NEW MONEY

PALO VERDE COMMUNITY COLLEGE DISTRICT

DATE: January 12, 2016

TO: Board of Trustees

FROM: Russi Egan, Vice President of Administrative Services

RE: Resolution #16-01-B02 A RESOLUTION OF THE BOARD OF TRUSTEES OF THE PALO VERDE COMMUNITY COLLEGE DISTRICT AUTHORIZING THE ISSUANCE OF PALO VERDE COMMUNITY COLLEGE DISTRICT, RIVERSIDE AND SAN BERNARDINO COUNTIES, CALIFORNIA, ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A, AND ACTIONS RELATED THERETO

BACKGROUND

An election was held in the District on November 4, 2014 at which the voters approved the issuance of $12,500,000 of general obligation bonds (the "Authorization").

On July 30, 2008, the District executed and delivered its Certificates of Participation (2008 Conversion of 2007 Auction Rate Certificates) (the "2008 Certificates") in the aggregate principal amount of $31,995,000. The District now desires to provide funding to prepay a portion of the 2008 Certificates and to finance certain projects approved pursuant to the Authorization by the issuance of the first and only series of bonds under the Authorization in a principal amount of $12,500,000 (the "Bonds"), and to request Riverside County to issue the Bonds on behalf of the District.

(a) Bond Resolution. This Resolution petitions the Board of Supervisors of Riverside County to authorize the issuance of the Bonds on behalf of the District. The Resolution specifies the basic terms and parameters of the Bonds, and approves the form of Purchase Contract, Escrow Agreement and Preliminary Official Statement described below. In particular, Section 1 of the Resolution establishes the maximum aggregate principal amount of the Bonds to be issued ($12,500,000). Section 4 of the Resolution states the maximum underwriting discount (1.0%) with respect to the Bonds, and authorizes the Bonds to be sold at a negotiated sale to Morgan Stanley & Co. LLC (the "Underwriter"). The Resolution authorizes only the issuance of current interest bonds; capital appreciation bonds are not authorized.

(b) Form of Purchase Contract. Pursuant to the Purchase Contract, the Underwriter will agree to buy the Bonds from the District. All of 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 Bonds, the final execution copy of the Purchase Contract will be prepared following this form.

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

(d) Form of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate can be found in APPENDIX C to the POS. Effective July 3, 1995, all underwriters of municipal bonds, are obligated to procure from a bond issuer a covenant that such public agency will annually file "material financial information and operating data with respect to the District" through the web-based Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (which is the federal agency that regulates "broker-dealers," including investment bank firms that underwrite municipal obligation issuances). This requirement is expected to be satisfied by the filing of the District's audited financial statements and other operating information about the District, in the same manner the District has filed in connection with prior bond issuances. The purpose of the law is to provide investors in the Bonds with current information regarding the District. Similar laws have governed the corporate debt market for many years.

(e) Escrow Agreement. Pursuant to the Escrow Agreement, proceeds from the sale of the Bonds in an amount sufficient to prepay a portion of the outstanding 2008 Certificates will be deposited in an escrow fund (the "Escrow Fund") held by U.S. Bank National Association (acting as "Escrow Agent"). The monies in the Escrow Fund will be used by the Escrow Agent to prepay such 2008 Certificates on the first available optional redemption date.

FISCAL IMPACT

There is no fiscal impact to the General Fund resulting from the issuance of the Bonds.

RECOMMENDATION

Staff recommends approval of Resolution #16-01-B02, A RESOLUTION OF THE BOARD OF TRUSTEES OF THE PALO VERDE COMMUNITY COLLEGE DISTRICT AUTHORIZING THE ISSUANCE OF PALO VERDE COMMUNITY COLLEGE DISTRICT, RIVERSIDE AND SAN BERNARDINO COUNTIES, CALIFORNIA, ELECTION OF 2014 GENERAL OBLIGATION BONDS, SERIES A, AND ACTIONS RELATED THERETO