

Shasta-Tehama-Trinity Joint Community College District

Summary of Sale Results

General Obligation Bonds, Election of 2016, Series A

by

Isom Advisors,
a Division of Urban Futures, Inc.

September 13, 2017



Bond Program Overview



2016 Authorization Overview

Shasta-Tehama-Trinity Jt. CCD

- ❖ On November 8th, more than 55% of District voters approved Measure H, which authorized the sale of \$139 million in general obligation bonds. Proceeds of the Measure H bonds will be used to improve college facilities to provide education and job training opportunities for students, renovate and expand science, technology, engineering and math labs, training facilities, upgrade electrical systems, acquire, construct/repair facilities, sites, and equipment.
- ❖ The tax rate is estimated to be \$19.00 per \$100,000 of assessed valuation. The authorization was approved under Prop 39 guidelines.
- ❖ The Series A Bonds represent the first of four projected series of bonds related to Measure A.

Issue Date	Issue Name	Par Amount
August 2017	Series A (Tax-Exempt)	\$50,000,000
2020	Series B (Tax-Exempt)	31,500,000
2023	Series C (Tax-Exempt)	28,450,000
2026	Series D (Tax-Exempt)	29,050,000
	Total:	\$139,000,000

Bond Program Overview



Credit Rating

Shasta-Tehama-Trinity Jt. CCD

- ❖ Prior to the Series A bond sale, District staff and the finance team had in-person meetings with credit analysts from Moody's Investors Service and Standard & Poor's to present the District's credit and receive a rating on the Series A Bonds.
- ❖ Standard & Poor's **upgraded** its bond rating to "AA" citing as strengths:
 - Large tax base that is very strong on a per capita level;
 - Strong financial policies and practices that include good enrollment management practices;
 - Captive service area that is producing a stable enrollment trend; and
 - Maintenance of very strong available general fund balances, which management expects will continue.
- ❖ Moody's affirmed the District's bond rating of "Aa2" citing as strengths:
 - Large tax base poised for continued moderate growth
 - Healthy financial position support by strong reserves and liquidity
 - Strong management team and significant operating flexibility inherent to California community college districts



Moody's Investors Service

S&P Global
Ratings

Bond Program Overview



Bond Sale Highlights

Shasta-Tehama-Trinity Jt. CCD

- ❖ The District's Bonds were sold through a two-day negotiated sale process (August 16th and 17th) with underwriter Morgan Stanley.
- ❖ The structure and preliminary interest rates were established on the first day; the final structure and interest rates were set on the second day in response to the market.
- ❖ The Series A Bonds were structured as 25-year current interest bonds with the option to refinance in 10 years; interest is paid semi-annually and principal is paid annually until August 1, 2042.
- ❖ The debt service was structured assuming a 3.5% long-term assessed value ("AV") growth rate and an estimated tax rate of \$19.00 per \$100,000 of AV.
- ❖ The Series A Bonds had total debt service (principal and interest) of \$76.6 million (\$50,000,000 in principal and \$26,587,450.50 of interest) for a repayment ratio of 1.53:1.00 – or for every \$1.00 borrowed, there is \$0.53 in interest to repay.
- ❖ The true interest cost (overall weighted average cost of borrowing) was 3.28%.

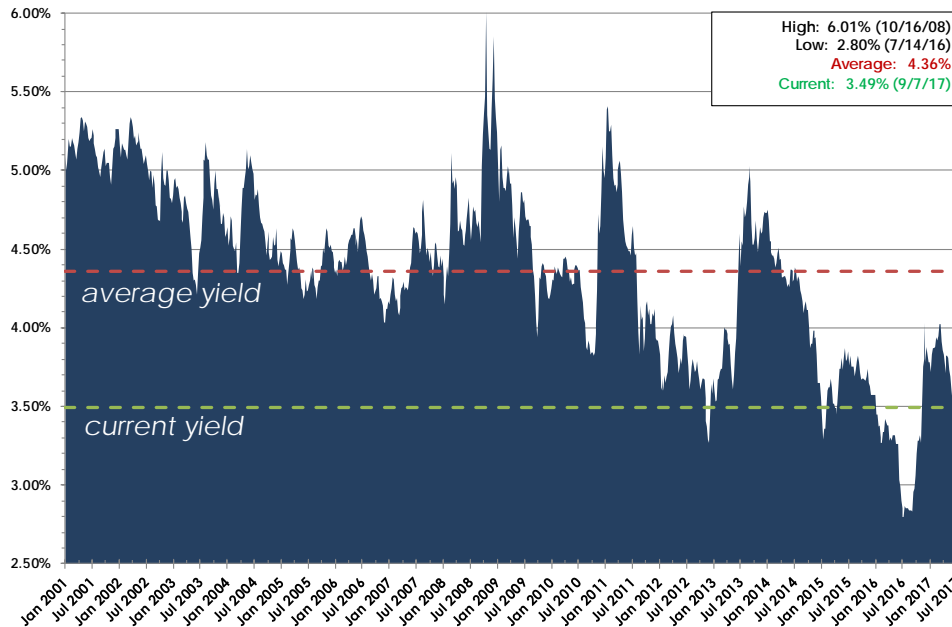
Interest Rate Environment



Low Interest Rate Environment

Shasta-Tehama-Trinity Jt. CCD

**Bond Buyer 20 Bond Index
(January 1, 2001 to present)**



The District sold the Series A Bonds on August 17, 2017 – the BB Index was at 3.57%; the BB Index has averaged 3.48% over the past two years.

Bond Buyer 20 Index Rates - Last 24 Months



Source: The Bond Buyer

Costs of Issuance



Final Costs of Issuance

Shasta-Tehama-Trinity Jt. CCD

- ❖ The table below presents the costs of issuance of the financing.

Shasta-Tehama-Trinity CCD
\$50,000,000
Costs of Issuance - Elec of 2016 GO Bonds, Series 2017
Closing: August 24, 2017

Firm	Service	Fee Estimate
Stradling, Yocca, Carlson & Rauth	Bond & Disclosure Counsel Fee & Expenses	\$88,000.00
U.S. Bank, N.A.	Paying/Escrow/COI Agent	\$4,500.00
Isom Advisors	Financial Advisor Fee & Expenses	\$72,225.47
Isom Advisors - Cal Muni Reports	Demographic & Financial Reports	\$1,450.00
Avia Communications	POS/OS Distribution & Printing	\$756.64
S&P Global Ratings	Rating Fee	\$30,000.00
Moody's	Rating Fee	\$32,000.00
Causey Demgen & Moore	Verification	\$3,000.00
	Contingency	\$9,067.89
Total Costs of Issuance		\$241,000.00

Appendix A

Municipal Market Conditions and Summary of Sale Results



Market News

Wednesday, August 16, 2017
The Bond Buyer

Mecklenburg County Brings High Quality to Weaker Market

Top-rated municipal bonds finished weaker on Tuesday, according to traders, as several big competitive deals sold in the primary market, led by a high-quality offering from Mecklenburg County, N.C.

The yield on the 10-year benchmark muni general obligation rose three basis points to 1.91% from 1.88% on Monday, while the 30-year GO yield increased four basis points to 2.78% from 2.74%, according to the final read of Municipal Market Data's triple-A scale.

Treasuries were weaker on Tuesday. The yield on the two-year Treasury rose to 1.35% from 1.31% on Monday, the 10-year Treasury yield gained to 2.26% from 2.22% and the yield on the 30-year Treasury bond increased to 2.84% from 2.80%.

The 10-year muni-to-Treasury ratio was calculated at 84.5% on Tuesday, compared with 84.8% on Monday, while the 30-year muni-to-Treasury ratio stood at 98.0% versus 97.8%, according to MMD.

Mecklenburg County, N.C., sold \$225 million of Series 2017A general obligation public improvement bonds.

Bank of America Merrill Lynch won the bonds with a true interest cost of 2.74%. The issue was priced to yield from 0.92% with a 5% coupon in 2020 to approximately 3.14% with a 3% coupon in 2037.

The deal is rated triple-A by Moody's Investors Service, S&P Global Ratings and Fitch Ratings.

Since 2007 the county has sold \$3.05 billion of securities, with the most issuance occurring in 2009 when it sold \$909 million.



By CHIP BARNETT & AARON WEITZMAN

It did not come to market in 2012 or 2014. Tuesday's sale marks the first this year.

The University of Alabama Board of Trustees competitively sold \$192.41 million of general revenue bonds in three separate offerings.

Wells Fargo Securities won the \$152.47 million of Series 2017B tax-exempts with a TIC of 3.28%. The issue was priced to yield from 1.72% with a 5% coupon in 2025 to approximately 3.54% with a 3.50% coupon in 2045; a 2047 term bond was priced as 3 1/2s to yield about 3.55%.

Janney Montgomery won the \$14.93 million of Series 2017A tax-exempts with a TIC of 1.39% and also won the \$25.01 million of Series 2017C taxables with a TIC of 2.01%.

All three deals are rated Aa2 by Moody's and AA by S&P.

Hennepin County, Minn., competitively sold \$100 million of Series 2017C general

obligation bonds.

JPMorgan Securities won the bonds with a TIC of 2.94%. The issue was priced as 5s to yield from 0.80% in 2018 to 2.61% in 2037.

The deal is rated AAA by S&P and Fitch.

In the negotiated sector, Citigroup priced the Kentucky State Property and Building Commission's \$168.82 million of Project No. 117 tax exempt revenue and revenue refunding bonds and \$64.64 million of Series A taxable revenue bonds and taxable Series C revenue refunding bonds.

The \$88.89 million of Series B tax-exempt revenue bonds were priced to yield from 0.85% with a 3% coupon in 2018 to 3.75% at par in 2037.

The \$79.93 million of Series D tax-exempt revenue refunding bonds were priced to yield from 0.85% with a 3% coupon in 2018 to 3.09% with a 5% coupon in 2030.

The \$15.09 million of Series A taxable revenue bonds were priced at par to yield from 1.851% in 2018 to 4.007% in 2032.

The \$49.55 million of Series C taxable revenue refunding bonds were priced at par to yield from 1.851% in 2018 to 3.757% in 2029.

The deal is rated A1 by Moody's and A-plus by Fitch. □

Tuesday's Economic Indicators

Indicator	Last Report	Forecast	Actual
Import Prices	June: -0.2%	July: +0.1%	July: +0.1%
Export Prices	June: -0.2%	July: +0.2%	July: +0.4%
Retail Sales	June: +0.3%	July: +0.4%	July: +0.6%
ex-Autos	June: +0.1%	July: +0.3%	July: +0.5%
Business Inventories	May: +0.3%	June: +0.4%	June: +0.5%
NAHB Housing Market Index	July: 64	Aug.: 65	Aug.: 68

Forecasts represent the median of estimates by economists polled by IFR Markets

Source: The Bond Buyer



Market News

Thursday, August 17, 2017
The Bond Buyer

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Maryland Brings \$1.3B of Triple-A GOs to Mixed Market

Municipal bonds ended mixed on Wednesday, according to traders, as the gilt-edged state of Maryland came to market with competitive sales won by Bank of America Merrill Lynch and Citigroup.

Maryland competitively sold about \$1.3 billion of general obligation bonds in two separate offerings.

Bank of America Merrill Lynch won the \$792.83 million of state and local facilities loan of 2017 Series B tax-exempt refunding GOs with a true interest cost of 1.6566%. The issue was priced as 5s to yield 0.90% in 2019 and 1% in 2020 and to yield from 1.20% in 2022 to 1.81% in 2026.

Citigroup won the \$550 million of state and local facilities loan of 2017 Series A tax-exempt GOs with a TIC of 2.2855%. The issue was priced to yield from 0.95% with a 5% coupon in 2020 to 2.95% with a 3% coupon in 2032.

"The \$550 million Maryland deal was definitely on the cheaper side, but we will

have a better gauge later when we see how the deal actually distributes," said one New York trader. "I don't think the market necessarily reacted to the pricing, but it affirmed the weakness in the market."

Some said that the deals offered more concession than is traditionally seen in this high-quality credit.

"As with mega (Aaa/AAA) Maryland GO sales of the past, the street tends to trade the bonds at a concession until most of the float cleans up," MMD Senior Market Analyst Randy Smolik said in a Wednesday market comment. "In most recent deals the concession was +2 basis points/+4 basis points.



By CHIP BARNETT & AARON WEITZMAN

Today's deals offered more concession."

He added that most maturities with 5% coupons traded 5 basis points over the MMD scale in the first tranche but as much as 6 to 7 basis points over the MMD scale in the second tranche.

Both deals are rated triple-A by Moody's Investors Service, S&P Global Ratings and Fitch Ratings.

Since 2007 the Old Line State has sold \$16.25 billion of securities, with the most issuance before this year occurring in 2014 when it sold \$1.89 billion. It saw a low year of issuance 10 years ago when it sold \$700 million. Wednesday's sales put Maryland over the \$2 billion mark for the year.

In the negotiated sector on Wednesday, BAML priced the city and county of Honolulu, Hawaii's \$409.22 million of GOs in seven series.

The \$176.91 million of Series 2017A tax-exempt GOs were priced to yield from 0.90% with a 5% coupon in 2019 to 2.99% with a 5% coupon in 2042.

The \$34.95 million of Series 2017B tax-exempt GOs were priced as 5s to yield

from 0.81% in 2018 to 1.82% in 2025.

The \$3.5 million of Series 2017C tax-exempt refunding GOs were priced as 5s to yield 0.81% in 2018.

The \$137.25 million of Series 2017D tax-exempt refunding GOs were priced as 5s to yield from 1.29% in 2022 to 2.68% in 2033.

The \$32.81 million of Series 2017E tax-exempt crossover refunding GOs were priced to yield from 1.29% with a 3% coupon in 2022 to 3.27% with a 3.125% coupon in 2034.

The \$3.74 million of Series 2017F taxable crossover refunding GOs were priced at par to yield 1.75% in 2020 and 2.10% in 2021.

The \$20.06 million of Series 2017G taxable green GOs were priced at par to yield from 1.375% in 2018 to 4.15% in 2042.

The deal is rated Aa1 by Moody's and AA-plus by Fitch.

The yield on the 10-year benchmark muni general obligation rose one basis point to 1.92% from 1.91% on Tuesday, while the 30-year GO yield was steady from 2.78%, according to the final read of Municipal Market Data's triple-A scale.

Treasuries were stronger on Wednesday. The yield on the two-year Treasury dropped to 1.33% from 1.35% on Tuesday, the 10-year Treasury yield declined to 2.23% from 2.26% and the yield on the 30-year Treasury bond decreased to 2.81% from 2.84%. □

Wednesday's Economic Indicators

Indicator	Last Report	Forecast	Actual
Housing Starts	June: 1.213M	July: 1.220M	July: 1.155M
Building Permits	June: 1.275M	July: 1.248M	July: 1.223M

Forecasts represent the median of estimates by economists polled by IFR Markets

Source: The Bond Buyer

Detailed Pricing Information



The difference between pre-pricing and pricing was \$746,224

Shasta-Tehama-Trinity Jt. CCD

- ❖ Strong demand for the Series A Bonds and negotiations between the financial advisor and underwriter resulted a reduction in borrowing cost between the pre-pricing and the pricing. Net debt service decreased \$746,224 and the TIC was lowered 0.08%.

Maturity	Par	MMD Benchmark	Call Date	MMD Rates 8/16/2017	Wednesday Indicative Scale					Final Scale				Orders	Balance	Book	Final vs. Wednesday Indicative Scale
					Coupon	Yield	Spread	Price	YTM	Coupon	Yield	Spread	YTM				
8/1/2018	3,120M	Aug	NC	0.780%	2.000%	0.730%	-5	101.136	0.730%	2.000%	0.700%	-8	0.700%	1,710M	1,055M	0.62x	-3
8/1/2019	4,520M	Aug	NC	0.860%	4.000%	0.830%	-3	105.962	0.830%	4.000%	0.780%	-8	0.780%	6,540M	-2,350M	1.56x	-5
8/1/2020	1,725M	Aug	NC	0.950%	5.000%	0.940%	-1	111.587	0.940%	5.000%	0.860%	-9	0.860%	5,835M	-4,695M	5.12x	-8
8/1/2021	280M	Aug	NC	1.050%	4.000%	1.050%	0	111.242	1.050%	4.000%	0.960%	-9	0.960%	3,160M	-2,700M	6.87x	-9
8/1/2022	360M	Aug	NC	1.160%	4.000%	1.170%	1	113.437	1.170%	4.000%	1.070%	-9	1.070%	2,850M	-2,375M	6.00x	-10
8/1/2023	455M	Aug	NC	1.300%	4.000%	1.320%	2	115.162	1.320%	4.000%	1.220%	-8	1.220%	4,355M	-3,805M	7.92x	-10
8/1/2024	555M	Aug	NC	1.470%	4.000%	1.520%	5	116.185	1.520%	4.000%	1.400%	-7	1.400%	6,510M	-5,860M	10.02x	-12
8/1/2025	665M	Aug	NC	1.630%	4.000%	1.700%	7	116.934	1.700%	4.000%	1.580%	-5	1.580%	7,520M	-6,760M	9.89x	-12
8/1/2026	785M	Aug	NC	1.770%	5.000%	1.860%	9	125.644	1.860%	4.000%	1.760%	-1	1.760%	5,805M	-4,930M	6.63x	-10
8/1/2027	910M	Aug	NC	1.920%	5.000%	2.030%	11	126.513	2.030%	4.000%	1.940%	2	1.940%	6,455M	-5,450M	6.42x	-9
8/1/2028	1,050M	Aug	8/1/2027	2.030%	5.000%	2.170%	14	125.088	2.374%	5.000%	2.090%	6	2.300%	6,600M	-5,455M	5.76x	-8
8/1/2029	1,195M	Aug	8/1/2027	2.130%	5.000%	2.300%	17	123.781	2.656%	5.000%	2.220%	9	2.587%	3,355M	-2,060M	2.59x	-8
8/1/2030	1,350M	Aug	8/1/2027	2.220%	5.000%	2.420%	20	122.589	2.890%	5.000%	2.340%	12	2.824%	4,910M	-3,455M	3.37x	-8
8/1/2031	1,520M	stated	8/1/2027	2.290%	5.000%	2.540%	25	121.411	3.093%	5.000%	2.440%	15	3.016%	9,060M	-7,430M	5.56x	-10
8/1/2032	1,700M	stated	8/1/2027	2.360%	5.000%	2.610%	25	120.730	3.235%	5.000%	2.510%	15	3.162%	10,325M	-8,515M	5.70x	-10
8/1/2033	1,895M	stated	8/1/2027	2.420%	3.000%	3.170%	75	97.887	3.170%	3.000%	3.120%	70	3.120%	1,450M	0,560M	0.72x	-5
8/1/2034	2,100M	stated	8/1/2027	2.480%	3.000%	3.230%	75	97.020	3.230%	3.000%	3.180%	70	3.180%	2,210M	-0,030M	1.01x	-5
8/1/2035	2,325M	stated	8/1/2027	2.530%	4.000%	3.230%	70	106.477	3.509%	3.000%	3.230%	70	3.230%	2,470M	-0,110M	1.05x	0
8/1/2036	2,560M	stated	8/1/2027	2.560%	4.000%	3.260%	70	106.215	3.546%	4.000%	3.110%	55	3.454%	14,375M	-11,800M	5.58x	-15
8/1/2037	2,810M	stated	8/1/2027	2.590%	4.000%	3.290%	70	105.955	3.579%	4.000%	3.140%	55	3.490%	15,880M	-13,090M	5.67x	-15
8/1/2042	18,120M	stated	8/1/2027	2.720%	4.000%	3.420%	70	104.833	3.701%	4.000%	3.320%	60	3.650%	100,430M	-82,560M	5.62x	-10
	50,000M													221,805M	1,615M		
														4.44x			

- ❖ Investors included major bond funds, insurance companies, and local "mom & pop" customers.