

# Riverside Community College District

General Obligation Bond Update

August 27, 2019

# District General Obligation Bond Issuance History

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The District has accessed \$310,003,424 of the \$350 million Measure C authorization

- ◆ Series 2004A on August 3, 2004 for \$55,205,000
- ◆ Series 2004B on August 3, 2004 for \$9,795,000
- ◆ Series 2007C on June 21, 2007 for \$90,000,000
- ◆ Series 2010D on November 10, 2010 for \$7,699,278
- ◆ Series 2010D-1 on November 10, 2010 for \$102,300,000
- ◆ Series 2015E on July 1, 2015 for \$45,004,145
- ◆ \$39,996,576 of the Measure C authorization remains unissued

The District has saved taxpayers a total of **\$12,135,155** through refinancings

- ◆ 2005 Refunding on June 8, 2005 for \$58,386,109
  - Refunded a portion of Series 2004A
  - **\$3,007,379** in taxpayer savings
- ◆ 2014 Refunding, Series A & B on May 29, 2014 for \$73,090,000
  - Refunded portions of Series 2004A, 2005 Refunding and Series 2007C
  - **\$5,009,241** in taxpayer savings
- ◆ 2015 Refunding on July 1, 2015 for \$43,920,000
  - Refunded a portion of Series 2007C
  - **\$4,118,535** in taxpayer savings

# Credit Ratings

The 3 major credit rating agencies are:

- ◆ Moody's
- ◆ Standard & Poor's ("S&P")
- ◆ Fitch

The rating criteria is generally:

- ◆ 30% local economy/tax base
- ◆ 30% district finances
- ◆ 20% district debt/pension
- ◆ 20% district management

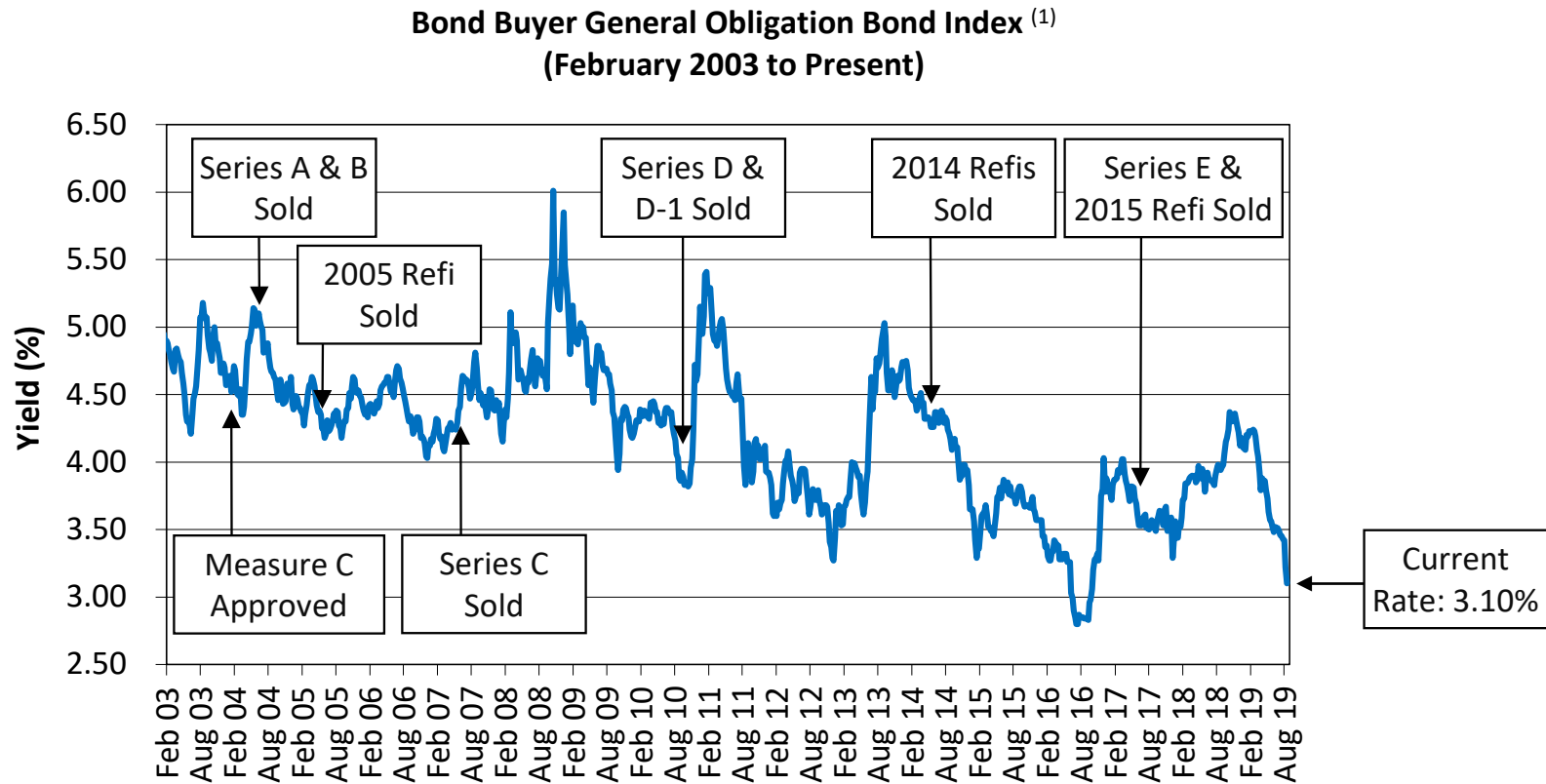
District's GO ratings:

- ◆ Moody's: Aa2
  - As of May 2015
- ◆ S&P: AA
  - As of December 2018
- ◆ Fitch: N/A

	Moody's	S&P	Fitch	Rating Description
Investment grade	Aaa	AAA	AAA	Prime
	Aa1	AA+	AA+	High grade
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper medium grade
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Lower medium grade
	Baa2	BBB	BBB	
Baa3	BBB-	BBB-		
Non-investment grade	Ba1	BB+	BB+	Speculative
	Ba2	BB	BB	
	Ba3	BB-	BB-	
	B1	B+	B+	Highly speculative
	B2	B	B	
	B3	B-	B-	
	Caa1 & below	CCC+ & below	CCC & below	Extremely speculative/ Default

# Interest Rate History

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

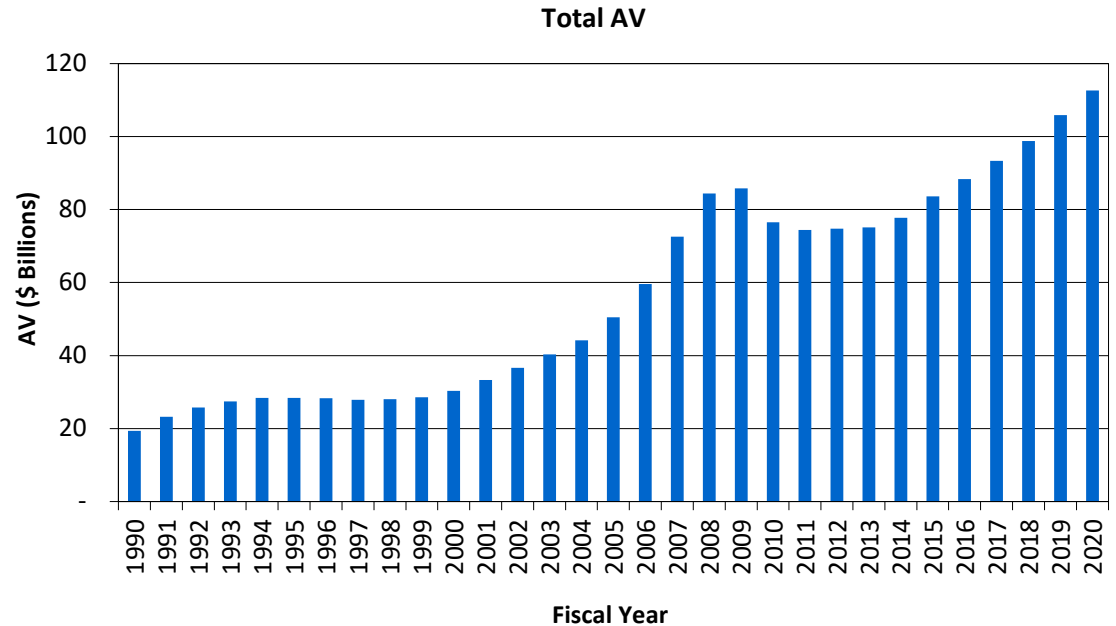


(1) Index reflects average yield to maturity of 20 general obligation bonds with 20-year maturities rated 'Aa2' by Moody's Investors Service and 'AA' by Standard and Poor's. Source: The Bond Buyer & Bloomberg.

# District Assessed Value

The District's assessed value ("AV") has increased 51.4% since the last decline in 2011

FY	Total AV <sup>(1)</sup>	% 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
2016	88,295,863,777	5.58
2017	93,315,232,893	5.68
2018	98,786,976,597	5.86
2019	105,817,644,172	7.12
2020	112,622,922,606	6.43 <sup>(2)</sup>



**Annualized Growth Rates:**

1-year:	6.43 %
5-year:	6.13
10-year:	3.94
15-year:	5.49
20-year:	6.77
25-year:	5.67
30-year:	6.04

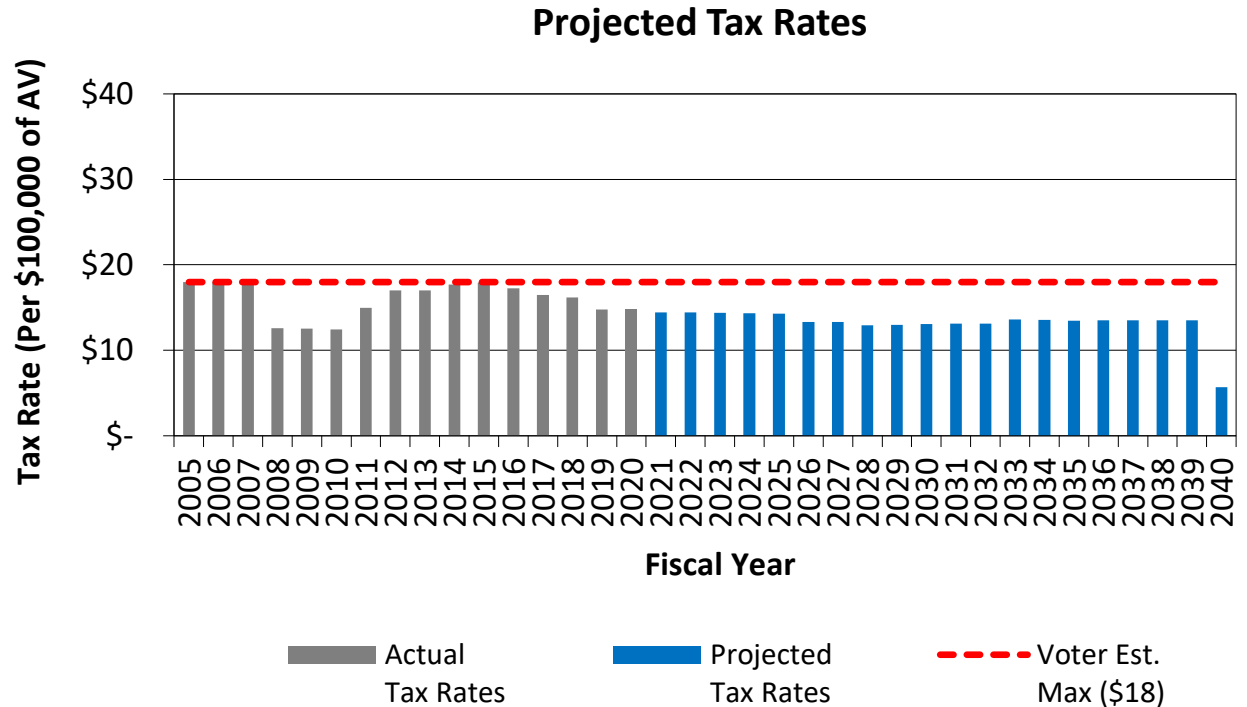
(1) Source: California Municipal Statistics, Inc. & Riverside County.

(2) Preliminary.

# Measure C Tax Rates (1)

The District has never exceeded the tax rate estimated to voters of \$18 per \$100,000 of AV

Fiscal Year	Tax Rate Per \$100,000
2004 - 05	\$18.00
2005 - 06	\$18.00
2006 - 07	\$18.00
2007 - 08	\$12.59
2008 - 09	\$12.54
2009 - 10	\$12.42
2010 - 11	\$14.99
2011 - 12	\$17.00
2012 - 13	\$17.02
2013 - 14	\$17.68
2014 - 15	\$17.91
2015 - 16	\$17.25
2016 - 17	\$16.49
2017 - 18	\$16.16
2018 - 19	\$14.78
2019 - 20	\$14.76



(1) Assumes AV growth of 2% in 2020-21, 3% in 2021-22 and 3.5% annually thereafter with 7% unsecured delinquency.

# Illustrative Series 2019F Issuance

Series 2019F can be accessed at a projected tax rate of ~\$16 per \$100,000 of AV

◆ Assumptions:

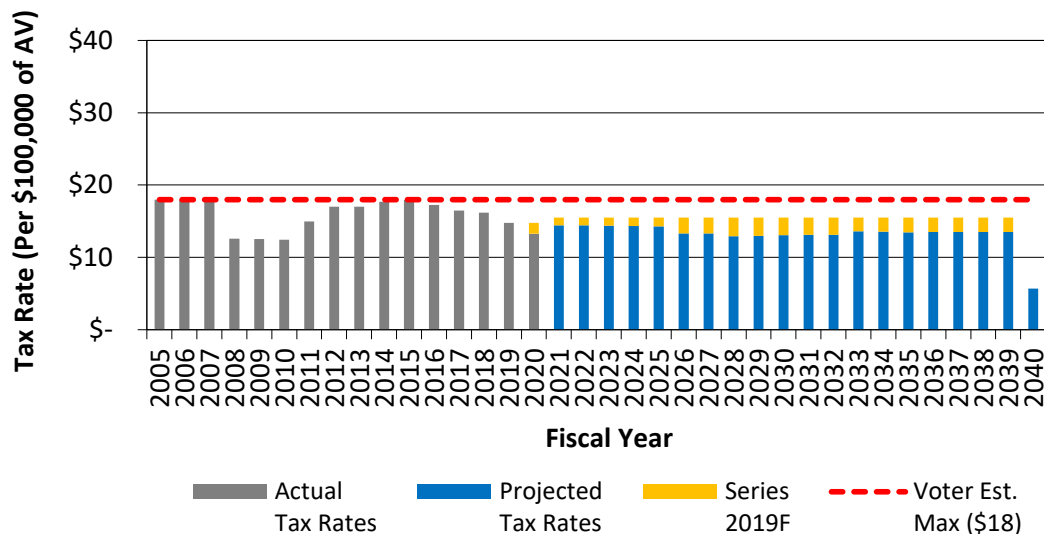
- Annual AV growth rates:
  - 2020-21: 2.0%
  - 2021-22: 3.0%
  - Thereafter: 3.5%
- Interest rate <sup>(1)</sup>: 3.1%
- County debt service reserve policy: 25%
- Current interest bonds only

**Series 2019F Estimated Debt Service <sup>(1)</sup>**

Debt Service				
Date	Principal	Interest	Fund	Total
8/1/20	\$ 1,235,000	\$ 1,148,719	\$ (1,148,719)	\$ 1,235,000
8/1/21	955,000	1,584,400	(1,584,400)	955,000
8/1/22	1,155,000	1,555,750	(1,477,875)	1,232,875
8/1/23	-	1,509,550		1,509,550
8/1/24	-	1,509,550		1,509,550
8/1/25	-	1,509,550		1,509,550
8/1/26	1,065,000	1,509,550		2,574,550
8/1/27	1,245,000	1,456,300		2,701,300
8/1/28	2,045,000	1,394,050		3,439,050
8/1/29	2,240,000	1,291,800		3,531,800
8/1/30	2,440,000	1,202,200		3,642,200
8/1/31	2,635,000	1,104,600		3,739,600
8/1/32	2,855,000	999,200		3,854,200
8/1/33	2,445,000	885,000		3,330,000
8/1/34	2,675,000	787,200		3,462,200
8/1/35	2,900,000	680,200		3,580,200
8/1/36	3,140,000	564,200		3,704,200
8/1/37	3,385,000	438,600		3,823,600
8/1/38	3,650,000	303,200		3,953,200
8/1/39	3,930,000	157,200		4,087,200
<b>Total</b>	<b>\$ 39,995,000</b>	<b>\$ 21,590,819</b>	<b>\$ (4,210,994)</b>	<b>\$ 57,374,825</b>

**Net Repayment Ratio 1.43 to 1**

**Projected Tax Rates**



(1) Reflects interest rates provided by Piper Jaffray on August 19, 2019. Assumes District's current ratings of 'Aa2/AA/--'. Subject to market fluctuation.

# General Obligation Bond Refinancing Overview

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Depending on market conditions, the District may realize savings for its taxpayers by refinancing the outstanding Series 2010D-1 bonds (“Prior Bonds”)

- ◆ Similar to refinancing a home mortgage, savings would be generated for the District’s taxpayers by replacing the higher interest rate Prior Bonds with lower interest rate refunding bonds (“Refunding Bonds”)
- ◆ Refinancing does NOT extend the original bond term
- ◆ Savings are subject to fluctuations in interest rates until the Refunding Bonds are sold
- ◆ 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 <sup>(1)</sup>

A refinancing produces present value savings above the industry benchmark of 3%

Debt Service Comparison			
Year	Prior Bonds <sup>(2)</sup>	Refunding Bonds	Savings
2020	\$ 4,804,666	\$ 4,802,237	\$ 2,429
2021	4,804,666	4,411,000	393,666
2022	4,804,666	4,411,000	393,666
2023	4,804,666	4,411,000	393,666
2024	4,804,666	4,411,000	393,666
2025	4,804,666	4,411,000	393,666
2026	4,804,666	4,411,000	393,666
2027	4,804,666	4,411,000	393,666
2028	4,804,666	4,411,000	393,666
2029	4,804,666	4,411,000	393,666
2030	4,804,666	4,411,000	393,666
2031	5,564,666	4,681,000	883,666
2032	12,174,135	11,272,500	901,635
2033	13,097,944	12,023,750	1,074,194
2034	13,472,379	12,200,250	1,272,129
2035	13,860,348	12,373,000	1,487,348
2036	14,254,514	12,530,750	1,723,764
2037	14,664,031	12,682,750	1,981,281
2038	15,084,521	12,822,750	2,261,771
2039	15,518,397	12,954,750	2,563,647
2040	15,962,831	13,072,500	2,890,331
<b>Total</b>	<b>\$ 186,505,092</b>	<b>\$ 165,526,237</b>	<b>\$ 20,978,855</b>

Savings Statistics	
Present Value Savings:	\$ 15,584,101
Present Value Savings %:	15.2%
Prior Bonds Redemption Date:	8/1/2020
Escrow Yield <sup>(3)</sup> :	1.93%
Refunding Bond Yield:	2.01%
Escrow Negative Arbitrage:	\$ (66,425)
Interest Rate of Prior Bonds:	4.70%
All-Inclusive Rate of Refunding Bonds:	3.40%

Principal of Prior Bonds:	\$ 102,300,000
Principal of Refunding Bonds:	\$ 89,850,000

(1) Reflects interest rates provided by Piper Jaffray on August 19, 2019. Assumes District's current ratings of 'Aa2/AA/--.' Subject to market fluctuation.

(2) Reflects projected net debt service after receipt of Federal subsidies.

(3) Subject to bid.

# Historical & Estimated Financing Costs

Financing	Series 2004A (Tax-Exempt) & 2004B (Taxable) <sup>(1)</sup>	2005 GO Refunding (Tax-Exempt)	Series 2007C (Tax-Exempt)	Series 2010D (Tax-Exempt) & 2010D-1 (Taxable) <sup>(1)</sup>	2014 GO Refunding Series A (Tax-Exempt)	2014 GO Refunding Series B (Taxable)	Series 2015E (Tax-Exempt)	2015 GO Refunding (Tax-Exempt)	ESTIMATED Series 2019F (Tax-Exempt)	ESTIMATED 2019 GO Refunding (Tax-Exempt)
<b>Par Amount</b>	\$ 65,000,000	\$ 58,386,109	\$ 90,000,000	\$ 109,999,278	\$ 29,130,000	\$ 43,960,000	\$ 45,004,145	\$ 43,920,000	\$ 39,995,000	\$ 89,850,000
<b>Fixed Costs (\$)</b>	\$ 307,000	\$ 155,475	\$ 189,462	\$ 340,000	\$ 103,300	\$ 153,581	\$ 188,950	\$ 194,739	\$ 175,000	\$ 255,000
<b>Fixed Costs (%) <sup>(2)</sup></b>	0.47%	0.27%	0.21%	0.31%	0.35%	0.35%	0.42%	0.44%	0.44%	0.28%
<b>Underwriting (\$)</b>	\$ 513,500	\$ 467,089	\$ 725,269	\$ 604,996	\$ 131,085	\$ 197,820	\$ 179,460	\$ 175,680	\$ 139,983	\$ 314,475
<b>Underwriting (%)</b>	0.79%	0.80%	0.81%	0.55%	0.45%	0.45%	0.40%	0.40%	0.35%	0.35%
<b>Bond Insurance</b>	\$ 222,000	\$ 184,608	\$ 170,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Costs (\$)</b>	\$ 1,042,500	\$ 807,172	\$ 1,084,831	\$ 944,996	\$ 234,385	\$ 351,401	\$ 368,410	\$ 370,419	\$ 314,983	\$ 569,475
<b>Total Costs (%)</b>	<b>1.60%</b>	<b>1.38%</b>	<b>1.21%</b>	<b>0.86%</b>	<b>0.80%</b>	<b>0.80%</b>	<b>0.82%</b>	<b>0.84%</b>	<b>0.79%</b>	<b>0.63%</b>

(1) Shared a combined fixed costs of issuance account.

(2) California Education Code allows a District to deposit an amount not exceeding 2 percent of the principal amount of the bonds in a costs of issuance account.

# Next Steps

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Following are the next steps for the bond financings

- ◆ September 17, 2019 Board of Trustees approval of Series 2019F and Refunding legal documents
- ◆ Update District credit ratings with Moody's and Standard & Poor's
- ◆ Circulate preliminary official statement to prospective investors
- ◆ Sell bonds/lock interest rates
- ◆ Close financings