

Bond 2020 Transaction Summary & Debt Summary

Per CAD (Local), administration is required to provide the board with a summary of debt at a minimum annually or with every bond sale

To prepare for the transaction, the College underwent the review by the rating agencies. Based on their review of our financials, our submissions to their questions and phone interviews, both Standard & Poor's and Moody's gave the College the highest ratings, AAA and Aaa respectively.

Leading up to the transaction planned for the end of March, the markets had gone through unprecedented volatility due to the shutdowns caused by the Covid-19. The original pricing date was March 31st, but the potential interest costs were well over 3% at that time. Therefore, we postponed the transaction. In order minimize interest rate risk, and to provide clarity to the bond finance team, Dr. Matkin set a maximum level of 2.75% true interest cost and a goal of \$50 million of issuance premium.

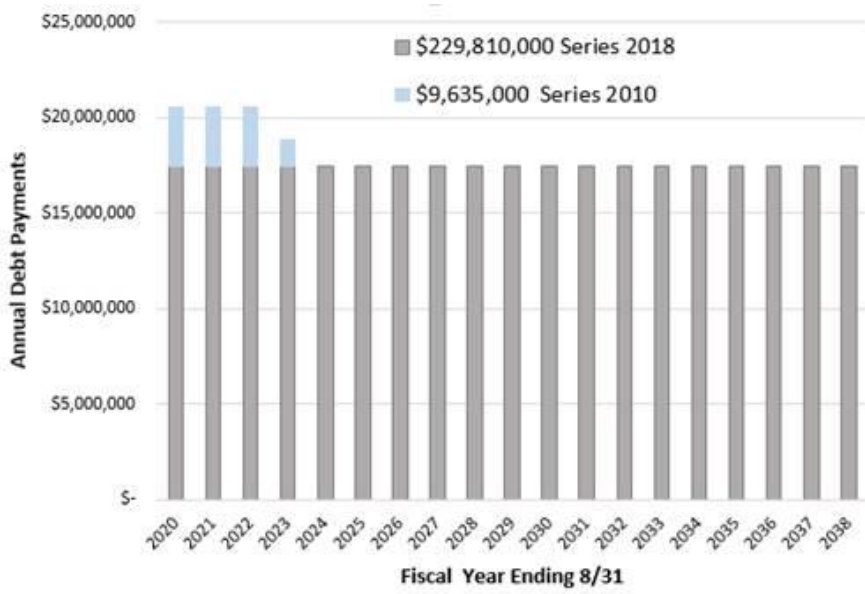
- On April 7, 2020, the District sold \$302,665,000 in par amount and generated \$49,419,877 in premium
- Due to the robust investor interest, the District was able to lower yields in every maturity resulting in an all-in true interest cost of 2.657%
- The transaction was the 2nd largest transaction in the country to be sold since the municipal bond market began having difficulties on March 12th
- The District received over \$1.89 billion in orders from 61 institutional investors

Interest rates were higher in 2018 than 2020. The tables below compare key statistics for the two transactions. All of the dollar amounts are in millions:

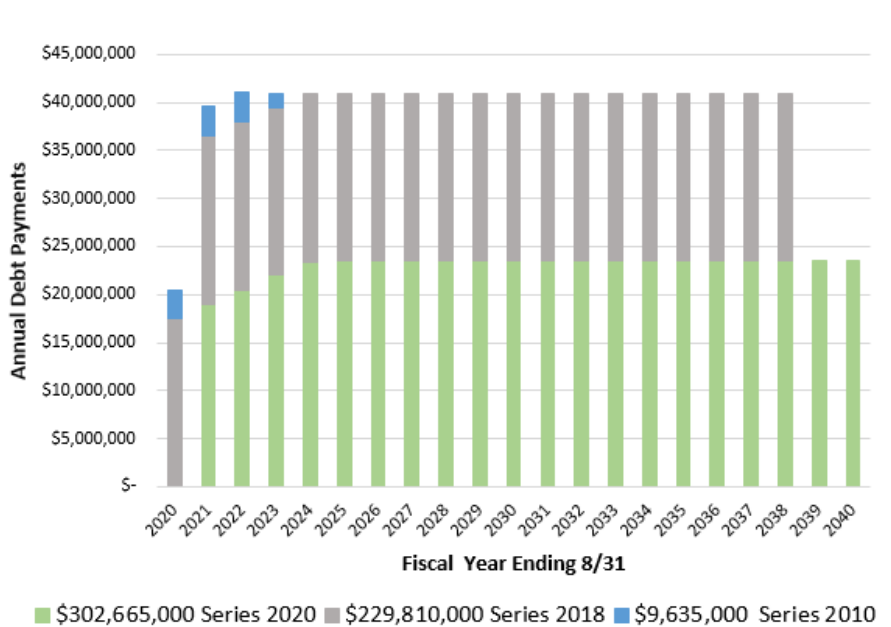
True Interest Cost Comparison	2018		2020	
	TIC	All-In TIC	TIC	All-In TIC
Par Value	\$ 234.3	\$ 234.3	\$ 302.7	\$ 302.7
+Premium (Discount)	\$ 18.1	\$ 18.1	\$ 49.4	\$ 49.4
-Underwriter's Discount	\$ (1.8)	\$ (1.8)	\$ (1.5)	\$ (1.5)
-Cost of Issuance Expense	\$	\$ (0.5)	\$	\$ (0.6)
Target Value	\$ 250.5	\$ 250.0	\$ 350.6	\$ 350.0
Yield	3.271%	3.294%	2.639%	2.657%

	2018	2020
Average Coupon	3.95%	4.12%
Average Life (Years)	13.0	12.7
Par Amount	\$ 234.3	\$ 302.7
Total Interest	\$ 114.7	\$ 158.4
Total Debt Service	\$ 349.0	\$ 461.1
Average Annual Debt Service	\$ 17.2	\$ 22.7
Underwriter's Fee (per \$1000)	\$ 7.51	\$ 4.05

The table below outlines the College’s debt profile by year before the April 2020 transaction:



The table below outlines the debt profile by year after the transaction (\$542,110,000 outstanding):



After this transaction, all of the bonds authorized from the 2017 election have been issued. At this time, given our cash position, staff is evaluating the benefits of retiring the 2010 debt and will bring an item to the board before the end of the fiscal year if this course of action is recommended.

The success of the 2020 transaction could not have happened without the help of the entire bond financing team. We are thankful for all of their support especially:

- Our Financial Advisor, Laura Alexander, and the team at Hilltop Securities
- Our underwriters, Keith Richard, and the team from Siebert Williams Shank
- Our Bond Counsel, Jeff Leuschel, and the team from McCall Parkhurst & Horton