News Contact:
Cathy Summa-Wolfe, Executive Director
Communications, Community Relations, and Advancement

COLLEGE OF MARIN

Marin Taxpayers to Save $6.3 Million on Bond Refinance

Kentfield, CA— November 30, 2012—College of Marin recently took advantage of rock-bottom interest rates to refinance previously issued general obligation bonds. In total, the bond refinancing represents a net present value savings to taxpayers of $6.36 million over the life of the bonds.

"As responsible stewards of the community's investment in the College, we recognized that refinancing of the bonds was the right thing to do at this time," said Dr. David Wain Coon, College of Marin Superintendent/President.

The College of Marin Board of Trustees approved the refinancing of previously issued bonds and sale of new bonds at its July 17, 2012, monthly meeting. The results of the refinancing are better than expected due to a drop in interest rates.

"The district was able to take advantage of today's historically low interest rates and achieve an exceptional result for taxpayers," said Sarah Hollenbeck, Director, Public Financial Management, Inc.

The $43.38 million refunding bonds sale took place on November 15, 2012. Eleven bids were received and the winning bidder was Guggenheim Securities. The bonds were originally financed at 4.9 percent. The refinanced rate is 2.11 percent (16-year debt).

According to Hollenbeck, the College also retains its high credit rating. Standard & Poor's reaffirmed the College's AA credit rating and Moody's reaffirmed the College's Aa1 rating for the bond refinancing.

"This is an excellent rating for the college and demonstrates outstanding fiscal management," said Hollenbeck.

Refunding bonds are used to refinance bonds that have higher interest rates. The proceeds from the sale of the refunding bonds are kept in an interest-bearing escrow account until the prior bond's maturity or redemption date. The monies in the escrow account are used to pay off the prior bonds, along with related interest and redemption costs. The refunding bonds will be serviced using the same property tax payments initially used to pay the prior bonds, but at a reduced overall cost.

In addition to refinancing prior bonds, College of Marin also sold a new series of bonds to fund additional facilities modernization projects approved under Measure C. The issuance of the new bonds was approved by the Board of Trustees at its meeting on August 21, 2012. On November 15, 2012, the College sold $46.995 million in Series D Bonds (new money) at a 3.13 percent interest rate (24-year debt). Ten bids were received and the winning bidder was Citigroup. The bond sale at the lower rate will result in a debt service of $79.5 million (compared with an estimate of $90.2 million estimate presented to the Board of Trustees in July). With these results, the maximum tax rate on all Election of 2004 Bonds is projected at $21.30.

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College of Marin Measure C Facilities Bond

Marin County voters passed College of Marin's Measure C $249.5 million bond earmarked for facilities modernization in the November 2004 election with more than 63 percent voter approval.

In addition to a number of infrastructure improvement projects, five facilities projects have been completed to date, including the remodel of the Diamond PE Center, a new Fine Arts building, and a new track at the Kentfield Campus; and a new main building and Transportation Technology Complex at the Indian Valley Campus. Projects nearing completion at the Kentfield Campus include a new Science, Math and Nursing Building, remodel of the Performing Arts Building, and a new Child Study Center, all of which are scheduled to open in spring 2013. In addition, the College will break ground in spring 2013 on its new Academic Center that will be located on the corner of Sir Francis Drake Blvd. and College Ave. in Kentfield.