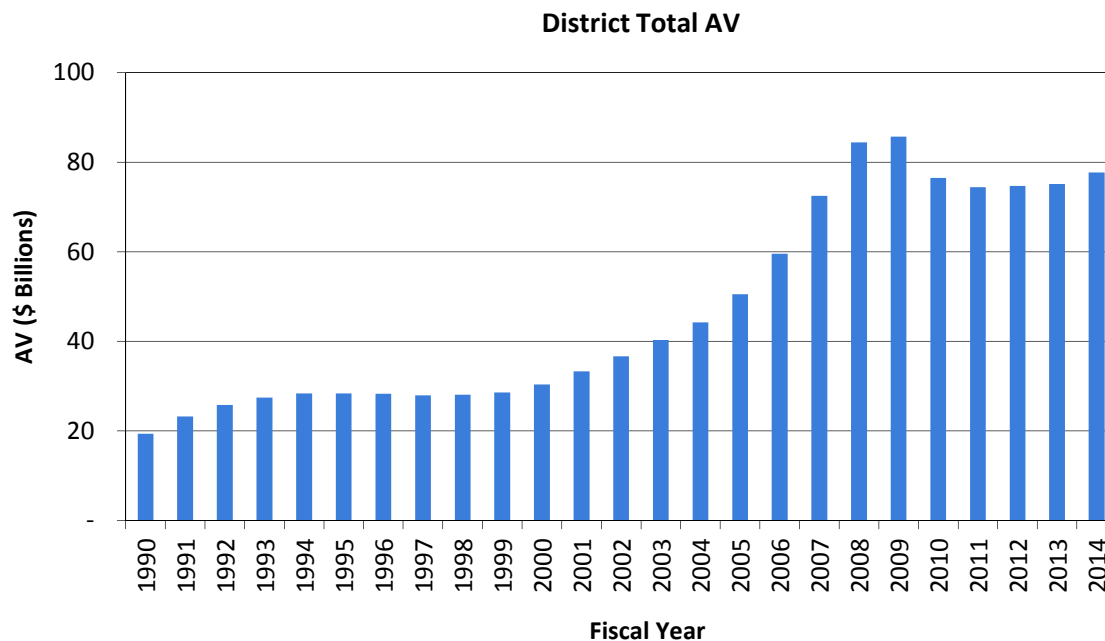


(1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated Aa2 by Moody's Investors Service and AA by Standard and Poor's. Source: The Bond Buyer & Bloomberg.

# District AV

The District has experienced three consecutive years of modest AV growth after having experienced two consecutive years of AV declines

FY	Total AV <sup>(1)</sup>	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



Growth Statistics			
Annualized Growth Rates:		Lowest Rolling Averages:	
1-year:	3.40 %	3-year:	-4.49 %
5-year:	-1.96	5-year:	-2.30
10-year:	5.80	10-year:	3.58
15-year:	6.89	15-year:	6.49
20-year:	5.16	20-year:	5.16

(1) Source: Riverside County & California Municipal Statistics, Inc. Data from 1990 to 2014.

# AV Comparison

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Following is a comparison of original AV assumptions vs. actual history

- ◆ Difference in AV of +13.2% (approximately \$9 billion)

	<b>Original Assumptions</b>	<b>Actual History</b>
<b>FY</b>	<b>% Change</b>	<b>% Change</b>
2005	4.50 %	14.26 %
2006	4.50	18.05
2007	4.50	21.66
2008	4.50	16.40
2009	4.50	1.57
2010	4.50	-10.74
2011	4.50	-2.80
2012	4.50	0.42
2013	4.50	0.56
2014	4.50	3.40
<b>Annualized</b>	<b>4.50</b>	<b>5.80</b>



# Types of General Obligation Bonds

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General obligation bonds are generally issued as either current interest bonds or capital appreciation bonds

- ◆ Current interest bonds (“CIBs”)
  - Interest paid semiannually
  - Principal paid at maturity
- ◆ Capital appreciation bonds (“CABs”)
  - Interest paid at maturity
  - Principal paid at maturity

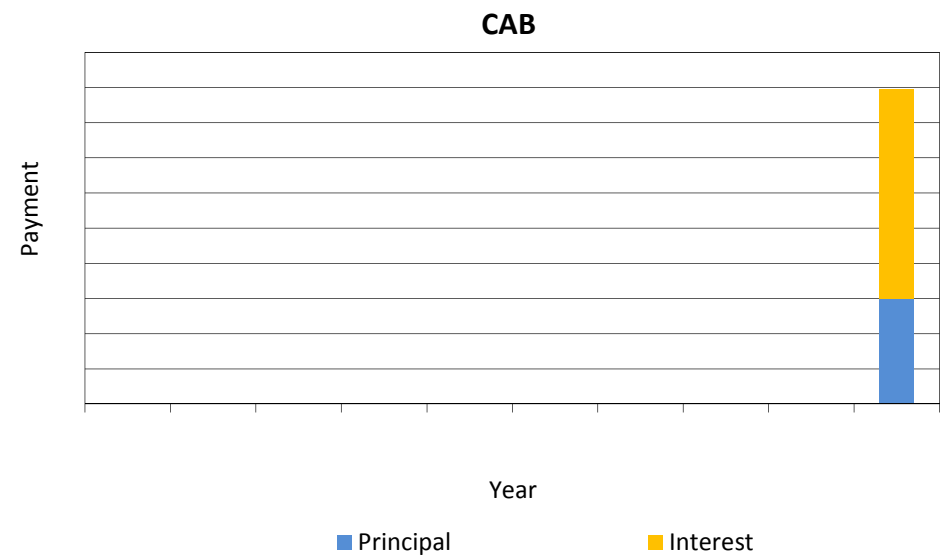
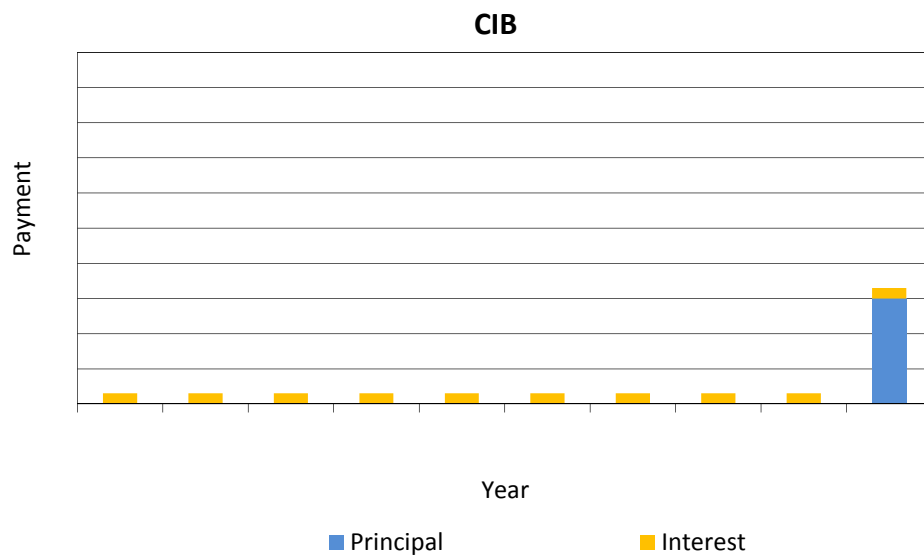
Interest cost for CABs is higher than CIBs

- ◆ CABs carry a higher interest rate
- ◆ CABs interest compounds

Recent legislation (AB 182) will be explained in a later slide

# CIBs vs. CABs

CIBs and CABs have significant structuring flexibility with respect to where principal and interest can be amortized



# CIBs vs. CABs

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Following is an illustration of current interest rates for CIBs and CABs

Year	CIBs	CABs	Difference
1	0.23 %	0.33 %	0.10 %
2	0.37	0.92	0.55
3	0.66	1.36	0.70
4	0.96	1.76	0.80
5	1.39	2.24	0.85
6	1.73	2.65	0.92
7	2.00	3.00	1.00
8	2.33	3.38	1.05
9	2.57	3.62	1.05
10	2.79	3.84	1.05
11	3.08	4.13	1.05
12	3.54	4.60	1.06
13	3.78	4.86	1.08
14	3.99	5.15	1.16
15	4.17	5.33	1.16
16	4.30	5.51	1.21
17	4.41	5.68	1.27
18	4.48	5.78	1.30
19	4.55	5.85	1.30
20	4.65	5.95	1.30
21	4.75	6.05	1.30
22	4.81	6.11	1.30
23	4.85	6.15	1.30
24	4.89	6.19	1.30
25	4.93	6.23	1.30
26	4.96	6.26	1.30
27	4.97	6.27	1.30
28	4.99	6.29	1.30
29	5.00	6.30	1.30
30	5.01	6.31	1.30
31	5.02	6.32	1.30
32	5.03	6.33	1.30
33	5.04	6.34	1.30
34	5.05	6.35	1.30
35	5.06	6.36	1.30
36	5.07	6.37	1.30
37	5.08	6.38	1.30
38	5.09	6.39	1.30
39	5.10	6.40	1.30
40	5.11	6.41	1.30

# Events Leading to Legislation Limiting CABs (AB 182)

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## Los Angeles County Treasurer and Tax Collector (“LA County”)

- ◆ In May 2011, LA County published a white paper which stated that CABs should not be utilized beyond 25 years if a district has legally available tax capacity under Proposition 39

## Poway Unified School District (“Poway”)

- ◆ In August 2011, Poway issued \$105 million of non-callable CABs that matured in years 2033 through 2051 with a total repayment cost of \$981 million (9.35 to 1 ratio)
- ◆ Significant negative press followed from major news agencies

## California Watch

- ◆ On August 22, 2012, California Watch published a report on California Community College Districts’ use of CABs which “inflate taxpayers’ repayments”

## Los Angeles Times (“LA Times”)

- ◆ On November 28, 2012, the LA Times published an article about California school and community college districts’ use of CABs
  - Included a database of 200 districts that issued CABs
    - Listed warnings next to those CABs that met two conditions:
      - Financing terms greater than 25 years
      - Repayment ratios greater than 4 to 1

# AB 182 Overview

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AB 182 become effective January 1, 2014 to limit education bond financings:

- ◆ Established a maximum debt service repayment ratio for each bond series of 4 to 1
- ◆ Allowed the maximum financing term for CIBs to remain 40 years
- ◆ Limited the maximum financing term for CABs to 25 years
- ◆ Limited the maximum interest rate for CABs to 8%
- ◆ Required CABs be subject to redemption after 10 years
- ◆ Required public analysis if financing utilizes:
  - CABs, and/or
  - CIBs with maturities greater than 30 years

At the time of the original Measure C planning, CABs with higher repayment ratios were anticipated

# Measure C Repayment Ratios for Issued Bonds

Date	Series 2004A & 2004B				2005 Refunding				Series 2007C				Series 2010D				Series 2010D-1					Total	
	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Total	Principal	Rate	Interest	Subsidy <sup>(1)</sup>	Total		
8/1/05	3,750,000	4.500%	1,873,134	5,623,134	970,000	3.000%	391,615	1,361,615														6,984,749	
8/1/06	4,500,000	3.500%	359,581	4,859,581	1,820,000	4.500%	2,630,925	4,450,925														9,310,506	
8/1/07	1,545,000	3.625%	202,081	1,747,081	475,000	3.000%	2,549,025	3,024,025	6,020,000	4.000%	477,317	6,497,317										11,268,423	
8/1/08	-	-	146,075	146,075	1,260,000	5.000%	2,534,775	3,794,775	5,125,000	4.000%	4,055,050	9,180,050										13,120,900	
8/1/09	-	-	146,075	146,075	1,495,000	3.0/4.5%	2,471,775	3,966,775	5,160,000	4.000%	3,850,050	9,010,050										13,122,900	
8/1/10	-	-	146,075	146,075	1,740,000	5.000%	2,409,750	4,149,750	5,185,000	4.0/5.0%	3,643,650	8,828,650										13,124,475	
8/1/11	500,000	4.000%	146,075	646,075	1,252,016	3.5/3.58%	2,900,734	4,152,750	-	-	3,425,500	3,425,500	-	-	5,194,040	(1,817,914)	3,376,126					11,600,451	
8/1/12	620,000	4.000%	126,075	746,075	876,062	3.760%	3,437,188	4,313,250	-	-	3,425,500	3,425,500	-	-	7,164,193	(2,507,468)	4,656,725					13,141,551	
8/1/13	795,000	4.000%	101,275	896,275	837,747	3.920%	3,625,503	4,463,250	-	-	3,425,500	3,425,500	-	-	7,164,193	(2,398,393)	4,765,800					13,550,825	
8/1/14	1,000,000	4.000%	69,475	1,069,475	797,240	4.060%	3,816,010	4,613,250	-	-	3,425,500	3,425,500	-	-	7,164,193	(2,289,318)	4,874,875					13,983,100	
8/1/15	15,000	4.250%	29,475	44,475	898,045	4.170%	4,330,205	5,228,250	-	-	3,425,500	3,425,500	216,214	2.360%	158,786	375,000	-	-	7,164,193	(2,289,318)	4,874,875		13,948,100
8/1/16	15,000	5.000%	28,838	43,838	3,165,000	5.000%	2,298,250	5,463,250	-	-	3,425,500	3,425,500	-	-	7,164,193	(2,289,318)	4,874,875					14,377,463	
8/1/17	20,000	5.000%	28,088	48,088	3,570,000	5.000%	2,140,000	5,710,000	-	-	3,425,500	3,425,500	349,376	3.100%	415,625	765,000	-	-	7,164,193	(2,289,318)	4,874,875		14,823,463
8/1/18	20,000	5.000%	27,088	47,088	4,005,000	5.000%	1,961,500	5,966,500	-	-	3,425,500	3,425,500	292,496	2.730%	277,505	570,000	-	-	7,164,193	(2,289,318)	4,874,875		15,283,963
8/1/19	25,000	5.000%	26,088	51,088	4,475,000	5.000%	1,761,250	6,236,250	-	-	3,425,500	3,425,500	425,056	3.850%	749,944	1,175,000	-	-	7,164,193	(2,289,318)	4,874,875		15,762,713
8/1/20	25,000	5.000%	24,838	49,838	4,980,000	5.000%	1,537,500	6,517,500	-	-	3,425,500	3,425,500	538,846	4.190%	821,154	1,360,000	-	-	7,164,193	(2,289,318)	4,874,875		16,227,713
8/1/21	30,000	5.250%	23,588	53,588	5,525,000	5.000%	1,288,500	6,813,500	-	-	3,425,500	3,425,500	945,859	4.720%	614,141	1,560,000	-	-	7,164,193	(2,289,318)	4,874,875		16,727,463
8/1/22	35,000	5.250%	22,013	57,013	6,105,000	5.000%	1,012,250	7,117,250	-	-	3,425,500	3,425,500	1,002,769	4.930%	772,232	1,775,000	-	-	7,164,193	(2,289,318)	4,874,875		17,249,638
8/1/23	40,000	5.250%	20,175	60,175	6,735,000	5.000%	707,000	7,442,000	-	-	3,425,500	3,425,500	1,037,942	5.120%	937,059	1,975,000	-	-	7,164,193	(2,289,318)	4,874,875		17,777,550
8/1/24	45,000	5.250%	18,075	63,075	7,405,000	5.000%	370,250	7,775,250	-	-	3,425,500	3,425,500	1,061,033	5.350%	1,128,967	2,190,000	-	-	7,164,193	(2,289,318)	4,874,875		18,328,700
8/1/25	45,000	5.250%	15,713	60,713					7,325,000	5.000%	3,425,500	10,750,500	1,435,423	5.530%	1,769,577	3,205,000	-	-	7,164,193	(2,289,318)	4,874,875		18,891,088
8/1/26	50,000	5.250%	13,350	63,350					8,015,000	5.000%	3,059,250	11,074,250	-	-	7,164,193	(2,289,318)	4,874,875					16,012,475	
8/1/27	60,000	5.500%	10,725	70,725					8,740,000	5.000%	2,658,500	11,398,500	-	-	7,164,193	(2,289,318)	4,874,875					16,344,100	
8/1/28	65,000	5.500%	7,425	72,425					9,520,000	5.000%	2,221,500	11,741,500	-	-	7,164,193	(2,289,318)	4,874,875					16,688,800	
8/1/29	70,000	5.500%	3,850	73,850					10,350,000	5.000%	1,745,500	12,095,500	-	-	7,164,193	(2,289,318)	4,874,875					17,044,225	
8/1/30									11,310,000	5.000%	1,228,000	12,538,000	-	-	7,164,193	(2,289,318)	4,874,875					17,412,875	
8/1/31									12,250,000	5.000%	662,500	12,912,500	-	-	760,000	6.971%	7,164,193	(2,289,318)	5,634,875				18,547,375
8/1/32									1,000,000	5.000%	50,000	1,050,000	-	-	7,405,000	6.971%	7,111,213	(2,272,388)	12,243,825				13,293,825
8/1/33															8,675,000	6.971%	6,595,011	(2,107,436)	13,162,575				13,162,575
8/1/34															9,455,000	6.971%	5,990,277	(1,914,193)	13,531,084				13,531,084
8/1/35															10,285,000	6.971%	5,331,169	(1,703,575)	13,912,594				13,912,594
8/1/36															11,160,000	7.021%	4,614,201	(1,474,468)	14,299,733				14,299,733
8/1/37															12,095,000	7.021%	3,830,658	(1,224,087)	14,701,571				14,701,571
8/1/38															13,085,000	7.021%	2,981,468	(952,728)	15,113,740				15,113,740
8/1/39															14,135,000	7.021%	2,062,770	(659,158)	15,538,612				15,538,612
8/1/40															15,245,000	7.021%	1,070,351	(342,031)	15,973,321				15,973,321
<b>Total</b>	<b>13,270,000</b>		<b>3,615,247</b>	<b>16,885,248</b>	<b>58,386,109</b>		<b>44,174,005</b>	<b>102,560,116</b>	<b>90,000,000</b>		<b>75,033,817</b>	<b>165,033,817</b>	<b>7,699,278</b>		<b>8,220,722</b>	<b>15,920,000</b>	<b>102,300,000</b>		<b>188,065,017</b>	<b>(60,581,559)</b>	<b>229,783,459</b>	<b>530,182,640</b>	
<b>\$ of CABs</b>				<b>\$0</b>				<b>\$3,961,109</b>				<b>\$0</b>				<b>\$7,699,278</b>					<b>\$0</b>	<b>\$11,660,388</b>	
<b>% of CABs</b>				<b>0.00%</b>				<b>6.78%</b>				<b>0.00%</b>				<b>100.00%</b>					<b>0.00%</b>	<b>4.29%</b>	
<b>Repayment Ratio</b>				<b>1.27 to 1</b>				<b>1.76 to 1</b>				<b>1.83 to 1</b>				<b>2.07 to 1</b>					<b>2.25 to 1</b>	<b>1.95 to 1</b>	

Call                      8/1/2014 @ 100%                      8/1/2015 @ 100%                      8/1/2017 @ 100%                      Non-Callable                      8/1/2020 @ 100%

(1) Assumes 8.7% federal subsidy sequester reduction applies through term of financing.

# Est. Measure C Project Cashflow (Required Future Bonds)

Period Ending	Total Expenditures	Cumulative Expenditures	Estimated Interest <sup>(1)</sup>	Future Bonds	Cumulative Balance
Aug 2013					57,192,919
Sep 2013	3,214,105	3,214,105	18,111		53,996,925
Oct 2013	3,214,105	6,428,210	17,099		50,799,920
Nov 2013	3,392,718	9,820,927	16,087		47,423,289
Dec 2013	3,214,105	13,035,032	15,017		44,224,201
Jan 2014	2,099,866	15,134,898	14,004		42,138,339
Feb 2014	2,099,866	17,234,765	13,344		40,051,817
Mar 2014	2,099,866	19,334,631	12,683		37,964,633
Apr 2014	2,704,453	22,039,084	12,022		35,272,202
May 2014	2,987,582	25,026,667	11,170		32,295,789
Jun 2014	3,295,883	28,322,549	10,227		29,010,134
Jul 2014	2,001,397	30,323,946	9,187		27,017,923
Aug 2014	2,261,751	32,585,698	8,556		24,764,727
Sep 2014	2,740,929	35,326,627	7,842		22,031,641
Oct 2014	3,043,813	38,370,440	6,977		18,994,804
Nov 2014	3,721,305	42,091,745	6,015		15,279,515
Dec 2014	3,759,591	45,851,336	4,839		11,524,762
Jan 2015	4,195,718	50,047,054	3,650		7,332,693
Feb 2015	4,308,636	54,355,689	2,322		3,026,380
<b>Mar 2015</b>	<b>4,390,364</b>	<b>58,746,054</b>	<b>958</b>	<b>55,000,000</b>	<b>53,636,974</b>
Apr 2015	4,921,857	63,667,911	16,985		48,732,102
May 2015	5,420,440	69,088,351	15,432		43,327,093
Jun 2015	5,403,651	74,492,002	13,720		37,937,163
Jul 2015	5,577,353	80,069,355	12,013		32,371,823
Aug 2015	5,145,596	85,214,951	10,251		27,236,478
Sep 2015	4,513,521	89,728,473	8,625		22,731,581
Oct 2015	4,370,978	94,099,451	7,198		18,367,801
Nov 2015	2,227,819	96,327,270	5,816		16,145,799
Dec 2015	3,305,643	99,632,914	5,113		12,845,268
Jan 2016	2,864,244	102,497,157	4,068		9,985,092
Feb 2016	2,626,070	105,123,227	3,162		7,362,184
Mar 2016	1,097,898	106,221,125	2,331		6,266,618
Apr 2016	830,016	107,051,141	1,984		5,438,586
May 2016	552,630	107,603,771	1,722		4,887,678
Jun 2016	275,042	107,878,813	1,548		4,614,184
Jul 2016	572,833	108,451,646	1,461		4,042,812
Aug 2016	572,833	109,024,480	1,280		3,471,259
Sep 2016	572,833	109,597,313	1,099		2,899,525
Oct 2016	572,833	110,170,146	918		2,327,609

Period Ending	Total Expenditures	Cumulative Expenditures	Estimated Interest <sup>(1)</sup>	Future Bonds	Cumulative Balance
Nov 2016	572,833	110,742,980	737		1,755,513
Dec 2016	572,833	111,315,813	556		1,183,236
Jan 2017	62,500	111,378,313	375		1,121,110
Feb 2017	62,500	111,440,813	355		1,058,965
Mar 2017	62,500	111,503,313	335		996,801
Apr 2017	62,500	111,565,813	316		934,616
May 2017	62,500	111,628,313	296		872,412
Jun 2017	62,500	111,690,813	276		810,189
Jul 2017	77,667	111,768,480	257		732,778
<b>Aug 2017</b>	<b>918,956</b>	<b>112,687,435</b>	<b>232</b>	<b>30,000,722</b>	<b>29,814,777</b>
Sep 2017	918,956	113,606,391	9,441		28,905,262
Oct 2017	918,956	114,525,346	9,153		27,995,460
Nov 2017	918,956	115,444,302	8,865		27,085,370
Dec 2017	918,956	116,363,257	8,577		26,174,991
Jan 2018	1,182,289	117,545,546	8,289		25,000,991
Feb 2018	1,182,289	118,727,835	7,917		23,826,619
Mar 2018	1,182,289	119,910,124	7,545		22,651,876
Apr 2018	1,182,289	121,092,413	7,173		21,476,760
May 2018	1,182,289	122,274,702	6,801		20,301,272
Jun 2018	1,182,289	123,456,991	6,429		19,125,412
Jul 2018	1,237,122	124,694,113	6,056		17,894,346
Aug 2018	1,237,122	125,931,235	5,667		16,662,890
Sep 2018	1,237,122	127,168,357	5,277		15,431,045
Oct 2018	1,237,122	128,405,479	4,886		14,198,809
Nov 2018	1,237,122	129,642,602	4,496		12,966,183
Dec 2018	1,237,122	130,879,724	4,106		11,733,167
Jan 2019	1,055,622	131,935,346	3,716		10,681,260
Feb 2019	1,055,622	132,990,968	3,382		9,629,020
Mar 2019	1,055,622	134,046,590	3,049		8,576,447
Apr 2019	1,055,622	135,102,213	2,716		7,523,541
May 2019	1,055,622	136,157,835	2,382		6,470,301
Jun 2019	1,055,622	137,213,457	2,049		5,416,728
Jul 2019	903,789	138,117,246	1,715		4,514,655
Aug 2019	903,789	139,021,035	1,430		3,612,295
Sep 2019	903,789	139,924,824	1,144		2,709,650
Oct 2019	903,789	140,828,612	858		1,806,720
Nov 2019	903,789	141,732,401	572		903,503
Dec 2019	903,789	142,636,190	286		0
<b>Total</b>	<b>\$ 142,636,190</b>		<b>\$ 442,550</b>	<b>\$ 85,000,722</b>	

(1) Assumes interest rate of 0.38% (County treasury pool earnings rate as of August 2013).

Note: IRS 3-year expenditure rule requires 5% of bond proceeds and earnings **committed** within 6 months and 85% **spent** within 3 years.

# Bond Program Assumptions

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Following is a scenario for the remaining Measure C authorization based on the below assumptions <sup>(1)</sup>:

- ◆ Annual AV growth rate: 3.5%
- ◆ County debt service reserve policy: 10% <sup>(2)</sup>
- ◆ Compliance with AB 182

(1) Changes to any of the assumptions would have an impact on (1) the tax rate, and (2) the amount/timing of proceeds that can be accessed.

(2) Within the past few years this number has declined from 20% in 2010-11 to 10% in 2013-14. Riverside County adjusts this reserve % annually for tax rate management purposes.



# Updated Measure C Bond Program

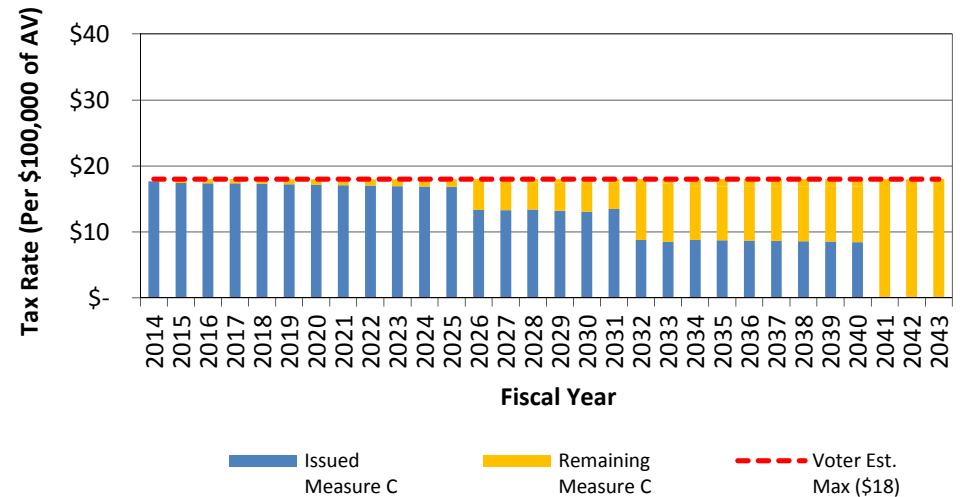
Future Measure C issuances will likely consist primarily of CABs in order to maintain the \$18 per \$100,000 of AV tax rate estimate

- ◆ Under current assumptions, the Series F issuance would be delayed by one year

## Illustrative Issuance Schedule

Issue	Issue Date	Proceeds
Series 2004A	August 2004	\$ 55,205,000
Series 2004B	August 2004	9,795,000
Series 2007C	June 2007	90,000,000
Series 2010D	November 2010	7,699,278
Series 2010D-1	November 2010	102,300,000
Series E	March 2015	55,000,000
Series F	August 2018	30,000,722
Total		\$ 350,000,000

## Projected Tax Rates



Note: Assumes District requests 2014-15 tax levy in advance of Series E bond issuance.

# Projected Repayment Ratios (AB 182 Compliant)

Date	Series 2004A & 2004B			2005 Refunding			Series 2007C			Series 2010D			Series 2010D-1				Series E & F <sup>(1)</sup>			Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Subsidy <sup>(2)</sup>	Total	Principal	Interest	Total	
8/1/05	3,750,000	1,873,134	5,623,134	970,000	391,615	1,361,615														6,984,749
8/1/06	4,500,000	359,581	4,859,581	1,820,000	2,630,925	4,450,925														9,310,506
8/1/07	1,545,000	202,081	1,747,081	475,000	2,549,025	3,024,025	6,020,000	477,317	6,497,317											11,268,423
8/1/08	-	146,075	146,075	1,260,000	2,534,775	3,794,775	5,125,000	4,055,050	9,180,050											13,120,900
8/1/09	-	146,075	146,075	1,495,000	2,471,775	3,966,775	5,160,000	3,850,050	9,010,050											13,122,900
8/1/10	-	146,075	146,075	1,740,000	2,409,750	4,149,750	5,185,000	3,643,650	8,828,650											13,124,475
8/1/11	500,000	146,075	646,075	1,252,016	2,900,734	4,152,750	-	3,425,500	3,425,500				-	5,194,040	(1,817,914)	3,376,126				11,600,451
8/1/12	620,000	126,075	746,075	876,062	3,437,188	4,313,250	-	3,425,500	3,425,500				-	7,164,193	(2,507,468)	4,656,725				13,141,550
8/1/13	795,000	101,275	896,275	837,747	3,625,503	4,463,250	-	3,425,500	3,425,500				-	7,164,193	(2,398,393)	4,765,800				13,550,825
8/1/14	1,000,000	69,475	1,069,475	797,240	3,816,010	4,613,250	-	3,425,500	3,425,500				-	7,164,193	(2,289,318)	4,874,875				13,983,100
8/1/15	15,000	29,475	44,475	898,045	4,330,205	5,228,250	-	3,425,500	3,425,500	216,214	158,786	375,000	-	7,164,193	(2,289,318)	4,874,875	185,000	136,370	321,370	14,269,470
8/1/16	15,000	28,838	43,838	3,165,000	2,298,250	5,463,250	-	3,425,500	3,425,500	292,496	277,505	570,000	-	7,164,193	(2,289,318)	4,874,875	65,000	323,588	388,588	14,766,050
8/1/17	20,000	28,088	48,088	3,570,000	2,140,000	5,710,000	-	3,425,500	3,425,500	349,376	415,625	765,000	-	7,164,193	(2,289,318)	4,874,875	130,000	322,288	452,288	15,275,750
8/1/18	20,000	27,088	47,088	4,005,000	1,961,500	5,966,500	-	3,425,500	3,425,500	394,266	575,734	970,000	-	7,164,193	(2,289,318)	4,874,875	205,000	319,688	524,688	15,808,650
8/1/19	25,000	26,088	51,088	4,475,000	1,761,250	6,236,250	-	3,425,500	3,425,500	425,056	749,944	1,175,000	-	7,164,193	(2,289,318)	4,874,875	225,000	367,606	592,606	16,355,319
8/1/20	25,000	24,838	49,838	4,980,000	1,537,500	6,517,500	-	3,425,500	3,425,500	538,846	821,154	1,360,000	-	7,164,193	(2,289,318)	4,874,875	330,000	363,106	693,106	16,920,819
8/1/21	30,000	23,588	53,588	5,525,000	1,288,500	6,813,500	-	3,425,500	3,425,500	945,859	614,141	1,560,000	-	7,164,193	(2,289,318)	4,874,875	440,000	356,506	796,506	17,523,969
8/1/22	35,000	22,013	57,013	6,105,000	1,012,250	7,117,250	-	3,425,500	3,425,500	1,002,769	772,232	1,775,000	-	7,164,193	(2,289,318)	4,874,875	540,000	346,681	886,681	18,136,319
8/1/23	40,000	20,175	60,175	6,735,000	707,000	7,442,000	-	3,425,500	3,425,500	1,037,942	937,059	1,975,000	-	7,164,193	(2,289,318)	4,874,875	660,000	333,381	993,381	18,770,931
8/1/24	45,000	18,075	63,075	7,405,000	370,250	7,775,250	-	3,425,500	3,425,500	1,061,033	1,128,967	2,190,000	-	7,164,193	(2,289,318)	4,874,875	785,000	315,644	1,100,644	19,429,344
8/1/25	45,000	15,713	60,713				7,325,000	3,425,500	10,750,500	1,435,423	1,769,577	3,205,000	-	7,164,193	(2,289,318)	4,874,875	930,000	291,844	1,221,844	20,112,931
8/1/26	50,000	13,350	63,350				8,015,000	3,059,250	11,074,250				-	7,164,193	(2,289,318)	4,874,875	4,525,000	262,419	4,787,419	20,799,894
8/1/27	60,000	10,725	70,725				8,740,000	2,658,500	11,398,500				-	7,164,193	(2,289,318)	4,874,875	2,611,383	2,579,660	5,191,044	21,535,144
8/1/28	65,000	7,425	72,425				9,520,000	2,221,500	11,741,500				-	7,164,193	(2,289,318)	4,874,875	2,817,523	2,752,745	5,570,269	22,259,069
8/1/29	70,000	3,850	73,850				10,350,000	1,745,500	12,095,500				-	7,164,193	(2,289,318)	4,874,875	2,920,520	3,073,655	5,994,175	23,038,400
8/1/30							11,310,000	1,228,000	12,538,000				-	7,164,193	(2,289,318)	4,874,875	2,676,379	3,758,621	6,435,000	23,847,875
8/1/31							12,250,000	662,500	12,912,500				760,000	7,164,193	(2,289,318)	5,634,875	2,410,608	3,724,392	6,135,000	24,682,375
8/1/32							1,000,000	50,000	1,050,000				7,405,000	7,111,213	(2,272,388)	12,243,825	4,503,657	7,726,343	12,230,000	25,523,825
8/1/33													8,675,000	6,595,011	(2,107,436)	13,162,575	4,606,089	8,668,911	13,275,000	26,437,575
8/1/34													9,455,000	5,990,277	(1,914,193)	13,531,084	4,547,657	9,267,343	13,815,000	27,346,084
8/1/35													10,285,000	5,331,169	(1,703,575)	13,912,594	4,471,503	9,918,497	14,390,000	28,302,594
8/1/36													11,160,000	4,614,201	(1,474,468)	14,299,733	4,395,315	10,599,685	14,995,000	29,294,733
8/1/37													12,095,000	3,830,658	(1,224,087)	14,701,571	4,318,456	11,301,544	15,620,000	30,321,571
8/1/38													13,085,000	2,981,468	(952,728)	15,113,740	4,242,894	12,027,106	16,270,000	31,383,740
8/1/39													14,135,000	2,062,770	(659,158)	15,538,612	4,169,504	12,780,497	16,950,000	32,488,612
8/1/40													15,245,000	1,070,351	(342,031)	15,973,321	4,095,062	13,554,938	17,650,000	33,623,321
8/1/41																	8,284,957	25,275,043	33,560,000	33,560,000
8/1/42																	7,359,264	24,320,736	31,680,000	31,680,000
8/1/43																	7,549,950	26,985,050	34,535,000	34,535,000
Total	13,270,000	3,615,247	16,885,247	58,386,109	44,174,005	102,560,115	90,000,000	75,033,817	165,033,817	7,699,278	8,220,722	15,920,000	102,300,000	188,065,017	(60,581,559)	229,783,458	85,000,722	192,053,885	277,054,607	807,237,243
\$ of CABs			\$0			\$0			\$0			\$7,699,278				\$0			\$74,664,778	\$82,364,056
% of CABs			0.00%			0.00%			0.00%			100.00%				0.00%			87.84%	23.09%
Repayment Ratio			1.27 to 1			1.76 to 1			1.83 to 1			2.07 to 1				2.25 to 1			3.26 to 1	2.26 to 1

(1) Assumes interest rates as of October 7, 2013 (approximately 5.8% - 6.1%).

(2) Assumes 8.7% federal subsidy sequester reduction applies through term of financing.

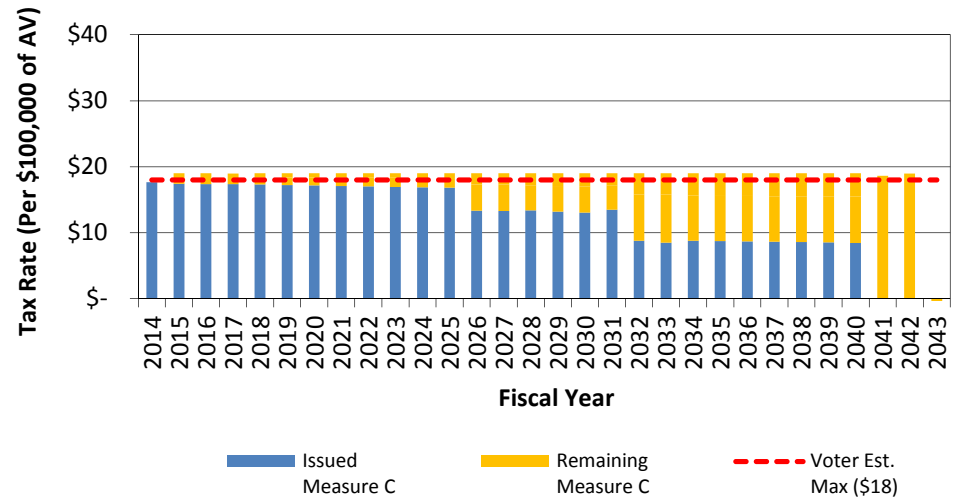
# Illustrative Scenario 1 – Meet Est. Measure C Project Cashflow

For illustration purposes only, meeting the estimated Measure C project cashflow would result in a tax rate of approximately \$19 per \$100,000 of AV

## Illustrative Issuance Schedule

Issue	Issue Date	Proceeds
Series 2004A	August 2004	\$ 55,205,000
Series 2004B	August 2004	9,795,000
Series 2007C	June 2007	90,000,000
Series 2010D	November 2010	7,699,278
Series 2010D-1	November 2010	102,300,000
Series E	March 2015	55,000,000
Series F	August 2017	30,000,722
<b>Total</b>		<b>\$ 350,000,000</b>

## Projected Tax Rates



Note: Assumes District requests 2014-15 tax levy in advance of Series E bond issuance.

# Repayment Ratios for Scenario 1 (AB 182 Compliant)

Date	Series 2004A & 2004B			2005 Refunding			Series 2007C			Series 2010D			Series 2010D-1				Series E & F <sup>(1)</sup>			Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Subsidy <sup>(2)</sup>	Total	Principal	Interest	Total	
8/1/05	3,750,000	1,873,134	5,623,134	970,000	391,615	1,361,615														6,984,749
8/1/06	4,500,000	359,581	4,859,581	1,820,000	2,630,925	4,450,925														9,310,506
8/1/07	1,545,000	202,081	1,747,081	475,000	2,549,025	3,024,025	6,020,000	477,317	6,497,317											11,268,423
8/1/08	-	146,075	146,075	1,260,000	2,534,775	3,794,775	5,125,000	4,055,050	9,180,050											13,120,900
8/1/09	-	146,075	146,075	1,495,000	2,471,775	3,966,775	5,160,000	3,850,050	9,010,050											13,122,900
8/1/10	-	146,075	146,075	1,740,000	2,409,750	4,149,750	5,185,000	3,643,650	8,828,650											13,124,475
8/1/11	500,000	146,075	646,075	1,252,016	2,900,734	4,152,750	-	3,425,500	3,425,500				-	5,194,040	(1,817,914)	3,376,126				11,600,451
8/1/12	620,000	126,075	746,075	876,062	3,437,188	4,313,250	-	3,425,500	3,425,500				-	7,164,193	(2,507,468)	4,656,725				13,141,550
8/1/13	795,000	101,275	896,275	837,747	3,625,503	4,463,250	-	3,425,500	3,425,500				-	7,164,193	(2,398,393)	4,765,800				13,550,825
8/1/14	1,000,000	69,475	1,069,475	797,240	3,816,010	4,613,250	-	3,425,500	3,425,500				-	7,164,193	(2,289,318)	4,874,875				13,983,100
8/1/15	15,000	29,475	44,475	898,045	4,330,205	5,228,250	-	3,425,500	3,425,500	216,214	158,786	375,000	-	7,164,193	(2,289,318)	4,874,875	690,000	387,443	1,077,443	15,025,543
8/1/16	15,000	28,838	43,838	3,165,000	2,298,250	5,463,250	-	3,425,500	3,425,500	292,496	277,505	570,000	-	7,164,193	(2,289,318)	4,874,875	290,000	916,063	1,206,063	15,583,525
8/1/17	20,000	28,088	48,088	3,570,000	2,140,000	5,710,000	-	3,425,500	3,425,500	349,376	415,625	765,000	-	7,164,193	(2,289,318)	4,874,875	435,000	910,263	1,345,263	16,168,725
8/1/18	20,000	27,088	47,088	4,005,000	1,961,500	5,966,500	-	3,425,500	3,425,500	394,266	575,734	970,000	-	7,164,193	(2,289,318)	4,874,875	95,000	1,318,938	1,413,938	16,697,900
8/1/19	25,000	26,088	51,088	4,475,000	1,761,250	6,236,250	-	3,425,500	3,425,500	425,056	749,944	1,175,000	-	7,164,193	(2,289,318)	4,874,875	145,000	1,317,038	1,462,038	17,224,750
8/1/20	25,000	24,838	49,838	4,980,000	1,537,500	6,517,500	-	3,425,500	3,425,500	538,846	821,154	1,360,000	-	7,164,193	(2,289,318)	4,874,875	245,000	1,314,138	1,559,138	17,786,850
8/1/21	30,000	23,588	53,588	5,525,000	1,288,500	6,813,500	-	3,425,500	3,425,500	945,859	614,141	1,560,000	-	7,164,193	(2,289,318)	4,874,875	340,000	1,309,238	1,649,238	18,376,700
8/1/22	35,000	22,013	57,013	6,105,000	1,012,250	7,117,250	-	3,425,500	3,425,500	1,002,769	772,232	1,775,000	-	7,164,193	(2,289,318)	4,874,875	430,000	1,301,588	1,731,588	18,981,225
8/1/23	40,000	20,175	60,175	6,735,000	707,000	7,442,000	-	3,425,500	3,425,500	1,037,942	937,059	1,975,000	-	7,164,193	(2,289,318)	4,874,875	545,000	1,290,838	1,835,838	19,613,388
8/1/24	45,000	18,075	63,075	7,405,000	370,250	7,775,250	-	3,425,500	3,425,500	1,061,033	1,128,967	2,190,000	-	7,164,193	(2,289,318)	4,874,875	695,000	1,275,925	1,970,925	20,299,625
8/1/25	45,000	15,713	60,713				7,325,000	3,425,500	10,750,500	1,435,423	1,769,577	3,205,000	-	7,164,193	(2,289,318)	4,874,875	855,000	1,254,600	2,109,600	21,000,688
8/1/26	50,000	13,350	63,350				8,015,000	3,059,250	11,074,250				-	7,164,193	(2,289,318)	4,874,875	4,150,000	1,227,413	5,377,413	21,389,888
8/1/27	60,000	10,725	70,725				8,740,000	2,658,500	11,398,500				-	7,164,193	(2,289,318)	4,874,875	4,740,000	1,036,225	5,776,225	22,120,325
8/1/28	65,000	7,425	72,425				9,520,000	2,221,500	11,741,500				-	7,164,193	(2,289,318)	4,874,875	5,285,000	814,600	6,099,600	22,788,400
8/1/29	70,000	3,850	73,850				10,350,000	1,745,500	12,095,500				-	7,164,193	(2,289,318)	4,874,875	5,940,000	569,250	6,509,250	23,553,475
8/1/30							11,310,000	1,228,000	12,538,000				-	7,164,193	(2,289,318)	4,874,875	3,579,072	3,358,178	6,937,250	24,350,125
8/1/31							12,250,000	662,500	12,912,500				760,000	7,164,193	(2,289,318)	5,634,875	3,420,379	3,282,371	6,702,750	25,250,125
8/1/32							1,000,000	50,000	1,050,000				7,405,000	7,111,213	(2,272,388)	12,243,825	6,144,685	6,126,315	12,271,000	25,564,825
8/1/33													8,675,000	6,595,011	(2,107,436)	13,162,575	4,752,520	8,512,480	13,265,000	26,427,575
8/1/34													9,455,000	5,990,277	(1,914,193)	13,531,084	4,642,205	9,052,795	13,695,000	27,226,084
8/1/35													10,285,000	5,331,169	(1,703,575)	13,912,594	4,558,167	9,681,833	14,240,000	28,152,594
8/1/36													11,160,000	4,614,201	(1,474,468)	14,299,733	4,481,625	10,348,375	14,830,000	29,129,733
8/1/37													12,095,000	3,830,658	(1,224,087)	14,701,571	4,404,963	11,035,037	15,440,000	30,141,571
8/1/38													13,085,000	2,981,468	(952,728)	15,113,740	4,329,482	11,745,518	16,075,000	31,188,740
8/1/39													14,135,000	2,062,770	(659,158)	15,538,612	4,253,918	12,476,082	16,730,000	32,268,612
8/1/40													15,245,000	1,070,351	(342,031)	15,973,321	4,179,009	13,230,991	17,410,000	33,383,321
8/1/41																	5,965,899	18,659,101	24,625,000	24,625,000
8/1/42																	5,408,797	18,271,203	23,680,000	23,680,000
8/1/43																				
Total	13,270,000	3,615,247	16,885,247	58,386,109	44,174,005	102,560,115	90,000,000	75,033,817	165,033,817	7,699,278	8,220,722	15,920,000	102,300,000	188,065,017	(60,581,559)	229,783,458	85,000,722	152,023,833	237,024,555	767,207,191
\$ of CABs			\$0			\$0			\$0			\$7,699,278				\$0			\$54,674,726	\$62,374,005
% of CABs			0.00%			0.00%			0.00%			100.00%				0.00%			64.32%	17.49%
Repayment Ratio			1.27 to 1			1.76 to 1			1.83 to 1			2.07 to 1				2.25 to 1			2.79 to 1	2.15 to 1

- (1) Assumes interest rates as of October 7, 2013 (approximately 5.6% - 5.8%).
- (2) Assumes 8.7% federal subsidy sequester reduction applies through term of financing.

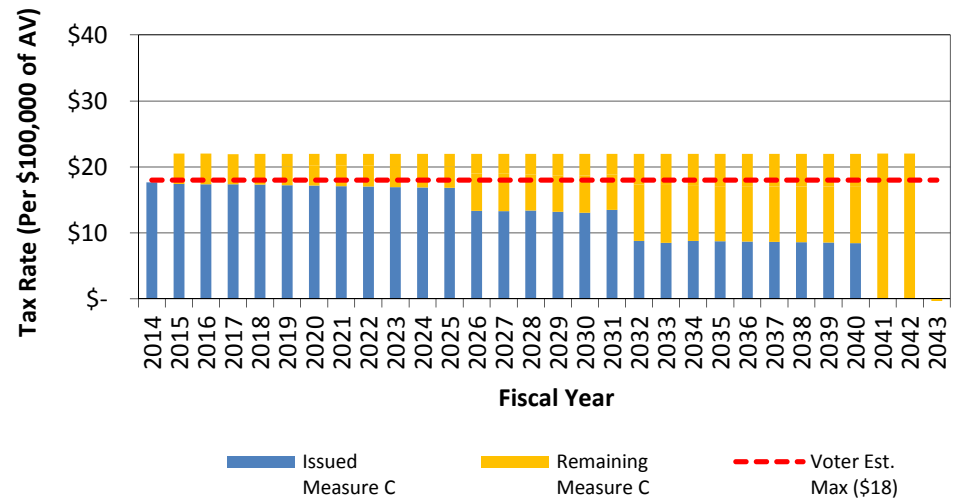
# Illustrative Scenario 2 – No CABs

For illustration purposes only, utilizing no CABs while meeting the Measure C project timeline would result in a tax rate of approximately \$22 per \$100,000 of AV

**Illustrative Issuance Schedule**

Issue	Issue Date	Proceeds
Series 2004A	August 2004	\$ 55,205,000
Series 2004B	August 2004	9,795,000
Series 2007C	June 2007	90,000,000
Series 2010D	November 2010	7,699,278
Series 2010D-1	November 2010	102,300,000
Series E	March 2015	55,000,000
Series F	August 2017	30,000,722
<b>Total</b>		<b>\$ 350,000,000</b>

**Projected Tax Rates**



Note: Assumes District requests 2014-15 tax levy in advance of Series E bond issuance.

# Repayment Ratios for Scenario 2 (AB 182 Compliant)

Date	Series 2004A & 2004B			2005 Refunding			Series 2007C			Series 2010D			Series 2010D-1				Series E & F <sup>(1)</sup>			Total	
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Subsidy <sup>(2)</sup>	Total	Principal	Interest	Total		
8/1/05	3,750,000	1,873,134	5,623,134	970,000	391,615	1,361,615														6,984,749	
8/1/06	4,500,000	359,581	4,859,581	1,820,000	2,630,925	4,450,925														9,310,506	
8/1/07	1,545,000	202,081	1,747,081	475,000	2,549,025	3,024,025	6,020,000	477,317	6,497,317											11,268,423	
8/1/08	-	146,075	146,075	1,260,000	2,534,775	3,794,775	5,125,000	4,055,050	9,180,050											13,120,900	
8/1/09	-	146,075	146,075	1,495,000	2,471,775	3,966,775	5,160,000	3,850,050	9,010,050											13,122,900	
8/1/10	-	146,075	146,075	1,740,000	2,409,750	4,149,750	5,185,000	3,643,650	8,828,650											13,124,475	
8/1/11	500,000	146,075	646,075	1,252,016	2,900,734	4,152,750	-	3,425,500	3,425,500					5,194,040	(1,817,914)	3,376,126				11,600,451	
8/1/12	620,000	126,075	746,075	876,062	3,437,188	4,313,250	-	3,425,500	3,425,500					7,164,193	(2,507,468)	4,656,725				13,141,550	
8/1/13	795,000	101,275	896,275	837,747	3,625,503	4,463,250	-	3,425,500	3,425,500					7,164,193	(2,398,393)	4,765,800				13,550,825	
8/1/14	1,000,000	69,475	1,069,475	797,240	3,816,010	4,613,250	-	3,425,500	3,425,500					7,164,193	(2,289,318)	4,874,875				13,983,100	
8/1/15	15,000	29,475	44,475	898,045	4,330,205	5,228,250	-	3,425,500	3,425,500	216,214	158,786	375,000		7,164,193	(2,289,318)	4,874,875	-	1,121,847	1,121,847	15,069,947	
8/1/16	15,000	28,838	43,838	3,165,000	2,298,250	5,463,250	-	3,425,500	3,425,500	292,496	277,505	570,000		7,164,193	(2,289,318)	4,874,875	-	2,692,434	2,692,434	17,069,896	
8/1/17	20,000	28,088	48,088	3,570,000	2,140,000	5,710,000	-	3,425,500	3,425,500	349,376	415,625	765,000		7,164,193	(2,289,318)	4,874,875	-	2,692,434	2,692,434	17,515,896	
8/1/18	20,000	27,088	47,088	4,005,000	1,961,500	5,966,500	-	3,425,500	3,425,500	394,266	575,734	970,000		7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	19,479,829	
8/1/19	25,000	26,088	51,088	4,475,000	1,761,250	6,236,250	-	3,425,500	3,425,500	425,056	749,944	1,175,000		7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	19,958,579	
8/1/20	25,000	24,838	49,838	4,980,000	1,537,500	6,517,500	-	3,425,500	3,425,500	538,846	821,154	1,360,000		7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	20,423,579	
8/1/21	30,000	23,588	53,588	5,525,000	1,288,500	6,813,500	-	3,425,500	3,425,500	945,859	614,141	1,560,000		7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	20,923,329	
8/1/22	35,000	22,013	57,013	6,105,000	1,012,250	7,117,250	-	3,425,500	3,425,500	1,002,769	772,232	1,775,000		7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	21,445,504	
8/1/23	40,000	20,175	60,175	6,735,000	707,000	7,442,000	-	3,425,500	3,425,500	1,037,942	937,059	1,975,000		7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	21,973,416	
8/1/24	45,000	18,075	63,075	7,405,000	370,250	7,775,250	-	3,425,500	3,425,500	1,061,033	1,128,967	2,190,000		7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	22,524,566	
8/1/25	45,000	15,713	60,713				7,325,000	3,425,500	10,750,500	1,435,423	1,769,577	3,205,000		7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	23,086,954	
8/1/26	50,000	13,350	63,350				8,015,000	3,059,250	11,074,250					7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	20,208,341	
8/1/27	60,000	10,725	70,725				8,740,000	2,658,500	11,398,500					7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	20,539,966	
8/1/28	65,000	7,425	72,425				9,520,000	2,221,500	11,741,500					7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	20,884,666	
8/1/29	70,000	3,850	73,850				10,350,000	1,745,500	12,095,500					7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	21,240,091	
8/1/30							11,310,000	1,228,000	12,538,000					7,164,193	(2,289,318)	4,874,875	-	4,195,866	4,195,866	21,608,741	
8/1/31							12,250,000	662,500	12,912,500				760,000	7,164,193	(2,289,318)	5,634,875	-	4,195,866	4,195,866	22,743,241	
8/1/32							1,000,000	50,000	1,050,000				7,405,000	7,111,213	(2,272,388)	12,243,825	3,035,000	4,195,866	7,230,866	20,524,691	
8/1/33													8,675,000	6,595,011	(2,107,436)	13,162,575	4,060,000	4,044,116	8,104,116	21,266,691	
8/1/34													9,455,000	5,990,277	(1,914,193)	13,531,084	4,420,000	3,841,116	8,261,116	21,792,200	
8/1/35													10,285,000	5,331,169	(1,703,575)	13,912,594	5,085,000	3,625,641	8,710,641	22,623,235	
8/1/36													11,160,000	4,614,201	(1,474,468)	14,299,733	5,850,000	3,384,104	9,234,104	23,533,837	
8/1/37													12,095,000	3,830,658	(1,224,087)	14,701,571	6,800,000	3,102,719	9,902,719	24,604,289	
8/1/38													13,085,000	2,981,468	(952,728)	15,113,740	7,830,000	2,772,419	10,602,419	25,716,158	
8/1/39													14,135,000	2,062,770	(659,158)	15,538,612	8,930,000	2,388,578	11,318,578	26,857,189	
8/1/40													15,245,000	1,070,351	(342,031)	15,973,321	10,365,000	1,704,225	12,069,225	28,042,545	
8/1/41																14,310,000	1,431,245	15,741,245		15,741,245	15,741,245
8/1/42																14,315,722	700,713	15,016,435		15,016,435	15,016,435
8/1/43																					
Total	13,270,000	3,615,247	16,885,247	58,386,109	44,174,005	102,560,115	90,000,000	75,033,817	165,033,817	7,699,278	8,220,722	15,920,000	102,300,000	188,065,017	(60,581,559)	229,783,458	85,000,722	96,439,578	181,440,300	711,622,936	
\$ of CABs			\$0			\$0			\$0			\$7,699,278				\$0			\$0	\$7,699,278	
% of CABs			0.00%			0.00%			0.00%			100.00%				0.00%			0.00%	2.16%	
Repayment Ratio			1.27 to 1			1.76 to 1			1.83 to 1			2.07 to 1				2.25 to 1			2.13 to 1	2.00 to 1	

(1) Assumes interest rates as of October 7, 2013 (approximately 4.9% - 5.0%).

(2) Assumes 8.7% federal subsidy sequester reduction applies through term of financing.

# Considerations

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Factors impacting Measure C include:

- ◆ AV
- ◆ Interest rates
- ◆ CABs (AB 182)

Following are considerations for the District as it considers its future Measure C issuances:

- ◆ Issuance of CABs
- ◆ Delay/eliminate/reprioritize bond projects
- ◆ Future tax rates
- ◆ Future potential legislation

## Section II

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Measure C Refinancing



# General Obligation Bond Refinancing Overview

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The District has three series of general obligation bonds that may be candidates for a refinancing:

- ◆ 2005 Refunding
- ◆ Unrefunded Series 2004A
- ◆ Series 2007C

Depending on market conditions, the District may realize savings for its taxpayers by refinancing portions of the outstanding bonds

- ◆ Similar to refinancing a home mortgage, savings would be generated for the District's taxpayers by replacing the higher interest rate 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
- ◆ In order to comply with IRS guidelines, the Refunding Bonds would include both tax-exempt and taxable portions
  - Taxable bonds carry a higher interest rate than tax-exempt bonds, however, savings can still be generated in the current interest rate environment

# Refinancing Summary <sup>(1)</sup>

Under current interest rates, refinancing portions of the outstanding bonds produces present value savings above the industry benchmark of 3% (present value debt service savings ÷ refunded bond principal)

- ◆ The 3% benchmark is equal to approximately \$1.6 million in debt service savings (\$1.37 million present value)
- ◆ Note: savings figures are net of all estimated financing costs

Debt Service Comparison				Savings Statistics	
Year	Before Refinancing	After Refinancing	Savings		
2014	\$ 3,464,125	\$ 3,462,618	\$ 1,507	Debt Service Savings:	\$ 2,660,078
2015	5,228,250	4,961,782	266,468	Present Value Savings:	\$ 2,286,530
2016	5,463,250	5,198,157	265,093	Present Value Savings %:	4.97%
2017	5,710,000	5,445,425	264,575	Interest Rate of Refunded Bonds:	5.00%
2018	5,966,500	5,700,180	266,320	All-Inclusive Cost of Refunding Bonds:	3.20%
2019	6,236,250	5,967,530	268,720	Escrow Negative Arbitrage:	\$ (1,688,175)
2020	6,517,500	6,249,128	268,372	Principal of Refunded Bonds:	\$ 45,965,000
2021	6,813,500	6,549,447	264,053	Principal of Refunding Bonds:	\$ 49,785,000
2022	7,117,250	6,853,270	263,980		
2023	7,442,000	7,177,976	264,024		
2024	7,775,250	7,508,283	266,967		
Total	\$ 67,733,875	\$ 65,073,797	\$ 2,660,078		

(1) Assumes interest rates as of February 18, 2014 and 'Aa2/AA' underlying ratings from Moody's and Standard & Poor's, respectively. Includes all financing costs. Rates are subject to market fluctuation.

# Sample Financing Timeline (1)

The refinancing would only be completed if savings thresholds are achieved

April 2014						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

May 2014						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Legend		
<b>D</b>	=	<b>District</b> , Riverside Community College District
<b>BC</b>	=	<b>Bond Counsel</b> , Stradling Yocca Carlson & Rauth
<b>FA</b>	=	<b>Financial Advisor</b> , Keygent Advisors
<b>UW</b>	=	<b>Underwriter</b> , Piper Jaffray

Date	Event	Responsibility
Completed	Distribution of issuance resolution and forms of preliminary official statement (POS) and other legal documents	BC
Completed	Credit packages sent to rating agencies	FA
Completed	District Executive Cabinet Meeting to review bond refinancing and legal documents	D
Completed	District Board Committee Meeting to review bond refinancing and legal documents	D, BC, FA, UW
Completed	District Board Regular Meeting to adopt issuance resolution and forms of POS and other legal documents	D, BC, FA, UW
TBD	Rating agency conference calls	D, FA, UW
TBD	Receive ratings	FA
May 1	Finalize POS and post electronically	BC, FA, UW
May 7	Pre-pricing conference call to discuss market conditions, interest rate comparables and preliminary interest rates for Refunding Bonds	D, FA, UW
May 8	Price Refunding Bonds – Interest rates locked in	D, FA, UW
May 15	Print and mail final official statement	BC
May 28	Pre-closing – All documents signed	All Parties
May 29	Closing	All Parties

(1) Subject to District and financing team availability.

## Section III

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### Credit Ratings Overview

# Overview of Credit Rating Agencies and Their Roles

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Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's") are two major credit rating agencies that assign credit ratings to debt issued by municipalities and other entities

- ◆ Ratings rank debt issuers based on their relative credit quality
- ◆ Ratings have become the bond markets' common language of credit during the past century
- ◆ Ratings help market participants communicate with one another about risk across regions and sectors

# Rating Methodology/Analysis

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To evaluate the credit quality of local government general obligation debt, the rating agencies primarily examine the following four analytical areas:

- ◆ **Economy/Tax Base**
  - Size and composition of tax base
  - Industry/employment mix
  - Labor force and unemployment patterns
  - Wealth and income levels
- ◆ **Finances**
  - Accounting, reporting and planning methods
  - Annual operating and budgetary performance
  - Fund and cash balances
  - Contingent financial obligations (pension liabilities, other post-employment benefits)
- ◆ **Management**
  - Institutional framework and stability
  - Depth of managerial experience
  - Past performance against original plans
- ◆ **Debt**
  - Debt-to-tax base ratio
  - Debt repayment structure
  - Future capital needs

# Rating Process

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The credit rating process generally involves six steps:

- ◆ Assignment of a lead analyst
- ◆ Selection of a methodology
- ◆ Analysis of the issuer or obligation to be rated
- ◆ Discussions with the issuer
- ◆ Rating committee review
- ◆ Publication of the rating report

Once a rating has been assigned, it will be monitored on a continuing basis

# Rating Symbols

Both S&P and Moody's have their own rating scales consisting of different rating levels, as shown in the table below

- ◆ The lower the rating, the successively higher the risk levels
  - “AAA” or “Aaa” are judged to be of the highest quality, carrying the least credit risk
  - “AA” or “Aa”-category bonds are considered high-quality, with very low risk
  - Below “BBB-” or “Baa3” indicates elevated credit risk and constitutes the “speculative” portion of the credit spectrum

Credit Quality		S&P	Moody's
INVESTMENT GRADE	Superior	AAA	Aaa
		AA+	Aa1
		AA	Aa2
		AA-	Aa3
	Good	A+	A1
		A	A2
		A-	A3
	Adequate	BBB+	Baa1
		BBB	Baa2
BBB-		Baa3	
SPECULATIVE GRADE	Speculative	BB+	Ba1
		BB	Ba2
		BB-	Ba3
	Highly Speculative	B+	B1
		B	B2
		B-	B3
	CCC and Below	Caa and Below	

- ◆ The District currently has strong ratings of “AA” from S&P and “Aa2” from Moody's