

## BDS Information Request: Debt Service Payments

### General Obligation Bonds Payable

On November 4, 2008, voters approved authority for the College to issue \$83 million in general obligation bonds to be used to renovate outdated infrastructure and instructional technology. In June 2009, the College issued Series 2009 General Obligation Bonds in the original amount of \$45 million and in August 2012, the College issued \$38 million in Series 2012 General Obligation Bonds. These general obligation bonds were issued to finance the costs of capital construction and improvements to College facilities and to pay the costs of issuance of the Bonds. The bonds will be retired from property taxes levied by the College. The bonds are due annually and interest is payable semi-annually, on June 15 and December 15, with interest rates ranging from 4.0% to 5.0% on the Series 2009 Bonds and 3.0% to 5.0% on the Series 2012 Bonds.

In June 2016, the College issued Series 2016 General Obligation Refunding Bonds in the amount of \$14,135,000. These bonds were used to extinguish \$14,630,000 of outstanding Series 2009 General Obligation Bonds through an in-substance defeasance. The in-substance defeasance was accomplished by placing a portion of the proceeds of the Series 2016 General Obligation Refunding Bonds in an irrevocable trust from which principal and interest payments will be made on the defeased debt. The excess of the reacquisition price of the defeased debt over its carrying value was deferred and is being amortized over the term of the Series 2009 bonds. At June 30, 2018, \$14,630,000 in Series 2009 bonds were outstanding and considered defeased. Future general obligation bonded debt requirements are as follows:

	<u>Series 2009 Bonds</u>		<u>Series 2012 Bonds</u>		<u>Series 2016 Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018-19	\$ 1,205,000	\$ 50,700	\$ 4,575,000	\$ 1,176,900	\$ -	\$ 546,700
2019-20	-	-	5,070,000	972,650	1,115,000	546,700
2020-21	-	-	4,585,000	774,850	2,160,000	520,800
2021-22	-	-	4,000,000	596,050	3,360,000	434,400
2022-23	-	-	4,295,000	437,300	3,615,000	300,000
2023-24	-	-	4,645,000	228,425	3,885,000	155,400
Totals	<u>\$ 1,205,000</u>	<u>\$ 50,700</u>	<u>\$ 27,170,000</u>	<u>\$ 4,186,175</u>	<u>\$ 14,135,000</u>	<u>\$ 2,504,000</u>

### Qualified Energy Conservation Bonds

In October 2012, the College issued \$1,500,000 of Qualified Energy Conservation Bonds to finance capital costs for energy conservation measures. The bonds are due annually and interest is payable semi-annually, on June 15 and December 15, with interest at 4.62 percent per annum. The bonds qualify for interest subsidy payments from the U.S. Treasury for up to 70% of the interest payments on the bonds. Future gross bonded debt requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018-19	\$ 95,000	\$ 46,893	\$ 141,893
2019-20	100,000	42,504	142,504
2020-21	100,000	37,884	137,884
2021-22	105,000	33,264	138,264
2022-23	110,000	28,413	138,413
2023-24	115,000	23,331	138,331
2024-25	125,000	18,018	143,018
2025-26	130,000	12,243	142,243
2026-27	<u>135,000</u>	<u>6,237</u>	<u>141,237</u>
Total	<u>\$ 1,015,000</u>	<u>\$ 248,787</u>	<u>\$ 1,263,787</u>

### Pension Bonds Payable

In April 2003, the College issued \$51,803,948 of Limited Tax Pension Obligation Bonds and transferred the net proceeds to the State of Oregon Public Employees Retirement System to cover a portion of the College's share of the cost sharing plan's unfunded actuarial liability. The resulting pension asset is being used to pay a portion of the College's annual required contribution. Principal payments are due annually through June 30, 2028 and interest is payable in December and June of each year with rates ranging from 6.03% to 6.25%. Future pension bonds requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018-19	\$ 3,620,000	\$ 1,529,250	\$ 5,149,250
2019-20	3,875,000	1,529,250	5,404,250
2020-21	4,140,000	1,529,250	5,669,250
2021-22	4,420,000	1,529,250	5,949,250
2022-23	4,705,000	1,529,250	6,234,250
2023-24	5,010,000	1,529,250	6,539,250
2024-25	5,605,000	1,245,684	6,850,684
2025-26	6,250,000	927,880	7,177,880
2026-27	6,945,000	572,880	7,517,880
2027-28	<u>3,285,000</u>	<u>183,960</u>	<u>3,468,960</u>
Total	47,855,000	<u>\$ 12,105,904</u>	<u>\$ 59,960,904</u>
Less deferred interest	<u>(3,544,912)</u>		
Carrying amount	<u>\$ 44,310,088</u>		

### Full Faith and Credit

In October 2016, the College issued \$17,580,000 of Full Faith and Credit Obligations, Series 2016 to extinguish the remaining \$19,355,000 of Full Faith and Credit Obligations, Series 2010. The Series 2010 Obligations were used to finance the costs of capital improvements for the College's student housing project, to pay capitalized interest and to pay the costs of issuance of the Obligations. The Series 2010 Obligations were called on October 25, 2016.

The College advance refunded the Series 2010 Obligations to take advantage of lower interest rates and to reduce its total debt service payments over the life of the Series 2016 Obligations by \$3,171,550. The refunding resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$2,554,977. The Series 2016 Obligations bear interest rates from 1.6% to 5% and the final maturity is on December 1, 2035. Debt service payments are scheduled semiannually.

Future Series 2016 Obligations debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018-19	\$ 635,000	\$ 632,300	\$ 1,267,300
2019-20	660,000	606,400	1,266,400
2020-21	685,000	579,500	1,264,500
2021-22	705,000	551,700	1,256,700
2022-23	735,000	522,900	1,257,900
2023-24	765,000	492,900	1,257,900
2024-25	790,000	464,200	1,254,200
2025-26	820,000	434,400	1,254,400
2026-27	855,000	400,900	1,255,900
2027-28	885,000	366,100	1,251,100
2028-29	915,000	330,100	1,245,100
2029-30	950,000	292,800	1,242,800
2030-31	990,000	254,000	1,244,000
2031-32	1,035,000	208,325	1,243,325
2032-33	1,080,000	155,450	1,235,450
2033-34	1,135,000	100,075	1,235,075
2034-35	1,180,000	54,000	1,234,000
2035-36	<u>1,210,000</u>	<u>18,150</u>	<u>1,228,150</u>
Totals	<u>\$16,030,000</u>	<u>\$ 6,464,200</u>	<u>\$22,494,200</u>

### Notes Payable

In September 2013, the College executed promissory notes for the purchase of two aircraft totaling \$230,000. After one of the aircraft was damaged beyond repair, the College fully repaid the related note with proceeds from an insurance settlement. The remaining note is payable in monthly installments with interest at 3.685% per annum. Future debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018-19	\$ 11,541	\$ 2,258	\$ 13,799
2019-20	11,974	1,825	13,799
2020-21	12,434	1,365	13,799
2021-22	12,907	892	13,799
2022-23	13,398	401	13,799
2023-24	<u>3,386</u>	<u>21</u>	<u>3,407</u>
Total	<u>\$ 65,640</u>	<u>\$ 6,762</u>	<u>\$ 72,402</u>

**Source:** Lane Community College Comprehensive Annual Financial Report Year Ended June 30, 2018, Pages 22-25