OHLONE COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: Board of Trustees
FROM: Dr. Eric Bishop
DATE: April 14, 2021
SUBJECT: Resolution No. 29/20-21, RESOLUTION AUTHORIZING THE ISSUANCE OF THE OHLONE COMMUNITY COLLEGE DISTRICT (ALAMEDA COUNTY, CALIFORNIA) 2021 GENERAL OBLIGATION REFUNDING BONDS

BACKGROUND

An Election was held in the Ohlone Community College District (the “District”) on November 2, 2010 for the issuance and sale of general obligation bonds of the District for various purposes in the maximum principal amount of $349,000,000 (the “2010 Authorization”). Pursuant to the 2010 Authorization, the District previously issued $74,995,430.35 of its Election of 2010 General Obligation Bonds, Series B (the “Prior Bonds”).

The District now desires to refinance portions of the outstanding Prior Bonds (so refunded, the “Refunded Bonds”), thereby generating savings for District taxpayers, through the issuance of general obligation refunding bonds (the “Refunding Bonds”) in an aggregate principal amount not-to-exceed $72,000,000. All benefits from the refunding will be delivered to the property owners in the District. The final maturity of the Refunding Bonds will not be later than the final maturity date of the Refunded Bonds (August 1, 2044).

(a) Resolution. This Resolution authorizes the issuance of the Refunding Bonds, in one or more series of federally taxable or federally tax-exempt bonds. The Resolution authorizes the issuance of the Refunding Bonds, specifies the basic terms, parameters and form of the Refunding Bonds, and approves the form of Purchase Contract, Continuing Disclosure Certificate, Escrow Agreement and Preliminary Official Statement described below. In particular, Section 1 of the Resolution establishes the maximum aggregate initial principal amount of the Refunding Bonds to be issued ($72,000,000). Section 4 of the Resolution states the maximum underwriting discount (0.35%) with respect to the Refunding Bonds, the maximum legal interest rate on the Refunding Bonds, and authorizes the Refunding Bonds to be sold at a negotiated sale to Piper Sandler & Co. (the “Underwriter”). The Resolution authorizes the issuance of current interest bonds only; capital appreciation bonds are not authorized.

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

(c) **Form of Preliminary Official Statement.** The Resolution approves the form of the 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 *ad valorem* property 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 Refunding Bonds and the District, and (viii) absence of material 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.

(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 issuance). 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 Refunding 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 Refunding Bonds in an amount sufficient to redeem the Refunded Bonds will be deposited in the 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 refund all or a portion of the Prior Bonds on the first available optional redemption date following the closing of the Refunding Bonds (which is expected to be August 1, 2024). As a result of the deposit and application of funds so provided in the Escrow Agreement, the Refunded Bonds will be defeased and the obligation of Alameda County to levy *ad valorem* taxes for payment of the Refunded Bonds will cease.

**FISCAL IMPACT**

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

**RECOMMENDATION**

That the Superintendent/President recommends approval of Resolution No. 29/20-21, a RESOLUTION AUTHORIZING THE ISSUANCE OF THE OHLONE COMMUNITY COLLEGE
DISTRICT (ALAMEDA COUNTY, CALIFORNIA) 2021 GENERAL OBLIGATION REFUNDING BONDS.