



**Presentation to the Board of Trustees
Regarding Refinancing Opportunity
For Measure I Bond Program**

March 23, 2016

PiperJaffray

Overview of Measure I General Obligation Bond Program

- **Approved by Voters on November 5, 2002**
- **Passage Rate: 64.6%**
- **Estimated Tax Rate: \$23.89 per \$100,000**
- **\$145,000,000 Program Size**
 - Series 2003A: \$40,000,000 Issued in June 2003
 - Series 2008B: \$9,004,530 Issued in January 2008
 - Series 2008C: \$95,994,770 Issued in January 2008
- **\$33,304,385 Bond Refinancing in December 2005**
 - Refinanced a Portion of Series 2003A Bonds
 - \$4,240,051 Additional Funds Generated for Measure I Bond Projects
 - \$478,111 Total Savings Delivered to Taxpayers
- **\$33,820,000 Bond Refinancing in May 2013**
 - Refinanced Portions of 2005 Refunding (Refinancing) Bonds and Series 2008C Bonds
 - \$1,379,582 Total Savings Delivered to Taxpayers

Tax Rate Performance for Measure I

1	2	3	4	5	6	7	8	9
Tax Year Ending	Actual Total Assessed Value	Actual Annual Change	Series 2003A \$40,000,000 Actual Debt Service	Series 2008B \$9,004,530 Actual Debt Service	Series 2008C \$95,994,770 Actual Debt Service	2005 Refinancing \$33,304,385 Actual Debt Service	2013 Refinancing \$33,820,000 Actual Debt Service	Total Measure I Bond Tax Rate ⁽¹⁾
1993	\$9,516,736,649	-						
1994	\$9,638,271,285	1.28%						
1995	\$9,952,161,292	3.26%						
1996	\$10,228,446,549	2.78%						
1997	\$10,537,857,435	3.03%						
1998	\$11,040,207,927	4.77%						
1999	\$11,756,318,037	6.49%						
2000	\$12,738,352,555	8.35%						
2001	\$13,935,175,523	9.40%						
2002	\$15,667,361,678	12.43%						
2003	\$16,868,915,466	7.67%						
2004	\$18,125,154,225	7.45%	\$4,947,860					\$23.19
2005	\$19,460,145,401	7.37%	\$4,188,463					\$23.19
2006	\$21,509,251,504	10.53%	\$2,901,600			\$1,369,472		\$18.00
2007	\$23,781,766,865	10.57%				\$5,340,105		\$20.66
2008	\$25,612,928,017	7.70%		\$2,231,161	\$1,688,780	\$3,364,780		\$19.94
2009	\$27,053,324,926	5.62%		\$600,675	\$2,104,450	\$3,360,155		\$19.78
2010	\$27,159,682,114	0.39%		\$837,875	\$2,104,450	\$3,362,030		\$22.41
2011	\$26,055,273,348	-4.07%		\$1,090,075	\$2,104,450	\$3,364,430		\$21.46
2012	\$26,122,824,908	0.26%		\$1,355,514	\$2,104,450	\$3,362,830		\$23.57
2013	\$26,388,484,575	1.02%		\$1,661,966	\$1,695,500	\$3,008,915	\$762,471	\$23.67
2014	\$27,415,771,252	3.89%		\$1,909,916	\$1,286,550	\$2,655,000	\$1,351,892	\$15.77
2015	\$28,859,580,349	5.27%		\$1,010,700	\$2,506,550	\$2,655,000	\$1,353,659	\$32.47
2016	\$30,651,273,824	6.21%		\$10,700	\$3,812,750		\$4,008,824	\$23.04

⁽¹⁾ Average tax rate has been \$22.09 as compared to Tax Rate Statement projection of \$23.89.

Overview of Outstanding General Obligation Bonds

Name of Bond Issue	Issue Date	Original Issue Amount (Principal)	Outstanding Issue Amount (Principal) As of February 2016	Savings Availability	Notes
Election of 2002, Series A	June 2003	\$40,000,000	\$0	None	1
2005 Refunding Bonds	January 2006	\$33,304,385	\$0	None	2
Election of 2002, Series B	January 2008	\$9,004,530	\$200,000	None	3
Election of 2002, Series C	January 2008	\$95,994,770	\$77,434,770	Savings Currently Available	4
2013 Refunding Bonds	May 2013	\$33,820,000	\$32,465,000	None	5

Notes

1. No Bonds Outstanding.
2. No Bonds Outstanding.
3. Bonds are Not Prepayable Due to Legal Limitations.
4. Bonds are Prepayable on <u>2/1/2018</u>. Savings Available by Refinancing Remaining Prepayable Maturities.
5. Bonds are Not Prepayable Due to Legal Limitations.

Overview of Refinancing Opportunity

- **Similar to Refinancing a Home Mortgage (High Interest Rates → Low Interest Rates)**
- **Does NOT Increase Length of Old Bonds (No Extension of Bond Term)**
- **Current Estimate of Total Savings to Local Taxpayers (Net of Costs): \$12,410,062⁽¹⁾, Subject to Market Interest Rate Fluctuations**
- **All Transaction Fees are Contingent and Paid from Bond Proceeds**
- **Length of Time Required to Complete: 60-90 Days**

(1) Assumes interest rates as of March 17, 2016 and credit ratings of "Aa2/AA-/-" ; Preliminary, subject to change.

Historical Municipal Bond Interest Rates



Refinancing Summary⁽¹⁾

	Refinance Series C CIBs & CABs
Old/Refunded Bonds	
Bond Series	Election of 2002, Series C
Bond Structure	CIBs and CABs
Final Maturity	2034
Principal	\$71,859,770
Average Interest Rate	5.03%
New/Refunding Bonds	
Bond Structure	CIBs and CABs
Final Maturity	2034
Principal	\$104,145,576
Average Interest Rate	3.74%
Savings	
Debt Service Savings	\$12,410,061
Present Value Debt Service Savings	\$8,495,548
Present Value Savings Percentage	8.64%
Escrow Account	
Escrow Cost (Negative Carry)	\$4,757,398
Escrow Efficiency	95.50%

(1) Assumes interest rates as of March 17, 2016 and credit ratings of "Aa2/AA-/-"; Preliminary, subject to change.

"CIBs": Current Interest Bonds

"CABs": Capital Appreciation Bonds

Debt Service Comparison & Estimated Savings

Tax Year	Old Bonds Debt Service	Estimated New Bonds Debt Service ⁽¹⁾	Estimated Savings To Taxpayers ⁽¹⁾
2015-2016	\$507,375	\$504,314	\$0
2016-2017	\$1,014,750	\$842,750	\$175,061
2017-2018	\$4,464,750	\$3,617,750	\$847,000
2018-2019	\$842,250	\$731,750	\$110,500
2019-2020	\$842,250	\$731,750	\$110,500
2020-2021	\$842,250	\$731,750	\$110,500
2021-2022	\$10,127,250	\$9,276,750	\$850,500
2022-2023	\$10,532,250	\$9,681,750	\$850,500
2023-2024	\$10,957,250	\$10,106,750	\$850,500
2024-2025	\$11,392,250	\$10,541,750	\$850,500
2025-2026	\$11,847,250	\$10,996,750	\$850,500
2026-2027	\$12,322,250	\$11,471,750	\$850,500
2027-2028	\$12,817,250	\$11,966,750	\$850,500
2028-2029	\$13,327,250	\$12,476,750	\$850,500
2029-2030	\$13,862,250	\$13,011,750	\$850,500
2030-2031	\$14,417,250	\$13,566,750	\$850,500
2031-2032	\$14,992,250	\$14,141,750	\$850,500
2032-2033	\$15,592,250	\$14,741,750	\$850,500
2033-2034	\$16,217,250	\$15,366,750	\$850,500
Total Estimated Total Savings to District Taxpayers⁽¹⁾ (Net of All Fees):			\$12,410,061

(1) Assumes interest rates as of March 17, 2016 and credit ratings of "Aa2/AA-/-" ; Preliminary, subject to change.

2013 Bond Refinancing Press Release



FOR IMMEDIATE RELEASE

Monterey Peninsula Community College District To Deliver \$1,379,582 in Savings to Local Taxpayers

The Monterey Peninsula Community College District is proud to announce its most recent initiative to benefit its students and community members. This initiative will deliver bond interest rate savings to local taxpayers from the refinancing of a portion of the District's Election of 2002 (Measure I) Bonds.

Under the leadership of the Community College Board, the District administration chose to take advantage of historically low interest rates to refinance bonds from its Measure I authorization without extending the term of those bonds. The District was able to reduce the interest rates on the prior bonds from an average of 4.90% to 1.69%, reducing the community's tax bill by approximately \$172,000 per year for 8 years—for a total of \$1,379,582 over the life of the refinancing.

"We are delighted that the refinancing has saved the taxpayers so much. Taxpayer-supported improvements at MPC have transformed the campus. MPC is very pleased that we could reduce the tax burden," states Dr. Walt Tribley, Superintendent/President of Monterey Peninsula College.

The District's ability to obtain these low interest rates and achieve these high savings levels was boosted by its credit ratings of "Aa2," assigned by Moody's Investors Service, and "AA-," from Standard and Poor's, which reflect the District's 1) established and diverse tax base, 2) stable finances and strong reserves, and 3) good financial management policies. These strong ratings allowed the District to attract a great deal of investor interest and obtain very good interest rates on the date of Bond refinancing.

While the District will not receive any part of the savings, the District Board and District Administration pursued this opportunity strictly on behalf of local taxpayers as part of their continued support for the education of the students of the Monterey Peninsula community.

Preliminary Refinancing Schedule

March 23, 2016	Presentation to Board Regarding Bond Refinancing Opportunity
Mid-April, 2016	Meetings with Credit Rating Agencies in San Francisco
April 27, 2016	District Board Meeting to Approve Refunding Bond Resolution
May 5, 2016	Sale of Refunding Bonds
June 2, 2016	Closing of Refunding Bonds Press Release to Community

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Interest rates contained herein are estimates based on current market levels. Interest rates will fluctuate with the market. Financing subject to legal documentation, credit review and underwriting.