Hartnell Community College District issues first series of Measure T general obligation bonds

SALINAS, Calif. – Hartnell Community College District has sold $70 million in general obligation bonds from Measure T, the November 2016 ballot measure that authorized the sale of up to $167 million in general obligation bonds.

District voters overwhelmingly approved Measure T with support from 69% of voters. Proceeds from the bonds will be used to upgrade classrooms, technology, and science labs, expand local access to higher education and job training, including nursing, agriculture, science, technology, and engineering, repair mechanical/electrical systems, improve veterans’ services, safety, security, and disabled access, and acquire and build sites, facilities, and equipment. In conjunction with the passage of Measure T, a Citizen’s Bond Oversight Committee was established.

The District sold its 2017 Bonds during a period in which interest rates were near all-time lows. Rates on the 2017 Bonds ranged between 0.70% and 3.45%. The debt repayment ratio is 1.68 which means for every dollar borrowed it will cost $1.68 to repay. In 2014, Assembly Bill 182 added a requirement for school districts and community college districts that debt service on bond financing cannot exceed a 4 to 1 ratio. Hartnell’s Superintendent/President, Dr. Willard Lewallen stated, “We are pleased to demonstrate good stewardship of the funds entrusted to us by the voters by securing a debt repayment ratio far below what is allowed by law.”

Instrumental to the successful sale and low interest rates was the assignment of strong credit ratings by the two rating agencies Moody’s Investor Services and Standard and Poor’s. The District was assigned an “Aa2” rating by Moody’s and an “AA” from Standard & Poor’s. The Standard & Poor’s rating was an upgrade from the previous rating of AA-, as a result of the strong financial position of the District. “The strong credit rating helps us lower our borrowing costs for this and future financings from our new bond,” said Dr. Lewallen.

Both Dr. Lewallen and Vice President of Administrative Services, Benjamin Figueroa presented information to the rating agencies at a meeting in San Francisco highlighting the positive operations and finances of Hartnell CCD as well as the strong and growing local economy and tax base. Standard & Poor’s cited as reasons for their upgrade the effective management of the District’s finances, the District’s healthy financial position, and the large and diverse tax base. Moody’s strong rating highlighted the District’s growing enrollment, strong financial profile, and disciplined financial management.

“District employees and the Board of Trustees all work together to make sure our District is financially strong so that resources are available to support student success,” said Board of Trustees President, Manuel Osorio.
Dr. Lewallen further stated, “We are excited to begin the projects approved by District voters in November. Improving existing facilities and building new ones will allow us to provide world class learning environments that will support student success leading to high wage, high demand 21st century jobs and transfer to four-year institutions.”

“Our low borrowing cost will allow us to keep tax rates low while maintaining flexibility to sell additional bonds in the future to continue our Measure T projects,” added Figueroa.

The District Board of Trustees unanimously approved the sale of the 2017 Bonds in June 2017.

Hartnell Community College District – established in 1920
The Hartnell CCD serves over 17,000 students annually through its main campus in Salinas, the Alisal Campus in East Salinas, the King City Education Center, and various outreach learning centers throughout the Salinas Valley. Hartnell College, a Hispanic Serving Institution, provides workforce training, courses in basic skills, and prepares students for transfer to four-year colleges and universities. Hartnell College is recognized for its innovative public and private partnerships that support world class STEM education, career technical education, fine and performing arts, humanities, and athletics. We are proud to be the winners of the Innovation Award for CSin3 – a Computer Science degree in three years. We are growing leaders through opportunity, engagement, and achievement. For more about Hartnell CCD, visit www.hartnell.edu.

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