

EDUCATION

VVC bond refinance savings increased to \$18.8 million

Reduced interest rates allow savings to local taxpayers



The Victor Valley College Dr. Prem Reddy Health and Science Building was one of several buildings that benefitted from the issuance of more than \$137 million in general obligation bonds to the VVC District in 2008. Photo courtesy of VVC

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VICTORVILLE — The savings for local taxpayers resulting from Victor Valley College's bond refinance has increased to \$18.8 million, school officials said.

The total is \$4 million in savings more than the Board of Trustees was told to expect when it unanimously approved the financial move at the March board meeting.

“When the idea was first proposed to the Board, the market indicators showed that savings to the taxpayer would fall somewhere between \$10 and \$14 million depending on the bond market at the time of the sell,” VVC Superintendent Roger Wagner said.

In a November 2008 election, voters approved, by a 55-percent vote, an issuance of more than \$137 million in general obligation bonds to the VVC District. The savings are a result of reduced interest rates on the college's prior bonds.

As the board agenda explains, “California law allows public agencies, including public school districts, to issue refunding bonds for all or a portion of an outstanding bond issue, provided that there is a net debt service savings to the final maturity resulting from such refunding.”

Wagner said he and Karen Hardy, VVC's interim chief business officer, communicated daily with the college's investment banker during the days before the bonds were placed on the market.

“(We were) hoping we would find that magic moment that would maximize our savings,” Wagner said. “On the morning of April 7, things looked good for the bond market, so the decision was made to sell.”

They learned later the same day that the bonds were sold, resulting in a savings of \$18.8 million.

“April 7 was a great day for VVC and even a better day for our local taxpayers,” Wagner said.

VVC projects benefiting from the bond issuance include the construction of the Regional Public Safety Training Center, music building and Dr. Prem Reddy Health Sciences building, campus solar and energy projects, parking lot improvements and an upcoming expansion of the vocational complex.

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