Budget Subcommittee Information Request
January 20, 2019

What is the purpose of the property tax revenue in Fund III (Debt Service)?

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2008, voters approved authority for the College to issue $83 million in general obligation bonds to be used to renovate outdated infrastructure and instructional technology.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.

Source: Pages 22-23 of the Lane Community College Comprehensive Annual Financial Report Year Ended June 30, 2018