CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT

March 17, 2015

Agenda Item: 5.14

Subject: Adoption of Resolution No. 08-1415 - Authorizing the Issuance of Chabot-Las Positas Community College District 2015 General Obligation Refunding Bonds and Approving Certain Documents in Connection Therewith

Background: An election was held in the Chabot-Las Positas Community College District (the "District") on March 2, 2004 for the issuance and sale of general obligation bonds of the District for various purposes in the maximum amount of $498,000,000 (the "2004 Authorization").

The District has issued bonds under the 2004 Authorization, including its Chabot-Las Positas Community College District, Alameda and Contra Costa Counties, California, General Obligation Bonds, Election of 2004, Series 2006C (the "2006C Bonds") in an aggregate principal amount of $168,838,667.35. The District has also previously issued general obligation refunding bonds in a principal amount of $89,275,849.20 (the "2006 Refunding Bonds") to refund a portion of its General Obligation Bonds, Election of 2004, Series 2004A (the "2004A Bonds"), which Series 2004A Bonds were also issued under the 2004 Authorization. The 2006 Refunding Bonds, together with the 2006C Bonds, for all purposes herein, shall be defined as the "Prior Bonds."

The District now desires to refund all or a portion of the now-outstanding Prior Bonds (such Prior Bonds, so refunded, the "Refunded Bonds") by the issuance of its 2015 General Obligation Refunding Bonds (the "Refunding Bonds") in the aggregate principal amount not-to-exceed $165,000,000.

The Refunding Bonds are expected to be issued in two series, one tax-exempt and one federally taxable. The 2005 Refunding Bonds and the 2006 Refunding Bonds must be refinanced with bonds which are subject to federal taxation to their investors and the refunding of the 2006C Bonds can be issued on a tax-exempt basis. There are two critical legal requirements for the transaction. First, all the benefits of refunding must be given to the local taxpayers, the District will not receive any money from the transaction. Second, the term of the Refunded Bonds cannot be extended. Thus, the issuance of the Refunding Bonds will not change the number of years that the District's Refunded Bonds will be outstanding.

(a) Bond Resolution. This Resolution authorizes the issuance of the Refunding Bonds, specifies the basic terms, parameters and forms of the Refunding Bonds, and approves the forms of Purchase Contract, Escrow Agreement and Preliminary Official Statement described below. The Refunding Bonds are only authorized to be issued as current interest bonds. Capital appreciation bonds are not authorized. In particular, Section 1 of the Resolution establishes the maximum aggregate principal amount of the Refunded Bonds issued ($165,000,000). Section 3 of the Resolution authorizes the Refunding Bonds to be sold at either a negotiated sale and Section 4 of the Resolution states the maximum underwriter's discount (0.55%) with respect to the Refunding Bonds.

(b) Form of Purchase Contract. Pursuant to the Purchase Contract, Piper Jaffray & Co. and Rice Financial Products Company (the "Underwriters") will agree to buy the Refunding Bonds from the District. All the conditions of closing the transaction are set forth in this document, including the documentation to be provided at the closing by various parties. Upon the pricing of the Refunding Bonds, the final execution copy of the Purchase Contract will be prepared following this form.

(c) Escrow Agreement. Pursuant to the Escrow Agreement, proceeds from the sale of the Refunding Bonds in an amount sufficient to redeem the outstanding Refunded Bonds will be deposited in an escrow fund (the "Escrow Fund") held by the financial institution named as such in the Official Statement (acting as "Escrow Agent"). The monies in the Escrow Fund will be used by the Escrow Agent to refund the Refunded Bonds on the first date upon which such refunding becomes legally permissible. As a result of the deposit and application of funds so provided in the Escrow Agreement, the Refunded Bonds will be defeased and the obligations of Alameda County and Contra Costa County to levy *ad valorem* taxes for payment of the Refunded Bonds will cease.

(d) Form of Preliminary Official Statement. The Preliminary Official Statement ("POS") is the offering document describing the Refunding Bonds which may be distributed to prospective purchasers of the Refunding Bonds. The POS discloses information with respect to among other things (i) the proposed uses of proceeds of the Refunding Bonds, (ii) the terms of the Refunding Bonds (interest rate, redemption terms, etc.), (iii) the bond insurance policy for the Refunding Bonds, if any, (iv) the security for repayment of the Refunding Bonds (the tax levy), (v) current information with respect to the District's tax base (upon which such *ad valorem* taxes may be levied), (vi) current District financial and operating data, (vii) continuing disclosure with respect to the Refunding Bonds and the District, and (viii) absence of litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Refunding Bonds. Following the pricing of the Refunding Bonds, a final Official Statement for the Refunding Bonds will be prepared, substantially in the form of the POS.

Fiscal Impact: There is no fiscal impact to the General Fund resulting from the issuance of the Refunding Bonds.

Recommended Action: That the Board of Trustees adopts Resolution No. 08-1415 Authorizing the Issuance of Chabot-Las Positas Community College District 2015 General Obligation Refunding Bonds and Approving Certain Documents in Connection Therewith.

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Submitted by: Lorenzo Legaspi/Date Approved: Jannett N. Jackson/Date

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