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FOR IMMEDIATE RELEASE
RELEASE DATE: **MAY 23, 2019**

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Rio Hondo College Secures \$13.9 Million in Savings to Local Taxpayers by Refinancing Bonds

WHITTIER – The Rio Hondo Community College District has successfully refinanced a portion of its general obligation bonds, saving the community more than \$13.9 million in interest cost that will be passed on to residents through lower tax bills.

The District encompasses portions of southeast Los Angeles County and includes Whittier, El Monte, South El Monte, Pico Rivera, Santa Fe Springs, and Los Nietos.

The District availed itself of the favorable interest rate environment and issued new bonds at a rate of 1.6% to refinance some previously issued bonds, which carried a rate of more than 4.5%. There was no prepayment penalty or increase in term.

The District's action to refinance the bonds was unanimously approved by the Board of Trustees in April 2019. In all, \$72 million in bonds originally issued as part of the Measure A facilities bond program were refinanced.

"The Board's action reflects our continued commitment to looking out for our taxpayers' interests," Board President Gary Mendez said. "We are pleased that this action will benefit our residents."

The refinancing bond sale was well received by investors, and there were more orders for bonds than the amount available to sell. The strong demand was driven primarily by the District's high-quality credit rating of "AA" (S&P Global Ratings) and "Aa2" (Moody's), which reflect the District's prudent fiscal management and the robust local economy.

In addition, the desirability for U.S. securities during times of global economic uncertainty also increased investor demand for Rio Hondo College's bonds. These factors helped increase the savings to taxpayers by lowering the interest rate for the refinanced bonds.

"The College greatly values the support we receive from our community, and we are happy that this refinancing saves our local taxpayers almost \$14 million," Superintendent/President Teresa Dreyfuss said.

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Rio Hondo College, located in Whittier, California, is committed to the success of its diverse students and communities by providing dynamic educational opportunities and resources that lead to degrees, certificates, transfer, career and technical pathways, basic skills proficiency, and lifelong learning. For information on the College or its programs, please call 562-692-0921 or visit www.riohondo.edu.