

PERALTA COMMUNITY COLLEGE DISTRICT
Board of Trustees Agenda Report
For the Trustee Meeting Date of February 28, 2012

ITEM # 28

ITEM TITLE:

Consider approval of resolution no. 11/12-37 authorizing the issuance of 2012 General Obligation Refunding Bonds.

SPECIFIC BOARD ACTION REQUESTED:

Approve resolution no. 11/12-37 authorizing the issuance of Peralta Community College District 2012 General Obligation Refunding Bonds.

ITEM SUMMARY: (PLEASE DISCUSS THIS ITEM)

Consider approval of resolution no. 11/12-37 authorizing the refunding of outstanding general obligation bonds that will result in savings to tax payers. Due to historically low interest rates, the District has an opportunity to refund some of the outstanding bonds sold as part of Measures A, E and B. If the District were to refund today, estimated savings to tax payers would be approximately \$21 million (in today's dollars) dollars or 12.92% of the bonds to be refunded. A common benchmark used to evaluate if a district should refund is if the present value of the savings to the taxpayers would be greater than 3%. As conditions currently stand, we would be able to save the taxpayers more than three times this amount. The Chancellor recommends approval.

SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):

Not applicable.

BACKGROUND/ANALYSIS:

Currently, the District has \$426 million in outstanding (at Par) General Obligation Bonds. In effort to take advantage of historically low interest rates, the District asked for general obligation bond refunding proposals from three underwriters. These underwriters included Barclay Capital, JP Morgan, and De La Rosa. Based upon these proposals, Barclays Capital's submission projected a savings of \$21 million or 12.92%. This submission provided the District's property taxpayers with the greatest savings.

DELIVERABLES/SCOPE OF WORK:

Based upon Board approval, work will commence to complete this refunding by April 2012.

ANTICIPATED COMPLETION DATE:

SPRING 2012

ALTERNATIVES/OPTIONS:

Not applicable

EVALUATION AND RECOMMENDED ACTION:

Approve resolution authorizing the issuance of Peralta Community College District 2012 General Obligation Refunding Bonds.

OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):

YES _____ No X

COMMENTS:

WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING? (VICE CHANCELLOR)

VICE CHANCELLOR GERHARD

(*****Board contract approval is subject to negotiation and execution by the Chancellor.)

Prepared by: *Ronald Gerhard*
Ron Gerhard, Chief Financial Officer

Date: 2-21-12

DOCUMENT PRESENTED AND APPROVED BY:

Presented and approved by: *Ronald Gerhard*
Ron Gerhard, Chief Financial Officer

Date: 2-21-12

FINANCE DEPARTMENT REVIEW

Finance review required Finance review *not* required

If Finance review is required, determination is: Approved Not Approved

If not approved, please give reason: _____

Signature: *Ronald Gerhard*
Ron Gerhard, Chief Financial Officer

Date: 2-21-12

GENERAL COUNSEL (Legality and Format/adherence to Education Codes):

Legal review required Legal review *not* required

If Legal review is required, determination is: Approved Not Approved

Signature: _____
Thuy T. Nguyen, General Counsel

Date: _____

CHANCELLOR'S OFFICE APPROVAL

Approved, and Place on Agenda Not Approved, but Place on Agenda

Signature: *Wise E. Allen*
Wise E. Allen, Chancellor

Date: 2-21-12