

Santa Clarita Community College District

*General Obligation Bonds
Election of 2016 (Measure E), Series 2022*

Presentation on Proposed Issuance



August 10, 2022

- Capital Projects Can Be Funded By Several Different Sources: State Match, Local Bonds, Capital Campaigns, Donations, Gifts-in-kind, Sales Tax Agreements With The County, And More.
- In Every Case, However, Local Bond Funds Are Critical To Fully Funding The Prioritized Projects Identified In The EFMP/5-YCOP.
- In Fact, Without Local Bond Funding The District Would Be Unable To Complete A Single Capital Project, And Therefore Would Be Unable To Meet The Needs Identified Through The Various Planning Processes And Documents.
- The final issuance of Measure E will fund projects supported by the 5 Year Construction Plan and the Educational and Facilities Master Plan.
- The District was authorized by the local community to spend \$230 M in Measure E General Obligation Bond funds, as approved, to build out projects.

<u>Future Measure E Construction Projects</u>	<u>Begin/End</u>
– ADA Transition Plan-Phase III	2022/2026
– Student Center Modernization	2022/2025
– CCC M&O Building	2023/2025
– Classrooms/Laboratories	2023/2026
– CCC Classroom Building	2023/2027

- The Educational and Facilities Master Plan determines the projects needed and their priority.
- Our Educational and Facilities Master Plan is guided by our Strategic Plan and identifies both educational and facilities NEEDS.
- Historically, College of the Canyons has prepared 5 Year Plans: 2001, 2006, 2012, 2017, and 2022.
- Capital Projects result from needs identified in the overall planning process. These needs are supported by our Program Review, Program Viability and the actual EFMP process that includes input from both the campus community and our local community.
- Once complete, the facilities improvements are prioritized and submitted to the state in our annual 5 Year Capital Outlay Plan.
- The state uses the 5-YCOP as a basis for evaluating projects for their eligibility to qualify for state-match funding.
- Need drives planning and local bonds fund the planning outcomes.

- What the District does now will have an effect on our ability to positively impact our students and programs.
- We need facilities that will attract new students based on labor market demand for education and training.
 - It is more about structures that meet the needs, not expansion for growth.
- The 3 main criteria that influence the amount and timing of the bond issuance include:
 - Escalating construction costs
 - Increasing bond interest rates
 - Timeline of project build out
- **The structure of the final issuance of Measure E will provide the District the flexibility and the capacity to complete construction projects**



- The table below shows all of the Bond Issuances and Refundings the District has completed authorized by Measures C, M and E.

Series of Bonds	Sold	Original Par	Current Par
Measure C – 1 st Issuance	May-02	\$21,625,000	\$0
Measure C – 2 nd Issuance	Aug-03	17,498,982	3,920,350
2005 Ref. Bonds	Jun-05	16,730,909	0
Measure C – 3 rd Issuance	Nov-05	42,981,087	3,671,087
Measure M – 1 st Issuance	May-07	79,997,270	0
Measure M – 2 nd Issuance	May-12	35,000,000	1,360,000
2013 Ref. Bonds	Mar-13	33,765,000	3,570,000
Measure M – 3 rd Issuance	Sep-14	25,000,000	6,185,000
2016 Ref. Bonds	Jun-16	94,050,000	84,180,000
Measure M – 4 th Issuance	Nov-16	20,000,000	19,285,000
Measure E – 1 st Issuance	May-17	50,000,000	37,685,000
Measure E – 2 nd Issuance	Aug-19	85,000,000	78,360,000
2019 Ref. Bonds	Dec-19	34,000,000	32,325,000
2021 Ref. Bonds	May-21	41,475,000	38,395,000

Source: EMMA; the District

Measure C – 3 Issuances:

- May 16, 2002
- August 5, 2003
- November 1, 2005

Project History:

- Artificial Turf
- Warehouse Expansion
- Music/Dance Room
- Hasley Hall
- Canyon Country Campus
- Library Expansion
- PE Building Expansion



Measure M – 4 Issuances:

- May 30, 2007
- May 30, 2012
- September 24, 2014
- November 22, 2016

History of Projects

- University Center
- Mentry Hall Expansion
- Applied Technology Education Center
- Library Expansion
- Culinary Arts Building
- Canyons Hall Admin/Student Services
- Soccer Field Turf Replacement
- Canyon Country Campus Parking Lot
- Parking Structure – Valencia
- Canyon Country Campus Wet Labs



Measure E – 3 Issuances:

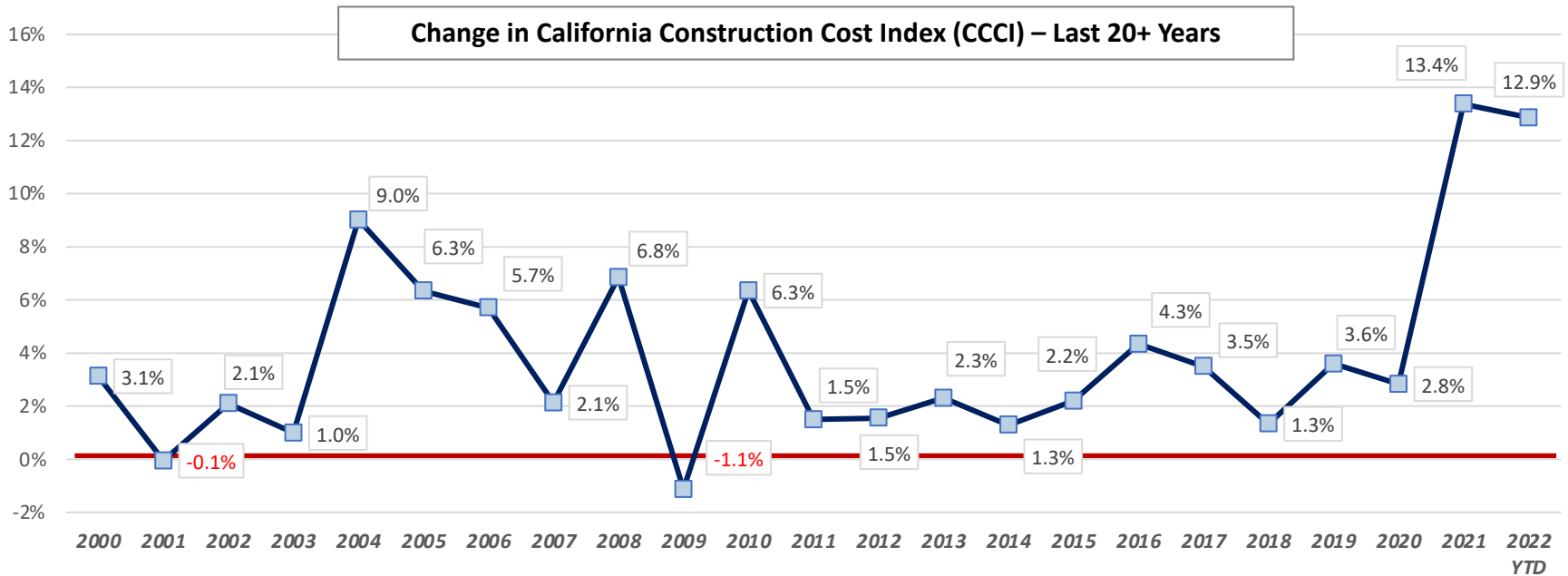
- May 4, 2017
- August 29, 2019
- 2022 – Pending

History of Projects (to date):

- ADA Transition Plan
- Door & Lock Replacement
- Boykin 105 Remodel
- Canyon Country Central Plant
- Canyon Country HVAC
- Canyon Country Science and Lecture Building
- Canyon Country Learning Resources Building
- PE West Modernization

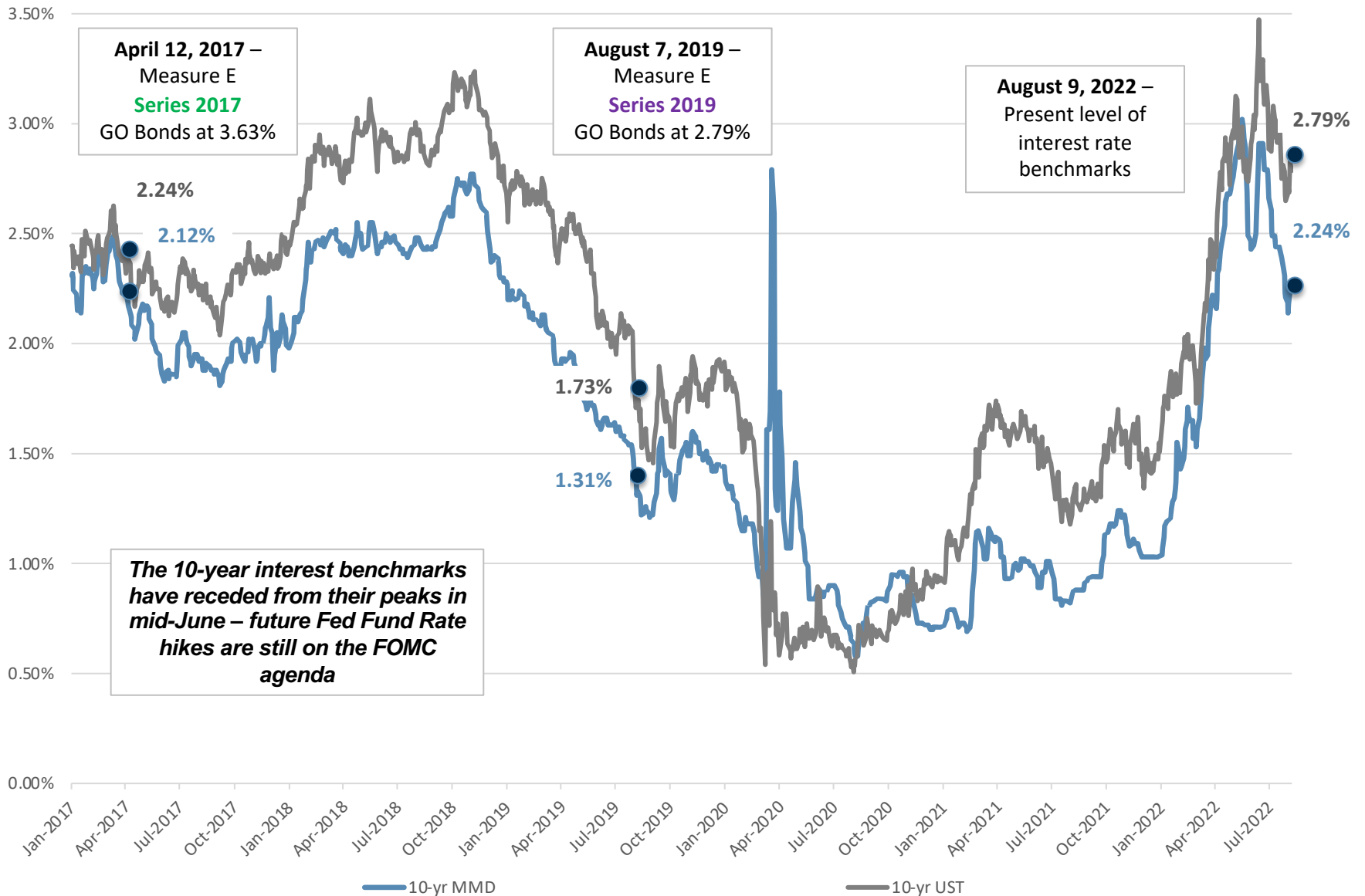


- Cost escalation, or inflation and price changes, must be accounted for in a facilities program so the District has factored escalation into construction projections.
- Supply chain interruptions and labor shortages have fueled inflation.
- The California Construction Cost Index (CCCI), developed based upon Building Cost Index (BCI) cost indices average for San Francisco and Los Angeles, provides some illustration of the magnitude of the change in construction costs.



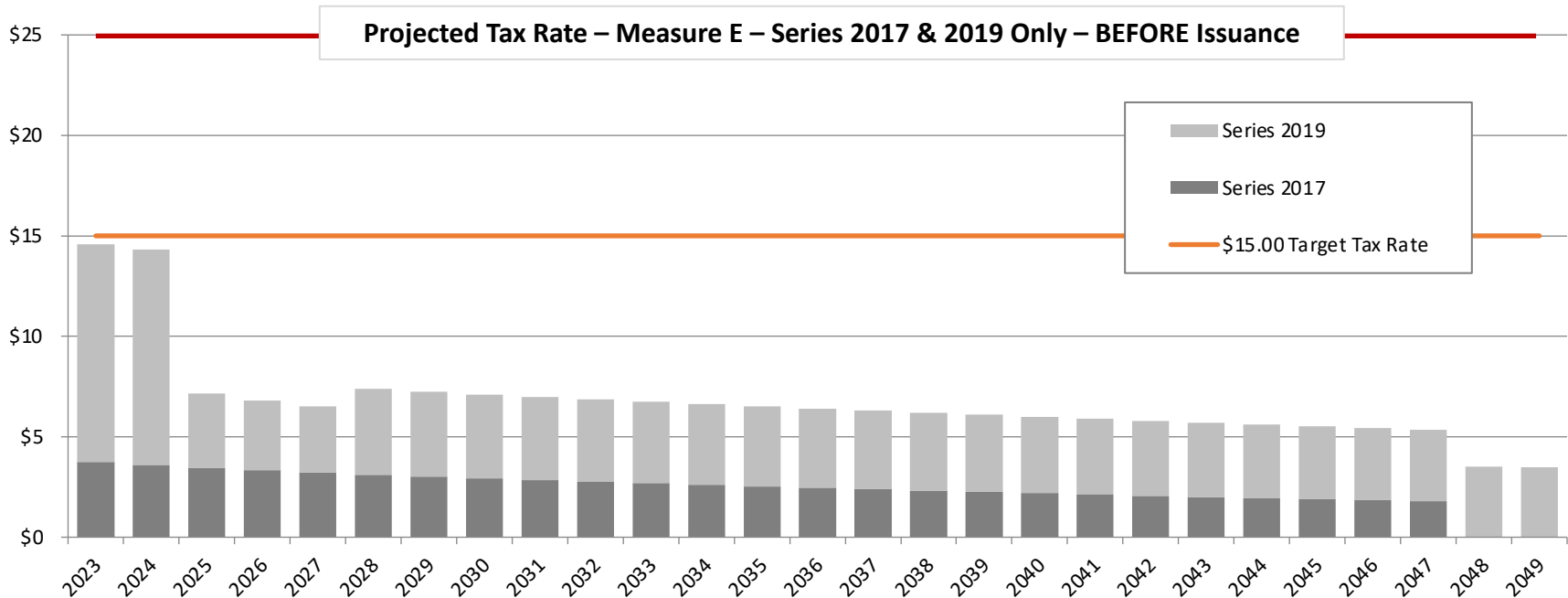
* Source: State of California, Department of General Services, Real Estate Service Division

INTEREST RATE CHANGES



TAX RATE – BEFORE ISSUANCE

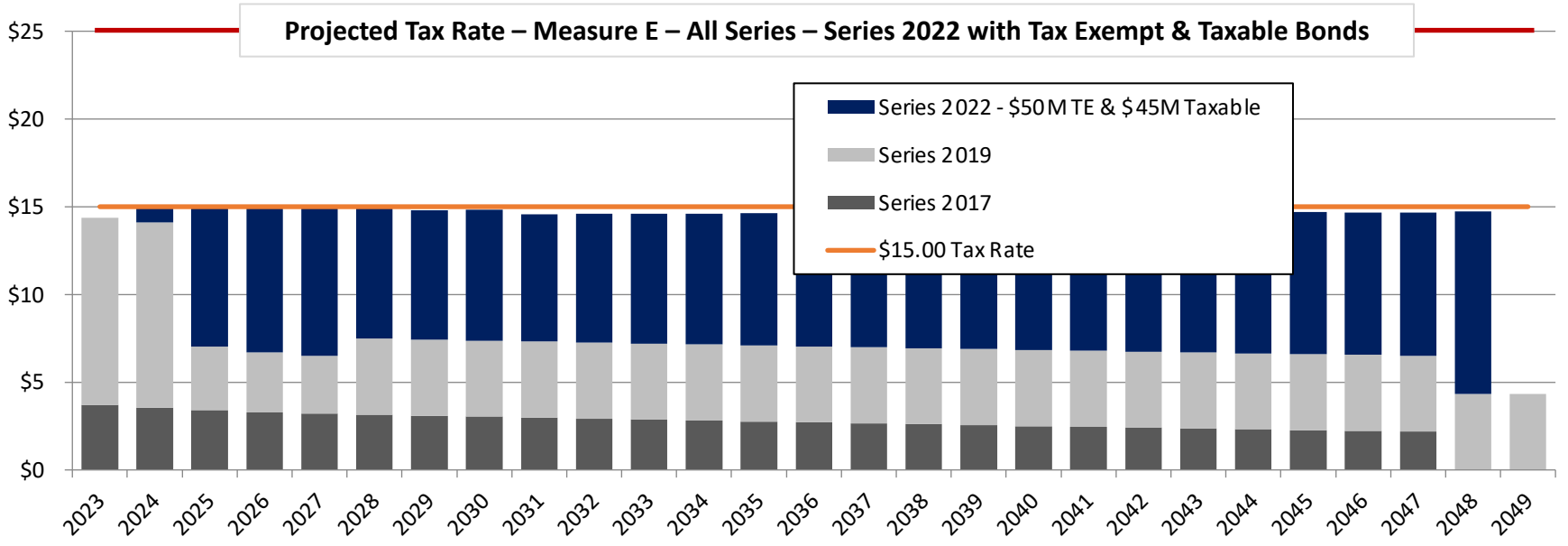
- Series 2017 and 2019 debt service requirements are well within the \$15 target tax rate.
 - New GO Bond issuance would be “shaped” around the tax rate capacity already claimed by these two series.
 - Target tax rate is well below the statutory limit of \$25.
- There is ample long-term tax rate capacity to pay debt service on the proposed issuance.
- The limited value of tax rate capacity in the short-term can be addressed as follows:
 - Capitalized interest sourced from bond premium pays interest for 2 years.
 - This same method was used on the Series 2017 and Series 2019 issuances.



- The recommendation is to issue the \$95 million in remaining authorization under Measure E.
 - Sale would occur in October 2022 ahead of the two year-end interest rate decision Federal meetings.
 - Supply / demand balance is in the borrower’s favor as the number of new bond issues sold has fallen.
 - Split between bond types provides flexibility to contend with construction schedule interference due to:
 - DSA approvals
 - Timing of State match funding
 - Weather or emergencies
- The District would issue the bonds in two series:
 - **\$50 million in Tax Exempt Bonds**
 - Required to spend 85% within 3 years based on “reasonable expectations”.
 - **\$45 million in Taxable Bonds**
 - No spend-down time limitation related to proceeds which provides flexibility.
- Capital Appreciation Bonds (CABs) **are not considered** part of the financing plan.

ILLUSTRATION OF RECOMMENDED OPTION

	<i>Series 2017</i>	<i>Series 2019</i>	Series 2022	Total
Par Amount of Bonds Issued				
- Tax Exempt Bonds	\$50,000,000	\$85,000,000	\$50,000,000	\$185,000,000
- Taxable Bonds	---	---	\$45,000,000	\$45,000,000
Total Bonds Issued	\$50,000,000	\$85,000,000	\$95,000,000	\$230,000,000
Final Maturity of the Bonds	2047	2049	2048	---
Total Debt Service to Maturity	\$85,392,000	\$136,882,000	\$206,536,660	\$428,810,660
Repayment Ratio (times)	1.71x	1.61x	2.17x	1.86x
All-In True Interest Cost	3.63%	2.79%	4.69%	---



Date	Event
August 10	District Board approves Resolution and other issuance documents
August 30	County Board of Supervisors approves its Tax Levy Resolution
September 23	Presentation to the credit rating agencies
October 7	Receive credit ratings – currently S&P "AA" and Fitch "AAA"
October 11	Bonds are marketed and sold to investors
October 27	Closing on issuance and proceeds are available to the District

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