

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

924  
A



**FROM:** Don Kent, Treasurer/Tax Collector

**SUBMITTAL DATE:**  
May 7, 2015

**SUBJECT:** Resolution No. 2015-101 Riverside Community College District Election of 2004 General Obligation Bonds, Series 2015E; 1st, 2nd & 5th Dist.; [\$0] (Vote on Separately)

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Approve and adopt Resolution No. 2015-101 authorizing and approving the issuance and sale of Riverside Community College District Election of 2004 General Obligation Bonds, Series 2015E in a principal amount not to exceed \$50,000,000 some of which may provide for the compounding of interest and approving other related matters.

**BACKGROUND:**

**Summary**

Education Code Section 15140 requires that General Obligation Bonds of a community college district be offered for sale by the Board of Supervisors of the County when the County's Superintendent of Schools has jurisdiction over the district and when the district wishes to offer its bonds via a negotiated sale. Although California law permits a board of supervisors to opt out of that requirement, this Board has not adopted the necessary enabling resolution. At the same time, the County Treasurer has taken the position that school districts should not be negotiating the sale of bonds without his participation. (Continued on Page 2.)

Don Kent  
Treasurer/Tax Collector

| FINANCIAL DATA  | Current Fiscal Year: | Next Fiscal Year: | Total Cost: | Ongoing Cost: | POLICY/CONSENT<br>(per Exec. Office)  |
|-----------------|----------------------|-------------------|-------------|---------------|---|
| COST            | \$ 0                 | \$ 0              | \$ 0        | \$ 0          | Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/> |
| NET COUNTY COST | \$ 0                 | \$ 0              | \$ 0        | \$ 0          |   |

**SOURCE OF FUNDS:**

Budget Adjustment: n/a

For Fiscal Year: 2014-15

**C.E.O. RECOMMENDATION:**

APPROVE

BY:   
Samuel Wong

County Executive Office Signature

**MINUTES OF THE BOARD OF SUPERVISORS**

- ☐ A-30  
☐ 4/5 Vote  
☐ Positions Added  
☐ Change Order

Prev. Agn. Ref.:

District: 1, 2 & 5 Agenda Number:

3-32

**BACKGROUND:**  
**Summary (continued).**

Riverside Community College District (the "District"), under the jurisdiction of the Riverside County Superintendent of Schools, wishes to offer bonds via a negotiated sale. Accordingly, the District Board of Trustees adopted a resolution requesting this Board to sell the District's general obligation bonds which have been duly authorized by the voters of the District.

An election was held on March 2, 2004 pursuant to Section 1 of Article XIII A of the California Constitution, Section 18 of Article XVI of the California Constitution, and Chapter 1 of Part 10 of Division 1 of Title 1 (Section 15266) of the Education Code, codifying, in part, Proposition 39. The measure, which was approved by more than fifty-five percent of the votes cast by eligible voters of the District, authorized the incurrence of general obligation bonded indebtedness in an aggregate principal amount not to exceed \$350,000,000 (the "Authorization").

Pursuant to the Authorization, the District has previously caused the issuance of (i) an aggregate principal amount of \$55,205,000 of Riverside Community College District Election of 2004 General Obligation Bonds, Series 2004A, (ii) an aggregate principal amount of \$9,795,000 of Riverside Community College District Election of 2004 General Obligation Bonds, Series 2004B (Federally Taxable), (iii) an aggregate principal amount of \$90,000,000 of Riverside Community College District Election of 2004 General Obligation Bonds, Series 2007C, (iv) an aggregate principal amount of \$7,699,278.45 of Riverside Community College District Election of 2004 General Obligation Bonds, Series 2010D (Tax-Exempt), and (v) an aggregate principal amount of \$102,300,000 of Riverside Community College District Election of 2004 General Obligation Bonds, Series 2010D-1 (Build America Bonds – Direct Payment to District) (Federally Taxable).

Resolution 2015-101 authorizes the issuance and sale of Riverside Community College District Election of 2004 General Obligation Bonds, Series 2015E (the "Series 2015E Bonds") in a principal amount not to exceed \$50,000,000. The proceeds of the Series 2015E Bonds will be used to finance the costs of renovating, acquiring, constructing, repairing and equipping District buildings and other facilities.

Due to constraints on the tax rate levy imposed on the issuance of the Series 2015E Bonds under the provisions of Proposition 39, the District has requested that some of the Series 2015E Bonds be issued as capital appreciation bonds which by their terms compound interest. The maximum permitted tax levy rate per \$100,000 of assessed valuation set forth in Proposition 39 is \$25.00 for the District. The District proposes to issue capital appreciation bonds to maintain the District's estimated tax rate of \$18.00 per \$100,000 of assessed valuation. In addition, without the use of capital appreciation bonds, the District has determined that it could not generate sufficient funds to complete pending projects for several years.

Assembly Bill 182 amended the California Education Code and the California Government Code to authorize the issuance of capital appreciation bonds when certain conditions are met. The District resolution reflects that the District has complied with all the requirements of AB 182. Specifically, AB 182 limits the amount of debt service that can be paid on bonds, including capital appreciation bonds, such that total debt service can be no more than 4 times greater than the principal amount of the bonds. The District estimates that total debt service on the Series 2015E Bonds will be no more than 2.4 times greater than the principal amount of the Series 2015E Bonds.

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**FORM 11:** Resolution No. 2015-101 Riverside Community College District Election of 2004 General Obligation Bonds, Series 2015E; 1st, 2nd & 5th Dist.; [\$0] (Vote on Separately)  
**DATE:** May 7, 2015  
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The Series 2015E Bonds represent a general obligation of the District and do not constitute a debt, liability, or obligation of the County. No part of any fund of the County is pledged or obligated to the payment of the Series 2015E Bonds.

County Counsel has reviewed Resolution No. 2015-101 and has approved it as to form.

**Impact on Citizens and Businesses**

The voters of the District approved the levy of ad valorem property taxes to pay for increased bonded indebtedness. In exchange for the increased taxes, the citizens in the District will receive new and improved District facilities.

**ATTACHMENTS (if needed, in this order):**

Resolution No. 2015-101  
Preliminary Official Statement