

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
Board of Trustees Meeting
April 12, 2021

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT, AUTHORIZING THE ISSUANCE OF COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT (TULARE AND KINGS COUNTIES, CALIFORNIA) ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES E (TULARE AREA IMPROVEMENT DISTRICT NO. 3) (TULARE AND KINGS COUNTIES, CALIFORNIA), AND ACTIONS RELATED THERETO (Resolution No. 2021-04)

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Status: Action (Roll Call Vote)

Presented by: Ron Perez
Vice President, Administrative Services

BACKGROUND

An election was held within the boundaries of the College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (the "Improvement District") on November 4, 2008 for the issuance and sale of general obligation bonds of the College of the Sequoias Community College District (the "District") for various purposes in the maximum amount of \$60,000,000 ("Measure J"). The District, on behalf of the Improvement District, has previously issued two series of general obligation bond anticipation notes and four series of bonds under Measure J. The District now desires to issue the fifth and final series of bonds under Measure J in an amount not-to-exceed \$22,885,393.55 (the "Bonds"). The Bonds are being authorized for sale for the purpose of providing funds to finance projects approved by Measure J and to pay the costs of issuing the Bonds.

(a) Bond Resolution. This Resolution authorizes the issuance of Bonds, in one or more series of federally taxable or tax-exempt bonds. The Resolution authorizes the issuance of the Bonds, specifies the basic terms, parameters and form of the Bonds, and approves the forms of Purchase Contract, Preliminary Official Statement, and Continuing Disclosure Certificate described below. In particular, Section 1 of the Resolution establishes the maximum aggregate initial principal amount of the Bonds to be issued (\$22,885,393.55). Section 4 of the Resolution states the maximum underwriting discount (0.9%) with respect to the Bonds, the maximum legal interest rate on the Bonds, and authorizes the Bonds to be sold at a negotiated sale to Piper Sandler & Co., as underwriter (the "Underwriter"). The Resolution authorizes the issuance of current interest bonds only; capital appreciation bonds are not authorized.

(b) Form of Purchase Contract. Pursuant to the Purchase Contract, the

Underwriter will agree to buy the Bonds from the District. All of the conditions of closing the transaction are set forth in this document, including the documentation to be provided at the closing by various parties. Upon the pricing of the Bonds, the final execution copy of the Purchase Contract will be prepared following this form.

(c) Form of Preliminary Official Statement. The Preliminary Official Statement (the "POS") is the offering document describing the Bonds which may be distributed to prospective purchasers of the Bonds. The POS discloses information with respect to, among other things, (i) the proposed uses of proceeds of the Bonds, (ii) the terms of the Bonds (interest rate, redemption terms, etc.), (iii) the bond insurance policy for the Bonds, if any, (iv) the security for repayment of the Bonds (the *ad valorem* property tax levy), (v) information with respect to the Improvement District's tax base (upon which such *ad valorem* property taxes may be levied), (vi) District financial and operating data, (vii) continuing disclosure with respect to the Bonds and the District, and (viii) absence of material litigation and other miscellaneous matters expected to be of interest to prospective purchasers of the Bonds. Following the pricing of the Bonds, a final Official Statement for the Bonds will be prepared, substantially in the form of the POS.

(d) Form of the Continuing Disclosure Certificate. The form of the Continuing Disclosure Certificate can be found in APPENDIX C to the POS. Effective July 3, 1995, all underwriters of municipal bonds are obligated to procure from a bond issuer a covenant that such bond issuer will annually file material financial information and operating data with respect to the issuer, as well as notices of the occurrence of certain enumerated events, through the web-based Electronic Municipal Market Access ("EMMA") system maintained by the Municipal Securities Rulemaking Board (which is the federal agency that regulates "broker-dealers," including investment bank firms that underwrite municipal obligation issuances). This requirement is expected to be satisfied annually by the filing of the District's audited financial statements and other operating information about the District, and from time to time by the filing of notices of enumerated events, in the same manner the District has filed in connection with prior bond issuances. The purpose of the law is to provide investors in the Bonds with current information regarding the District.

FISCAL IMPACT

There is no fiscal impact to the General Fund resulting from the issuance of the Refunding Bonds.

RECOMMENDATION

Staff recommends approval of Resolution #2021-04, resolution authorizing the issuance of the College of the Sequoias Community College District (Tulare and Kings Counties, California) 2021 General Obligation Refunding Bonds (Tulare Area Improvement District no. 3) (Kings and Tulare Counties, California), and actions related thereto.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

RESOLUTION NO. 2021-04

A RESOLUTION OF THE BOARD OF TRUSTEES OF THE COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT, AUTHORIZING THE ISSUANCE OF COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT (TULARE AND KINGS COUNTIES, CALIFORNIA) ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES E (TULARE AREA IMPROVEMENT DISTRICT NO. 3) (TULARE AND KINGS COUNTIES, CALIFORNIA), AND ACTIONS RELATED THERETO

WHEREAS, a duly called election (the “Bond Election”) was held in the College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (the “Improvement District”), of the College of the Sequoias Community College District (the “District”), Tulare County (the “County”) and Kings County (together, the “Counties”), California, on November 4, 2008 and thereafter canvassed pursuant to law;

WHEREAS, at the Bond Election there was submitted to and approved by the requisite fifty-five percent or more vote of the qualified electors of the Improvement District a question as to the issuance and sale of general obligation bonds of the District on behalf of the Improvement District for various purposes set forth in the ballot submitted to the voters, in the maximum amount not-to-exceed \$60,000,000, payable solely, from the levy of an *ad valorem* property tax against the taxable property in the Improvement District (the “Authorization”);

WHEREAS, pursuant to the Authorization, on February 11, 2009, the District caused the issuance of \$19,998,218.80 of its College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series A (the “Series A Bonds”);

WHEREAS, pursuant to the Authorization, on May 17, 2011, the College of the District caused the issuance of \$10,004,927.35 of its College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series B (the “Series B Bonds”);

WHEREAS, pursuant to the Authorization, on July 13, 2011, the District caused the issuance of \$11,501,011 of its College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) 2011 General Obligation Bond Anticipation Notes (the “2011 Notes”);

WHEREAS, pursuant to the Authorization, on August 14, 2013, the District caused the issuance of \$3,401,460.30 of its College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series C (the “Series C Bonds”) in order to pay a portion of the 2011 Notes;

WHEREAS, pursuant to the Authorization, concurrently with the issuance of the Series C Bonds, on August 14, 2013, the District caused the issuance of \$5,276,844 of its College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and

Tulare Counties, California) 2013 General Obligation Bond Anticipation Notes (the “2013 Notes”) in order to pay a portion of the 2011 Notes;

WHEREAS, pursuant to the Authorization, on June 1, 2016, the District caused the issuance of \$3,710,000 of its College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series D (the “Series D Bonds”) in order to pay the 2013 Notes;

WHEREAS, at this time this Board of Trustees of the District (the “Board”) has determined that it is necessary and desirable to issue the fifth series of bonds under the Authorization in an aggregate principal amount not-to-exceed \$22,885,393.55, and to be styled as “College of the Sequoias Community College District (Tulare and Kings Counties, California) Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) (Kings and Tulare Counties, California)” (the “Bonds”);

WHEREAS, pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the “Government Code”), the Bonds are authorized to be issued by the District, on behalf of the Improvement District, for the purposes set forth in the ballot submitted to the voters at the Bond Election;

WHEREAS, pursuant to Government Code Section 5852.1, the Board obtained from the Municipal Advisor (as defined herein) and disclosed herein, in a meeting open to the public, prior to authorization of the execution and delivery of the Bonds, good faith estimates of (a) the true interest cost of the Bonds, (b) the sum of all fees and charges paid to third parties with respect to the Bonds, (c) the amount of proceeds of the Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Bonds, and (d) the sum total of all debt service payments to be evidenced by the Bonds calculated to the final payment date evidenced by the Bonds plus the fees and charges paid to third parties not paid with the proceeds of the Bonds;

WHEREAS, the Board of Supervisors of the County has provided by resolution pursuant to Education Code Section 15140(b) that the District may sell the Bonds on its own behalf;

WHEREAS, this Board, acting on behalf of the Improvement District, desires to authorize the issuance of the Bonds in one or more Series of Taxable Bonds or Tax-Exempt Bonds, and further as Current Interest Bonds (as such terms are defined herein);

WHEREAS, this Board desires to appoint certain professionals to provide services related to the issuance of the Bonds; and

WHEREAS, all acts, conditions and things required by law to be done or performed have been done and performed in strict conformity with the laws authorizing the issuance of general obligation bonds of the District, and the indebtedness of the District and the Improvement District, including this proposed issue of Bonds, is within all limits prescribed by law;

NOW, THEREFORE, BE IT FOUND, DETERMINED AND RESOLVED BY THE BOARD OF TRUSTEES OF THE COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT, AS FOLLOWS:

SECTION 1. Authorization for Issuance of the Bonds. To raise money for the purposes authorized by the voters of the Improvement District at the Bond Election, and to pay all necessary legal, financial, engineering and contingent costs in connection therewith, the Board hereby authorizes the issuance of the Bonds in the name and on behalf of the Improvement District pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code in one or more Series of Taxable Bonds

or Tax-Exempt Bonds, and further as Current Interest Bonds, with appropriate Series designations if more than one Series is issued, all as more fully set forth in the executed Purchase Contract (as defined herein). The Board further orders such Bonds sold such that the Bonds shall be dated as of a date to be determined by an Authorized Officer (defined herein), shall be payable upon such terms and provisions as shall be set forth in the Bonds, and shall be in an aggregate principal amount not-to-exceed \$22,885,393.55.

SECTION 2. Paying Agent. This Board hereby appoints the Paying Agent, as defined herein, to serve as the paying agent, bond registrar, authentication agent and transfer agent for the Bonds on behalf of the District. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable. The fees and expenses of the Paying Agent which are not paid as a cost of issuance of the Bonds may be paid in each year from *ad valorem* property taxes levied and collected for the payment thereof, insofar as permitted by law, including specifically by Education Code (the “Education Code”) Section 15232.

SECTION 3. Terms and Conditions of Sale. The Bonds shall be sold upon the direction of the Superintendent/President, the Vice President, Administrative Services of the District, or such other officer or employee of the District as may be designated by the Superintendent/President or the Vice President, Administrative Services for such purpose (collectively, the “Authorized Officers”) and pursuant to such terms and conditions set forth in the Purchase Contract (defined herein). The Board hereby authorizes the sale of the Bonds at a negotiated sale, which is determined to provide more flexibility in the timing of the sale, an ability to implement the sale in a shorter time period, an increased ability to structure the Bonds to fit the needs of particular purchasers, and a greater opportunity for the Underwriter (as defined herein) to pre-market the Bonds to potential purchasers prior to the sale, all of which will contribute to the District’s goal of achieving the lowest overall cost of funds.

SECTION 4. Approval of Purchase Contract. The form of Purchase Contract, by and between the Underwriter and the District, substantially in the form on file with the Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized to execute and deliver the Purchase Contract, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same may approve, such approval to be conclusively evidenced by his or her execution and delivery thereof; provided, however, that (i) the interest rates on the Bonds shall not exceed the maximum rate permitted by law, and (ii) the underwriting discount on the Bonds, excluding original issue discount, shall not exceed 0.9% of the aggregate principal amount of the Bonds actually issued. The Authorized Officers, each alone, are further authorized to determine the principal amount of the Bonds to be specified in the Purchase Contract for sale by the District up to \$22,885,393.55 and to enter into and execute the Purchase Contract with the Underwriter, if the conditions set forth in this Resolution are satisfied.

SECTION 5. Certain Definitions. As used in this Resolution, the terms set forth below shall have the meanings ascribed to them (unless otherwise set forth in the Purchase Contract):

(a) **“Beneficial Owner”** means, when used with reference to book-entry Bonds registered pursuant to Section 6 hereof, the person who is considered the beneficial owner of such Bonds pursuant to the arrangements for book entry determination of ownership applicable to the Depository.

(b) **“Bond Insurer”** means any insurance company which issues a municipal bond insurance policy insuring the payment of principal of and interest on the Bonds.

(c) **“Bond Payment Date”** means, as applicable (and unless otherwise provided by the Purchase Contract), February 1 and August 1 of each year commencing August 1, 2021 with respect

to interest on the Bonds, and the stated maturity dates thereof with respect to payments of principal of the Bonds.

(d) **“Bond Register”** means the registration books which the Paying Agent shall keep or cause to be kept on which the registered ownership, transfer and exchange of Bonds shall be recorded.

(e) **“Code”** means the Internal Revenue Code of 1986, as the same may be amended from time to time. Reference to any particular section of the Code shall be deemed to be a reference to any successor to any such section.

(f) **“Continuing Disclosure Certificate”** means that certain contractual undertaking executed by the District in connection with the issuance of the Bonds pursuant to paragraph (b)(5) of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, dated as of the date of issuance thereof, as amended from time to time in accordance with the provisions thereof.

(g) **“County”** means Tulare County.

(h) **“Current Interest Bonds”** means Bonds, the interest on which is payable semiannually on each Bond Payment Date specified for each such Bond as designated and maturing in the years and in the amounts set forth in the Purchase Contract.

(i) **“Date of Delivery”** means the date of initial issuance and delivery of the Bonds, or such other date as shall appear in the Purchase Contract or Official Statement.

(j) **“Depository”** means the entity acting as securities depository for the Bonds pursuant to Section 6(c) hereof.

(k) **“DTC”** means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, in its capacity as the initial Depository for the Bonds.

(l) **“Holder” or “Owner”** means the registered owner of a Bond as set forth on the Bond Register maintained by the Paying Agent pursuant to Section 6 hereof.

(m) **“Information Services”** means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or, in the absence of such a written designation, as the Paying Agent may select.

(n) **“Long Current Interest Bonds”** means Current Interest Bonds that mature later than 30 years from their Date of Delivery.

(o) **“Moody’s”** means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, such other nationally recognized securities rating agency designated by the District.

(p) **“Nominee”** means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 6(c) hereof.

(q) **“Official Statement”** means the Official Statement for the Bonds, as described in Section 17 hereof.

(r) **“Outstanding”** means, when used with reference to the Bonds, as of any date, Bonds theretofore issued or thereupon being issued under this Resolution except:

(i) Bonds canceled at or prior to such date;

(ii) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to Section 8 hereof; or

(iii) Bonds for the payment or redemption of which funds or Government Obligations in the necessary amount shall have been set aside (whether on or prior to the maturity or redemption date of such Bonds), in accordance with Section 19 of this Resolution.

(s) **“Participants”** means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

(t) **“Paying Agent”** means initially U.S. Bank National Association, or any other Paying Agent as shall be named in the Purchase Contract or Official Statement, and afterwards any successor financial institution, acting as paying agent, transfer agent, authentication agent and bond registrar for the Bonds.

(u) **“Permitted Investments”** means (i) any lawful investments permitted by Government Code Section 16429.1 and Section 53601, (ii) shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code which invests exclusively in investments permitted by Government Code Section 53635, but without regard to any limitations in such Section concerning the percentage of moneys available for investment being invested in a particular type of security, (iii) a guaranteed investment contract with a provider having a rating meeting the minimum rating requirements of the County investment pool maintained by the Treasurer, (iv) the Local Agency Investments Fund of the California State Treasurer, and (v) United States Treasury Securities, State and Local Government Series.

(v) **“Purchase Contract”** means the contract or contracts for purchase and sale of the Bonds, by and between the District and the Underwriter. To the extent the Bonds are sold pursuant to more than one Purchase Contract, each shall be substantially in the form presented to the Board, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve

(w) **“Record Date”** means the close of business on the 15th day of the month preceding each Bond Payment Date.

(x) **“Series”** means any Bonds executed, authenticated and delivered pursuant to the provisions hereof and identified as a separate Series of Bonds.

(y) **“S&P”** means S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, its successors and their assigns, or, if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the District.

(z) **“Taxable Bonds”** means any Bonds the interest on which is not excludable from gross income for federal income tax purposes.

(aa) **“Tax-Exempt Bonds”** means any Bonds the interest on which is excludable from gross income for federal income tax purposes and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax, as further described in an opinion of Bond Counsel supplied to the original purchasers of such Bonds.

(bb) **“Term Bonds”** means those Bonds for which mandatory redemption dates have been established in the Purchase Contract.

(cc) **“Transfer Amount”** means, for purposes of exchanging Outstanding Bonds pursuant to Section 8 hereof, the principal amount thereof.

(dd) **“Treasurer”** means the Treasurer-Tax Collector of the County or other comparable officer of the County.

(ee) **“Underwriter”** means Piper Sandler & Co.

SECTION 6. Terms of the Bonds.

(a) Denomination, Interest, Date of Delivery. The Bonds shall be issued as fully registered book-entry Bonds registered as to both principal and interest, in the denominations of \$5,000 principal amount or any integral multiple thereof. The Bonds shall bear interest at a rate not in excess of that authorized at the Bond Election and will initially be registered in the name of “Cede & Co.,” as the Nominee of DTC.

Each Bond shall be dated as of the Date of Delivery, and shall bear interest at the rates set forth in the Purchase Contract, from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to that Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before the first Record Date, in which event it shall bear interest from the Date of Delivery. Interest on the Bonds shall be payable on the respective Bond Payment Dates and shall be calculated on the basis of a 360-day year of 12, 30-day months.

To the extent the issuance of Bonds includes Long Current Interest Bonds, the useful life of any facility financed with such Long Current Interest Bonds will equal or exceed the maturity of such Long Current Interest Bonds.

Notwithstanding any other provision herein, the ratio of total debt service to principal for each Series of Bonds shall not exceed four-to-one.

(b) Redemption.

(i) Terms of Redemption. The Bonds shall be subject to optional or mandatory sinking fund redemption prior to maturity as provided in the Purchase Contract or the Official Statement.

(ii) Selection of Bonds for Redemption. Whenever provision is made in this Resolution for the optional redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed by the District and if not directed, in inverse order of maturity. Within a maturity, the Paying

Agent shall select Bonds for redemption as directed by the District, and if not so directed by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

The Purchase Contract may provide that (i) in the event that a portion of any Term Bond is optionally redeemed prior to maturity pursuant to Section 6(b)(i) hereof, the remaining mandatory sinking fund payments with respect to such Term Bonds shall be reduced proportionately or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, in respect to the portion of such Term Bonds optionally redeemed, or (ii) within a maturity, Bonds shall be selected for redemption on a “Pro Rata Pass-Through Distribution of Principal” basis in accordance with DTC procedures, provided further that, such pro-rata redemption is made in accordance with the operational arrangements of DTC then in effect.

(iii) Redemption Notice. When optional redemption is authorized or required pursuant to Section 6(b) hereof, the Paying Agent, upon written instruction from the District, shall give notice (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such Redemption Notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

The Paying Agent shall take the following actions with respect to each such Redemption Notice:

(a) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the Bond Register.

(b) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Depository.

(c) At least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services.

(d) Such Redemption Notice shall be given to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided herein shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer. Such Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon, or on the Bonds.

With respect to any notice of optional redemption of Bonds (or portions thereof) pursuant to Section 6(b)(i) hereof, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased pursuant to Section 19 hereof, such notice shall state that such redemption shall be conditional upon the receipt by an independent escrow agent selected by the District on or prior to the date fixed for such redemption of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, no portion of the Bonds shall be subject to redemption on such date and such Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

(iv) Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in Transfer Amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

(v) Effect of Redemption Notice. Notice having been given as aforesaid, and the moneys for the redemption (including the interest accrued to the applicable date of redemption) having been set aside as provided in Section 19 hereof, the Bonds to be redeemed shall become due and payable on such date of redemption.

If on such redemption date, money for the redemption of all the Bonds to be redeemed as provided in Section 6(b) hereof, together with interest accrued to such redemption date, shall be held in trust as provided in Section 19 hereof so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable. All money held for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds to be so redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent.

(vi) Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of this Resolution, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust as provided in Section 19 hereof for the payment of the redemption price of such Bonds or portions thereof, and accrued interest thereon to the date fixed for redemption, all as provided in this Resolution, then such Bonds shall no longer be deemed Outstanding and shall be surrendered to the Paying Agent for cancellation.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Section 6 shall be cancelled upon surrender thereof and be delivered to or upon the order of the District. All or any portion of a Bond purchased by the District shall be cancelled by the Paying Agent.

(c) Book-Entry System.

(i) Election of Book-Entry System. The Bonds shall initially be delivered in the form of a separate single fully-registered bond (which may be typewritten) for each maturity date of such Bonds in an authorized denomination. The ownership of each such Bond shall be registered in the Bond Register maintained by the Paying Agent in the name of the Nominee, as nominee of the Depository and ownership of the Bonds, and all or any portion thereof may not thereafter be transferred except as provided in Section 6(c)(i)(4).

With respect to book-entry Bonds, the District and the Paying Agent shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Bonds. Without limiting the immediately preceding sentence, the District and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book-entry Bonds, (ii) the delivery to any Participant or any other person, other than an Owner as shown in the Bond Register, of any notice with respect to book-entry Bonds, including any Redemption Notice, (iii) the selection by the Depository and its Participants of the beneficial interests in book-entry Bonds to be prepaid in the event the District redeems the Bonds in part, or (iv) the payment by the Depository or any Participant or any other person, of any amount with respect to principal of, premium, if any, or interest on the book-entry Bonds. The District and the Paying Agent may treat and consider the person in whose name each book-entry Bond is registered in the Bond Register as the absolute Owner of such book-entry Bond for the purpose of payment of principal of, premium and interest on and to such Bond, for the purpose of giving Redemption Notices and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, and premium, if any, and interest on the book-entry Bonds only to or upon the order of the respective Owner, as shown in the Bond Register, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, premium, if any, and interest on the book-entry Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Bond Register, shall receive a certificate evidencing the obligation to make payments of principal of, premium, if any, and interest on the book-entry Bonds. Upon delivery by the Depository to the Owner and the Paying Agent, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to the Record Date, the word Nominee in this Resolution shall refer to such nominee of the Depository.

1. Delivery of Letter of Representations. In order to qualify the book-entry Bonds for the Depository's book-entry system, the District and the Paying Agent shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Paying Agent any obligation whatsoever with respect to persons having interests in such book-entry Bonds other than the Owners, as shown on the Bond Register. By executing a Letter of Representations, the Paying Agent shall agree to take all action necessary at all times so that the District will be in compliance with all representations of the District in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the District and the Paying Agent shall take such other actions, not inconsistent with this Resolution, as are reasonably necessary to qualify book-entry Bonds for the Depository's book-entry program.

2. Selection of Depository. In the event (i) the Depository determines not to continue to act as securities depository for book-entry Bonds, or (ii) the District determines that continuation of the book-entry system is not in the best interest of the Beneficial Owners of the Bonds or the District, then the District will discontinue the book-entry system with the Depository. If the District determines to replace the Depository with another qualified securities depository, the District shall

prepare or direct the preparation of a new single, separate, fully registered bond for each maturity date of such Outstanding book-entry Bond, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (4) hereof. If the District fails to identify another qualified securities depository to replace the Depository, then the Bonds shall no longer be restricted to being registered in such Bond Register in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of this Section 6(c).

3. Payments and Notices to Depository. Notwithstanding any other provision of this Resolution to the contrary, so long as all Outstanding Bonds are held in book entry form and registered in the name of the Nominee, all payments by the District or the Paying Agent with respect to principal of, premium, if any, or interest on the book-entry Bonds and all notices with respect to such Bonds, including Redemption Notices, shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise required or instructed by the Depository and agreed to by the Paying Agent notwithstanding any inconsistent provisions herein.

4. Transfer of Bonds to Substitute Depository.

(A) The Bonds shall be initially issued as described in the Official Statement described herein. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except:

(1) to any successor of DTC or its Nominee, or of any substitute depository designated pursuant to Section 6(c)(i)(4)(A)(2) (“Substitute Depository”); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(2) to any Substitute Depository, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(3) to any person as provided below, upon (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository, or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(B) In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(1) or (2), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent designating the Substitute Depository, a single new Bond, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to Section 6(c)(i)(4)(A)(3), upon receipt of all Outstanding Bonds by the Paying Agent, together with a written request of the District to the Paying Agent, new Bonds, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, provided that the Paying Agent shall not be required to deliver such new Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(C) In the case of a partial redemption or an advance refunding of any Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Paying Agent, all in accordance with the Letter of Representations. The Paying Agent shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(D) The District and the Paying Agent shall be entitled to treat the person in whose name any Bond is registered as the Owner thereof for all purposes of this Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Paying Agent or the District; and the District and the Paying Agent shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Bonds. Neither the District nor the Paying Agent shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Bonds, and the Paying Agent may rely conclusively on its records as to the identity of the Owners of the Bonds.

SECTION 7. Execution of the Bonds. The Bonds shall be signed by the President of the Board, or any other member of the Board authorized to sign on behalf of the President, by his or her manual or facsimile signature and countersigned by the manual or facsimile signature of the Secretary to or Clerk of the Board, or the designees thereof, all in their official capacities. No Bond shall be valid or obligatory for any purpose or shall be entitled to any security or benefit under this Resolution unless and until the certificate of authentication printed on the Bond is signed by the Paying Agent as authenticating agent. Authentication by the Paying Agent shall be conclusive evidence that the Bond so authenticated has been duly issued, signed and delivered under this Resolution and is entitled to the security and benefit of this Resolution.

SECTION 8. Paying Agent; Transfer and Exchange. So long as any of the Bonds remain Outstanding, the District will cause the Paying Agent to maintain and keep at its designated corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds as provided in this Section. Subject to the provisions of Section 9 below, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute Owner of that Bond for all purposes of this Resolution. Payment of or on account of the principal of, premium, if any, and interest on any Bond shall be made only to or upon the order of such Owner; neither the District nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in this Section. All such payments shall be valid and effectual to satisfy and discharge the District's liability upon the Bonds, including interest, to the extent of the amount or amounts so paid.

Any Bond may be exchanged for a Bond of like Series, tenor, maturity and Transfer Amount upon presentation and surrender at the designated corporate trust office of the Paying Agent, together with a request for exchange signed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated corporate trust office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new bond or bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

If any Bond shall become mutilated, the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor,

maturity and Transfer Amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. If any Bond issued hereunder shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Paying Agent and, if such evidence be satisfactory to the Paying Agent and indemnity for the Paying Agent and the District satisfactory to the Paying Agent shall be given by the Owner, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like Series, tenor, maturity and Transfer Amount in lieu of and in substitution for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been called for redemption, instead of issuing a substitute Bond the Paying Agent may pay the same without surrender thereof upon receipt of indemnity satisfactory to the Paying Agent and the District). The Paying Agent may require payment of a reasonable fee for each new Bond issued under this paragraph and of the expenses which may be incurred by the District and the Paying Agent.

If manual signatures on behalf of the District are required in connection with an exchange or transfer, the Paying Agent shall undertake the exchange or transfer of Bonds only after the new Bonds are signed by the authorized officers of the District, as provided in Section 7. In all cases of exchanged or transferred Bonds, the District shall sign and the Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Resolution. All fees and costs of transfer shall be paid by the requesting party. Those charges may be required to be paid before the procedure is begun for the exchange or transfer. All Bonds issued upon any exchange or transfer shall be valid obligations of the District, evidencing the same debt, and entitled to the same security and benefit under this Resolution as the Bonds surrendered upon that exchange or transfer.

Any Bond surrendered to the Paying Agent for payment, retirement, exchange, replacement or transfer shall be cancelled by the Paying Agent. The District may at any time deliver to the Paying Agent for cancellation any previously authenticated and delivered Bonds that the District may have acquired in any manner whatsoever, and those Bonds shall be promptly cancelled by the Paying Agent. Written reports of the surrender and cancellation of Bonds shall be made to the District by the Paying Agent as requested by the District. The cancelled Bonds shall be retained for three years, then returned to the District or destroyed by the Paying Agent as directed by the District.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

SECTION 9. Payment. Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the Bond Register of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to such Owner on the Bond Payment Date to the bank and account number as it appears on such Bond Register or at such other address as he or she may have filed with the Paying Agent for that purpose on or before the Record Date. The principal of, and redemption premiums, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the designated office of the Paying Agent. The principal of, premium, if any, and interest on, the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is hereby authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. The Bonds are obligations of the District payable solely from the levy of *ad valorem* property taxes upon all property subject to taxation within the Improvement District, which taxes shall be without limit as to rate or amount. The Bonds do not constitute an obligation of the Counties except as provided in this Resolution, and no part of any fund of any of the Counties is pledged or obligated to the payment of the Bonds.

SECTION 10. Form of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A hereto, allowing those officials executing the Bonds to make the insertions and deletions necessary to conform the Bonds to this Resolution, the Purchase Contract and the Official Statement, or to correct or cure any defect, inconsistency, ambiguity or omission therein. Pending the preparation of definitive Bonds, the Bonds may be executed and delivered in temporary form exchangeable for definitive Bonds when ready for delivery. If the Paying Agent delivers temporary Bonds, it shall execute and deliver definitive Bonds in an equal aggregate principal amount of authorized denominations, when available, and thereupon the temporary Bonds shall be surrendered to the Paying Agent. Until so exchanged, the temporary Bonds shall be entitled to the same benefits hereunder as definitive Bonds.

SECTION 11. Delivery of Bonds. The proper officials of the District shall cause the Bonds to be prepared and, following their sale, shall have the Bonds signed and delivered, together with a final transcript of proceedings with reference to the issuance of the Bonds, to the Underwriter upon payment of the purchase price therefor.

SECTION 12. Deposit of Proceeds of Bonds. (a) The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of the principal amount thereof, shall be paid to the County to the credit of the fund hereby authorized to be created to be known as the "College of the Sequoias Community College District Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) Building Fund" (the "Building Fund") of the District, shall be kept separate and distinct from all other District and County funds, and such proceeds shall be used solely for the purposes for which the Bonds are being issued, and provided further that such proceeds shall be applied solely to the purposes authorized by the voters of the Improvement District at the Bond Election. The County shall have no responsibility for assuring the proper use of the Bond proceeds by the District. At the election of the District, (i) to the extent the Bonds are issued in more than one Series, there shall be created a separate Building Fund for each such Series of Bonds, with appropriate Series designation, and all references herein to the Building Fund shall be deemed to include any Building Fund created for a Series of Bonds, or (ii) the Building Fund may be established as a subaccount of, or otherwise combined with, but separately accounted for, a fund established by the County for the purpose of holding proceeds of bonds issued pursuant to the Authorization.

The purchase price received from the Underwriter pursuant to the Purchase Contract, to the extent of any accrued interest and any net original issue premium, shall be paid to the County to the credit of the fund hereby authorized to be created to be known as the "College of the Sequoias Community College District Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) Debt Service Fund" (the "Debt Service Fund") for the Bonds and used for payment of principal of and interest on the Bonds, and for no other purpose. At the election of the District, (i) to the extent the Bonds are issued in more than one Series, there shall be created a separate Debt Service Fund for each such Series of Bonds, with appropriate Series designation, and all references herein to the Debt Service Fund shall be deemed to include any Debt Service Fund created for a Series of Bonds, or (ii) the Debt Service Fund may be established as a subaccount of, or otherwise combined with, a fund established by the County for the purpose of holding proceeds of *ad valorem* property tax levies made to pay bonds issued pursuant to the Authorization.

Interest earnings on monies held in the Building Fund shall be retained in the Building Fund. Interest earnings on monies held in the Debt Service Fund shall be retained in the Debt Service Fund. Any excess proceeds of the Bonds on Deposit in the Building Fund not needed for the authorized purposes set forth herein for which the Bonds are being issued upon written notice from the District shall be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds. If, after payment in full of the Bonds, there remain excess proceeds in the Debt Service Fund, any such excess amounts shall be transferred to the general fund of the District, as permitted by law.

The costs of issuance of the Bonds are hereby authorized to be paid either from premium withheld by the Underwriter upon the sale of the Bonds, or from the principal amount of the Bonds received from the Underwriter. To the extent costs of issuance are paid from such principal amount, the District may direct that a portion thereof, in an amount not-to-exceed 2.0% of such principal amount, in lieu of being deposited into the Building Fund, be deposited in a costs of issuance account to be held by a fiscal agent of the District appointed for such purpose. Any excess moneys in the cost of issuance account remaining after payment of all costs of issuance shall be transferred to the County for deposit into the Building Fund or Debt Service Fund, as appropriate.

(b) Subject to federal tax restrictions, all funds held by the County hereunder shall be invested in Permitted Investments pursuant to law and the investment policy of the County. Neither the County nor its officers and agents, as the case may be, shall have any responsibility or obligation to determine the tax consequences of any investment. The District hereby authorizes investments made pursuant to this Resolution with maturities exceeding five years. The interest earned on the moneys deposited in the Building Fund shall be deposited in the Building Fund and used for the purposes of that fund. Except as required to satisfy the requirements of Code Section 148(f), interest earned on the investment of moneys held in the Debt Service Fund shall be retained in the Debt Service Fund and used by the County to pay the Principal of and interest on the Bonds when due.

SECTION 13. Rebate Fund. The following provisions shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) The District shall create and establish a special fund designated the “College of the Sequoias Community College District Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) Rebate Fund” (the “Rebate Fund”). All amounts at any time on deposit in the Rebate Fund shall be held in trust, to the extent required to satisfy the requirement to make rebate payments to the United States (the “Rebate Requirement”) pursuant to Code Section 148, and the Treasury Regulations promulgated thereunder (the “Treasury Regulations”). Such amounts shall be free and clear of any lien hereunder and shall be governed by this Section and by the Tax Certificate to be executed by the District in connection with the Tax-Exempt Bonds (the “Tax Certificate”).

(b) Within 45 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), (1) the District shall calculate or cause to be calculated with respect to the Bonds the amount that would be considered the “rebate amount” within the meaning of Section 1.148-3 of the Treasury Regulations, using as the “computation date” for this purpose the end of such Bond Year, and (2) the District shall deposit to the Rebate Fund from amounts on deposit in the other funds established hereunder or from other District funds, if and to the extent required, amounts sufficient to cause the balance in the Rebate Fund to be equal to the “rebate amount” so calculated. The District shall not be required to deposit any amount to the Rebate Fund in accordance with the preceding sentence, if the amount on deposit in the Rebate Fund prior to the deposit required to be made under this subsection (b) equals or exceeds the “rebate amount” calculated in accordance with the preceding sentence. Such excess may be withdrawn from the Rebate Fund to the extent permitted under subsection (g) of this Section. The District shall not be required to calculate the “rebate amount” and shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b), with respect to all or a portion of the proceeds of the Bonds (including amounts treated as proceeds of the Bonds) (1) to the extent such proceeds satisfy the expenditure requirements of Code Sections 148(f)(4)(B) or 148(f)(4)(C) or Section 1.148-7(d) of the Treasury Regulations, whichever is applicable, and otherwise qualify for the exception to the Rebate Requirement pursuant to whichever of said sections is applicable, (2) to the extent such proceeds are subject to an election by the District under Code Section 148(f)(4)(C)(vii) to pay a one and one-half percent (1½%) penalty in lieu of arbitrage rebate in the event any of the percentage expenditure requirements of Section 148(f)(4)(C) are not satisfied, or (3) to the extent such proceeds qualify for the exception to arbitrage rebate under Code

Section 148(f)(4)(A)(ii) for amounts in a “bona fide debt service fund.” In such event, and with respect to such amounts, the District shall not be required to deposit any amount to the Rebate Fund in accordance with this subsection (b).

(c) Any funds remaining in the Rebate Fund after redemption of all the Bonds and any amounts described in paragraph (2) of subsection (d) of this Section, or provision made therefor satisfactory to the District, including accrued interest, shall be remitted to the District.

(d) Subject to the exceptions contained in subsection (b) of this Section to the requirement to calculate the “rebate amount” and make deposits to the Rebate Fund, the District shall pay to the United States, from amounts on deposit in the Rebate Fund,

(1) not later than 60 days after the end of (i) the fifth Bond Year, and (ii) each fifth Bond Year thereafter, an amount that, together with all previous rebate payments, is equal to at least 90% of the “rebate amount” calculated as of the end of such Bond Year in accordance with Section 1.148-3 of the Treasury Regulations; and

(2) not later than 60 days after the payment of all Bonds, an amount equal to 100% of the “rebate amount” calculated as of the date of such payment (and any income attributable to the “rebate amount” determined to be due and payable) in accordance with Section 1.148-3 of the Treasury Regulations.

(e) In the event that, prior to the time any payment is required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate (or have calculated) the amount of such deficiency and deposit an amount equal to such deficiency into the Rebate Fund prior to the time such payment is due.

(f) Each payment required to be made pursuant to subsection (d) of this Section shall be made to the Internal Revenue Service, on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, such form to be prepared or caused to be prepared by the District.

(g) In the event that immediately following the calculation required by subsection (b) of this Section, but prior to any deposit made under said subsection, the amount on deposit in the Rebate Fund exceeds the “rebate amount” calculated in accordance with said subsection, the District may withdraw the excess from the Rebate Fund and credit such excess to the Debt Service Fund.

(h) The District shall retain records of all determinations made hereunder until three years after the complete retirement of the Bonds.

(i) Notwithstanding anything in this Resolution to the contrary, the Rebate Requirement shall survive the payment in full or defeasance of the Bonds.

SECTION 14. Security for the Bonds. There shall be levied on all the taxable property in the Improvement District, in addition to all other taxes, a continuing direct *ad valorem* property tax annually during the period the Bonds are Outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be deposited in the Debt Service Fund of the District, and which, which moneys shall be applied to the payment of the principal of and interest on the Bonds when and as the same fall due, and for no other purpose. The District covenants to cause the Counties to take all actions necessary to levy such *ad valorem* property tax in accordance with this Section 14.

Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment of the Bonds.

Pursuant to Government Code Sections 5450 and 5451, the District hereby pledges all revenues received from the levy and collection of *ad valorem* property taxes for the payment of each Series of Bonds and all amounts on deposit in the corresponding Debt Service Fund created pursuant to Section 12 hereof to the payment of such Series of Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in such Debt Service Fund. This pledge shall constitute an agreement between the District and the Owners of such Series of Bonds to provide security for the payment of such Bonds in addition to any statutory lien that may exist.

The moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred by the Treasurer to the Paying Agent which, in turn, shall pay such moneys to DTC to pay such principal of and interest on the Bonds. DTC will thereupon make payments of principal of and interest on the Bonds to the DTC Participants who will thereupon make payments of such principal and interest to the Beneficial Owners of the Bonds. Any moneys remaining in the Debt Service Fund after the Bonds and the interest thereon have been paid in full, or provision for such payment has been made, shall be transferred to the general fund of the District, pursuant to Education Code Section 15234.

SECTION 15. Arbitrage Covenant. The District covenants that it will restrict the use of the proceeds of the Bonds issued as Tax-Exempt Bonds in such manner and to such extent, if any, as may be necessary, so that the Tax-Exempt Bonds will not constitute arbitrage bonds under Code Section 148 and the applicable regulations prescribed thereunder or any predecessor section. Calculations for determining arbitrage requirements are the sole responsibility of the District.

SECTION 16. Conditions Precedent. The Board determines that all acts and conditions necessary to be performed by the Board or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District have been performed and have been met, or will at the time of delivery of the Bonds have been performed and have been met, in regular and due form as required by law; and that no statutory or constitutional limitation of indebtedness or taxation will have been exceeded in the issuance of the Bonds.

SECTION 17. Official Statement. The Preliminary Official Statement relating to the Bonds, substantially in the form on file with the Clerk of or Secretary to the Board, is hereby approved and the Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deliver such Preliminary Official Statement to the Underwriter to be used in connection with the offering and sale of the Bonds. The Authorized Officers, each alone, are hereby authorized and directed, for and in the name and on behalf of the District, to deem the Preliminary Official Statement “final” pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, prior to its distribution and to execute and deliver to the Underwriter a final Official Statement, substantially in the form of the Preliminary Official Statement, with such changes therein, deletions therefrom and modifications thereto as the Authorized Officer executing the same shall approve. The Underwriter is hereby authorized to distribute copies of the Preliminary Official Statement to persons who may be interested in the purchase of the Bonds, and such Underwriter is directed to deliver copies of any final Official Statement to the purchasers of the Bonds. Execution of the Official Statement shall conclusively evidence the District’s approval of the Official Statement.

SECTION 18. Insurance. In the event the District purchases bond insurance for the Bonds, and to the extent that the Bond Insurer makes payment of the principal of and interest on the Bonds, it shall become the Owner of such Bonds with the right to payment of such principal or interest, and shall be fully

subrogated to all of the Owners' rights, including the Owners' rights to payment thereof. To evidence such subrogation (i) in the case of subrogation as to claims of past due interest, the Paying Agent shall note the Bond Insurer's rights as subrogee on the Bond Register for the Bonds maintained by the Paying Agent upon receipt of a copy of the cancelled check issued by the Bond Insurer for the payment of such interest to the Owners of the Bonds, and (ii) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Bond Insurer as subrogee on the Bond Register for the Bonds maintained by the Paying Agent upon surrender of the Bonds by the Owners thereof to the Bond Insurer or the insurance trustee for the Bond Insurer.

SECTION 19. Defeasance. All or any portion of the Outstanding maturities of the Bonds may be defeased prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, is sufficient to pay all Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with any amounts transferred from the Debt Service Fund and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds Outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated Outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) of this Section, to the Owners of such designated Bonds not so surrendered and paid all sums due with respect thereto.

For purposes of this Section, "Government Obligations" shall, unless otherwise provided in the Purchase Contract, mean:

Direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), or obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either Moody's or S&P.

SECTION 20. Nonliability of Counties. Notwithstanding anything to the contrary contained herein, in the Bonds or in any other document mentioned herein, none of the Counties, nor their respective officials, officers, employees or agents, shall have any liability hereunder or by reason hereof or in connection with the transactions contemplated hereby, the Bonds are not a debt of any of the Counties or a pledge of the Counties' full faith and credit, and the Bonds and any liability in connection therewith shall be paid solely from *ad valorem* property taxes lawfully levied within the boundaries of the Improvement District to pay the principal of and interest on the Bonds, which taxes shall be unlimited as to rate or amount.

SECTION 21. Reimbursement of Counties' Costs. The District shall reimburse the Counties for all costs and expenses incurred by the Counties, and the respective officials, officers, agents and employees thereof in issuing or otherwise in connection with the issuance of the Bonds.

SECTION 22. Request to Counties to Levy Tax. The Boards of Supervisors and officers of the Counties are obligated by statute to provide for the levy and collection of *ad valorem* property taxes in each year sufficient to pay all principal of and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The District hereby requests the Boards of Supervisors of the Counties to annually levy a tax upon all taxable property in the Improvement District sufficient to pay all such principal and interest coming due on the Bonds in such year, and to pay from such taxes all amounts due on the Bonds. The Board hereby finds and determines that such *ad valorem* property taxes shall be levied specifically to pay the Bonds being issued to finance specific projects authorized by the voters of the Improvement District at the Bond Election.

SECTION 23. Other Actions. (a) Officers of the Board and District officials and staff are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to proceed with the issuance of the Bonds and otherwise carry out, give effect to and comply with the terms and intent of this Resolution. Such actions heretofore taken by such officers, officials and staff are hereby ratified, confirmed and approved.

(b) The Board hereby appoints KNN Public Finance LLC, as the Municipal Advisor, Piper Sandler & Co., as Underwriter, and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel and Disclosure Counsel, each with respect to the issuance of the Bonds.

(c) Notwithstanding any other provisions contained herein, the provisions of this Resolution as they relate to the Bonds may be amended by the Purchase Contract or the Official Statement.

(d) Based on a good faith estimate received by the District from the Municipal Advisor, the District finds that (i) the True Interest Cost of the Bonds (as defined in Government Code Section 5852.1(a)(1)(A)) is expected to be approximately 3.3723%, (ii) the total Finance Charge of the Bonds (as defined in Government Code Section 5852.1(a)(1)(B)) is expected to be \$380,415.08, (iii) the total proceeds expected to be received by the District from the sale of the Bonds, less the Finance Charge of the Bonds and any reserves or capitalized interest paid or funded with proceeds of the Bonds, is expected to be \$22,582,499.92, and (iv) the District expects that the Total Payment Amount (as defined in Government Code Section 5852.1(a)(1)(D)), calculated to the final maturity of the Bonds, will be \$42,951,810.00. The information presented in this section is included in satisfaction of Government Code Section 5852.1, and shall not abrogate or otherwise limit any provision of this Resolution.

(e) The District hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the Government Code using DocuSign.

SECTION 24. Resolution to Treasurer. The Clerk of or Secretary to the Board is hereby directed to provide a certified copy of this Resolution to the Treasurer immediately following its adoption.

SECTION 25. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District and dated the Date of Delivery, as originally executed and as it may be amended from time to time in accordance with the terms thereof. The Board hereby approves the form of the Continuing Disclosure Certificate appended to the form of the Preliminary Official Statement on file with the Clerk of or Secretary to the Board as of the date hereof, and the Authorized Officers, each alone, are hereby authorized to execute and deliver such Continuing Disclosure Certificate with such changes therein and modifications thereto as shall be approved by the Underwriter and the Authorized Officer executing the same, such approval to be conclusively evidenced by such execution and delivery. Any Bond Holder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. Neither noncompliance with this Section nor noncompliance with the Continuing Disclosure Certificate shall result in acceleration of the Bonds.

SECTION 26. Effective Date. This Resolution shall take effect immediately upon its passage.

SECTION 27. Further Actions Authorized. It is hereby covenanted that the District, and its appropriate officials, have duly taken all actions necessary to be taken by them, and will take any additional actions necessary to be taken by them, for carrying out the provisions of this Resolution.

[REMAINDER OF PAGE LEFT BLANK]

SECTION 28. Recitals. All the recitals in this Resolution above are true and correct and this Board so finds, determines and represents.

PASSED, ADOPTED AND APPROVED this 12th day of April, 2021, by the following vote:

AYES:	MEMBERS	_____
NOES:	MEMBERS	_____
ABSTAIN:	MEMBERS	_____
ABSENT:	MEMBERS	_____

President, Board of Trustees
College of the Sequoias Community College
District

Attest:

Secretary to the Board of Trustees
College of the Sequoias Community College District

SECRETARY’S CERTIFICATE

I, Brent Calvin, Ed.D., Secretary to the Board of Trustees of the College of the Sequoias Community College District (the “District”), Tulare and Kings Counties, California, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of the Board of Trustees of the District duly and regularly and legally held at the regular meeting place thereof on April 12, 2021, of which meeting all of the members of the Board of said District had due notice and at which a quorum was present.

I have carefully compared the same with the original minutes of said meeting on file and of record in my office and the foregoing is a full, true and correct copy of the original resolution adopted at said meeting and entered in said minutes.

Said resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated: April __, 2021

Secretary to the Board of Trustees
College of the Sequoias Community
College District

EXHIBIT A
FORM OF BONDS

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TO THE PAYING AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

**REGISTERED
NO.**

**REGISTERED
\$**

**COLLEGE OF THE SEQUIOIAS COMMUNITY COLLEGE DISTRICT
(TULARE AND KINGS COUNTIES, CALIFORNIA)
ELECTION OF 2008 GENERAL OBLIGATION BONDS, SERIES E
(TULARE AREA IMPROVEMENT DISTRICT NO. 3)
(TULARE AND KINGS COUNTIES, CALIFORNIA)**

<u>INTEREST RATE:</u> ____% per annum	<u>MATURITY DATE:</u> August 1, 20____	<u>DATED AS OF:</u> _____, 2021	<u>CUSIP</u>
---	--	---	---------------------

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The College of the Sequoias Community College District (the "District"), for value received, promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount on the Maturity Date, each as stated above, and interest thereon until the Principal Amount is paid or provided for at the Interest Rate stated above, on February 1 and August 1 of each year (the "Bond Payment Dates"), commencing August 1, 2021. This Bond will bear interest from the Bond Payment Date next preceding the date of authentication hereof unless it is authenticated as of a day during the period from the 16th day of the month next preceding any Bond Payment Date to the Bond Payment Date, inclusive, in which event it shall bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2021, in which event it shall bear interest from the Date of Delivery. Interest on this Bond shall be computed on the basis of a 360-day year of 12, 30-day months. Principal and interest are payable in lawful money of the United States of America, without deduction for the paying agent services, to the person in whose name this Bond (or, if applicable, one or more predecessor bonds) is registered, such owner being the Registered Owner, on the Register maintained by the Paying Agent, initially U.S. Bank National Association, Los Angeles, California. Principal is payable upon presentation and surrender of this Bond at the designated office of the Paying Agent. Interest is payable by wire transfer by the Paying Agent on each Bond Payment Date to the Registered Owner of this Bond (or one or more predecessor bonds) as shown on the bond register maintained by the Paying

Agent, and to the bank and account number on file with the Paying Agent, as of the close of business on the 15th day of the calendar month next preceding that Bond Payment Date.

This Bond is one of an authorization of bonds approved to raise money for the purposes authorized by voters of the College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (the "Improvement District") at the Election (as defined herein) and to pay all necessary legal, financial, engineering and contingent costs in connection therewith under authority of and pursuant to the laws of the State of California, and the requisite vote of the electors of the Improvement District cast at a general election held on November 4, 2008 (the "Election"), upon the question of issuing bonds in the amount of \$60,000,000 and the resolution of the Board of Trustees of the District adopted on April 12, 2021 (the "Bond Resolution"). This Bond is being issued under the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code. This Bond and the issue of which this Bond is one are payable as to both principal and interest solely from the proceeds of the levy of *ad valorem* property taxes on all property subject to such taxes in the Improvement District, which taxes are unlimited as to rate or amount in accordance with Education Code Sections 15250 and 15252. Pursuant to Government Code Section 53515, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of such *ad valorem* property taxes.

Pursuant to Government Code Sections 5450 and 5451, the District has pledged all revenues received from the levy and collection of *ad valorem* property taxes for the payment of the Bonds, and all amounts on deposit in the Debt Service Fund (as defined in the Bond Resolution), to the payment of the Bonds. Such pledge shall constitute a lien on and security interest in such taxes and amounts in the Debt Service Fund, and shall constitute an agreement between the District and the Registered Owners of the Bonds to provide security for the payment of the Bonds in addition to any statutory lien that may exist.

The Bonds of this issue comprise \$ _____ principal amount of current interest bonds, of which this bond is a part (each a "Bond").

This Bond is exchangeable and transferable for a Bond of like series, tenor, maturity and Transfer Amount (as defined in the Bond Resolution) and in authorized denominations at the designated corporate trust office of the Paying Agent, by the Registered Owner or by a person legally empowered to do so, in a form satisfactory to the Paying Agent, all subject to the terms, limitations and conditions provided in the Bond Resolution. All fees and costs of transfer shall be paid by the transferor. The District and the Paying Agent may deem and treat the Registered Owner as the absolute owner of this Bond for the purpose of receiving payment of or on account of principal or interest and for all other purposes, and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bond during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date or day on which the applicable notice of redemption is given or (b) transfer any Bond which has been selected or called for redemption in whole or in part.

The Bonds maturing on and before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on and after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__ at a redemption price equal to the principal amount of the Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption, without premium.

The Bonds maturing on August 1, 20__ (the “Term Bonds”), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such Term Bonds to be so redeemed and the dates therefor and the final payment date is as indicated in the following table:

Year Ending <u>August 1</u>	Principal <u>To Be Redeemed</u>
--------------------------------	------------------------------------

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of \$5,000 of principal amount, in respect of the portion of such Term Bonds optionally redeemed.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected as directed by the District, and if not so directed, by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or any integral multiple thereof. If less than all of the Bonds stated to mature on different dates shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be called by the Paying Agent as directed by the District, and if not so directed, in the inverse order of maturity.

Reference is made to the Bond Resolution for a more complete description of certain defined terms used herein, as well as the provisions, among others, with respect to the nature and extent of the security for the Bonds of this series, the rights, duties and obligations of the District, the Paying Agent and the Registered Owners, and the terms and conditions upon which the Bonds are issued and secured. The Registered Owner of this Bond assents, by acceptance hereof, to all of the provisions of the Bond Resolution.

It is certified and recited that all acts and conditions required by the Constitution and laws of the State of California to exist, to occur and to be performed or to have been met precedent to and in the issuing of the Bonds in order to make them legal, valid and binding general obligations of the District, have been performed and have been met in regular and due form as required by law; that no statutory or constitutional limitation on indebtedness or taxation has been exceeded in issuing the Bonds; and that due provision has been made for levying and collecting *ad valorem* property taxes on all of the taxable property within the Improvement District in an amount sufficient to pay principal of and interest on the Bonds when due.

This Bond shall not be valid or obligatory for any purpose and shall not be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication below has been signed.

[REMAINDER OF PAGE LEFT BLANK]

IN WITNESS WHEREOF, the College of the Sequoias Community College District, Tulare and Kings Counties, California, has caused this Bond to be executed on behalf of the District and in their official capacities by the manual or facsimile signature of the President of the Board of Trustees of the District, and to be countersigned by the manual or facsimile signature of the [Secretary to/Clerk of] the Board of Trustees of the District, all as of the date stated above.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE
DISTRICT

By: _____ (Facsimile Signature)
President of the Board of Trustees

COUNTERSIGNED:

(Facsimile Signature)
[Secretary to/Clerk of] the Board of Trustees

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Bond Resolution referred to herein which has been authenticated and registered on _____, 2021.

By: U.S. BANK NATIONAL ASSOCIATION, as Paying
Agent

Authorized Officer

ASSIGNMENT

For value received, the undersigned sells, assigns and transfers to (print or typewrite name, address and zip code of Transferee): _____ this Bond and irrevocably constitutes and appoints attorney to transfer this Bond on the books for registration thereof, with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the within Bond in every particular, without alteration or any change whatever, and the signature(s) must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer Identification Number or other identifying number of Assignee: _____

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

LEGAL OPINION

The following is a true copy of the opinion rendered by Stradling Yocca Carlson & Rauth, a Professional Corporation in connection with the issuance of, and dated as of the date of the original delivery of, the Bonds. A signed copy is on file in my office.

(Facsimile Signature)
[Secretary to/Clerk of] the Board of Trustees

(Form of Legal Opinion)

NEW ISSUE -- FULL BOOK-ENTRY**RATINGS:**

Moody's: "____"; S&P: "____"

(See "RATINGS" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, under existing statutes, rulings and judicial decisions, interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2021
COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)

\$ _____*
Election of 2008 General Obligation Bonds, Series E
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)

\$ _____*
Election of 2008 General Obligation Bonds, Series E-1
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Taxable)

\$ _____*
2021 General Obligation Refunding Bonds, Series A
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)

\$ _____*
2021 General Obligation Refunding Bonds, Series B
(Tulare Area Improvement District No. 3)
(Tulare and Kings County, California)
(Federally Taxable)

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire official statement to obtain information essential to the making of an informed investment decision. Capitalized terms used in this cover page and not otherwise defined shall have the meanings set forth herein.

The College of the Sequoias Community College District (Tulare and Kings Counties, California) Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Tax-Exempt) (the "Series E Bonds") were authorized at an election of the registered voters of the College of the Sequoias Community College District Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (the "Improvement District No. 3") held on November, 2008 at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$60,000,000 principal amount of general obligation bonds. The Series E Bonds are being issued by the College of the Sequoias Community College District (the "District") to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District No. 3, and (ii) pay the costs of issuing the Series E Bonds.

The College of the Sequoias Community College District (Tulare and Kings Counties, California) Election of 2008 General Obligation Bonds, Series E-1 (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Taxable) (the "Series E-1 Bonds", and together with the Series E Bonds, the "New Money Bonds") were authorized at an election of the registered voters of Improvement District No. 3 held on November, 2008 at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of \$60,000,000 principal amount of general obligation bonds. The Series E-1 Bonds are being issued by the District to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District No. 3, and (ii) pay the costs of issuing the Series E-1 Bonds.

The College of the Sequoias Community College District (Tulare and Kings Counties, California) 2021 General Obligation Refunding Bonds, Series A (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Tax-Exempt) (the "Series A Refunding Bonds", and together with the Series E Bonds, the "Tax-Exempt Bonds") are being issued by the District to (i) currently refund a portion of the District's outstanding College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series B, and (ii) pay the costs of issuing the Series A Refunding Bonds.

The College of the Sequoias Community College District (Tulare and Kings Counties, California) 2021 General Obligation Refunding Bonds, Series B (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Taxable) (the "Series B Refunding Bonds," and together with the Series A Refunding Bonds, the "Refunding Bonds," and together with the Series E-1 Bonds, the "Taxable Bonds", and together with the Series E Bonds, the Series E-1 Bonds and the Series A Refunding Bonds, the "Bonds") are being issued by the District to (i) advance refund a portion of the District's outstanding College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series B, (ii) advance refund a portion of the District's outstanding College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series C, and (ii) pay the costs of issuing the Series B Refunding Bonds.

The Bonds are general obligations of the District payable solely from the proceeds *ad valorem* property taxes. The Boards of Supervisors of Tulare and Kings Counties are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within Improvement District No. 3 subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates).

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds, but will receive credit balances on the books of their respective nominees.

The Bonds will be issued as current interest bonds, such that interest thereon will accrue from the date of delivery thereof and be payable semiannually on February 1 and August 1 of each year, commencing August 1, 2021. The Bonds are issuable as fully registered Bonds in denominations of \$5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank National Association, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants (as defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as further described herein.*

MATURITY SCHEDULES*
(see inside front covers)

*The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel. Certain matters will be passed on for the District by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel. The Bonds, in book-entry form, will be available through the facilities of The Depository Trust Company in New York, New York, on or about _____, 2021**

Piper Sandler & Co.

Dated: _____, 2021

* Preliminary, subject to change.

MATURITY SCHEDULE*

Base CUSIP^(†): _____

\$ _____*

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
Election of 2008 General Obligation Bonds, Series E
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP^(†) Suffix</u>
---------------------------------------	------------------------------------	---------------------------------	---------------------	--

\$ _____ - ___% Term Bonds due August 1, 20__ ; Yield: ___%; CUSIP^(†) Suffix:

* Preliminary, subject to change.

^(†) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the District, the Municipal Advisor or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

MATURITY SCHEDULE*

Base CUSIP^(†): _____

\$ _____*

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
Election of 2008 General Obligation Bonds, Series E-1
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Taxable)**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP^(†) Suffix</u>
---------------------------------------	------------------------------------	---------------------------------	---------------------	--

\$ _____ - ___% Term Bonds due August 1, 20__ ; Yield: ___% ; CUSIP^(†) Suffix:

* Preliminary, subject to change.

^(†) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the District, the Municipal Advisor or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

MATURITY SCHEDULE*

Base CUSIP^(†): _____

\$ _____*

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
2021 General Obligation Refunding Bonds, Series A
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP^(†) Suffix</u>
---------------------------------------	------------------------------------	---------------------------------	---------------------	--

\$ _____ - ___% Term Bonds due August 1, 20__ ; Yield: ___% ; CUSIP^(†) Suffix:

* Preliminary, subject to change.

^(†) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services ("CGS"), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the District, the Municipal Advisor or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

\$ _____ *

COLLEGE OF THE SEQUIOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
2021 General Obligation Refunding Bonds, Series B
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Taxable)

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP^(†)</u> <u>Suffix</u>
--------------------------------------	-----------------------------------	--------------------------------	--------------	---

\$ _____ - ____% Term Bonds due August 1, 20__; Yield: ____%; CUSIP^(†) Suffix:

* Preliminary, subject to change.

(†) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds. None of the District, the Municipal Advisor or the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Certain information set forth herein has been obtained from sources outside the District which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced in this Official Statement, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend,” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

“The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.”

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN SECURITIES DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

The District maintains a website and certain social media accounts. However, the information presented on the District’s website and such social media accounts is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

Board of Trustees

John Lehn, *President, Ward 5*
Kenneth Nunes, *Vice President, Ward 2*
Raymond Macareno, *Clerk, Ward 3*
Lori Cardoza, *Trustee, Ward 4*
Greg Sherman, *Trustee, Ward 1*

District Administration

Brent Calvin, Ed.D., *Superintendent/President*
Ron Ballesteros-Perez, *Vice President, Administrative Services*
Leangela Miller-Hernandez, *Director, Budget and Categorical Accounting*
Linda McCauley, *Chief Accounting Officer*

PROFESSIONAL SERVICES

Bond Counsel and Disclosure Counsel

Stradling Yocca Carlson & Rauth,
a Professional Corporation
San Francisco, California

Municipal Advisor

KNN Public Finance LLC
Berkeley, California

Escrow Agent, Paying Agent, Registrar, and Transfer Agent

U.S. Bank National Association
Seattle, Washington

Verification Agent

Causey Demgen & Moore P.C.
Denver, Colorado

[MAP OF TULARE AREA IMPROVEMENT DISTRICT NO. 3]

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COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)

\$ _____
Election of 2008 General Obligation Bonds, Series E
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)

\$ _____
2021 General Obligation Refunding Bonds, Series A
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)

\$ _____^{*}
Election of 2008 General Obligation Bonds, Series E-1
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Taxable)

\$ _____^{*}
2021 General Obligation Refunding Bonds, Series B
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Taxable)

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page and appendices hereto, provides information in connection with the sale of the (i) College of the Sequoias Community College District (Tulare and Kings Counties, California) Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Tax-Exempt) (the “Series E Bonds”), (ii) College of the Sequoias Community College District (Tulare and Kings Counties, California) Election of 2008 General Obligation Bonds, Series E-1 (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Taxable) (the “Series E-1 Bonds”, and together with the Series E Bonds, the “New Money Bonds”), (iii) College of the Sequoias Community College District (Tulare and Kings Counties, California) 2021 General Obligation Refunding Bonds, Series A (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Tax-Exempt) (the “Series A Refunding Bonds”, and together with the Series E Bonds, the “Tax-Exempt Bonds”) and (iv) College of the Sequoias Community College District (Tulare and Kings Counties, California) 2021 General Obligation Refunding Bonds, Series B (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Taxable) (the “Series B Refunding Bonds,” and together with the Series A Refunding Bonds, the “Refunding Bonds,” and together with the Series E-1 Bonds, the “Taxable Bonds”, and together with the Series E Bonds, the Series E-1 Bonds, and the Series A Refunding Bonds, the “Bonds”)

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The College of the Sequoias Community College District (the “District”) began as Visalia Junior College in 1926 and became a community college district in 1949. The District is located in the heart of the San Joaquin Valley and at the foot of the Sierra Nevada mountains. It encompasses a 2,893 square-mile-area in the San Joaquin Valley midway between San Francisco and Los Angeles and serves communities in Tulare County (the “County”) and Kings County (“Kings County”, and together with the County, the “Counties”). The District currently operates one community college, College of the Sequoias (the “College”), which provides collegiate level instruction across a wide spectrum of subjects for grades 13 and 14, and two full service centers, one in the Hanford and one in Tulare. The College of the Sequoias is fully accredited by the ACCJC. For fiscal year 2020-21, the District’s projected FTES count is 9,611.85 students. The District’s actual FTES count, however, may be affected by the ongoing COVID-19 outbreak as a result, 2020-21 will be funded based on 2019-20 FTES as of P1 prior to the outbreak. As a result of

the current outbreak of COVID-19 (as defined herein), the College campus is currently closed, and the District has largely transitioned to distance learning through at least the spring term of the 2020-21 academic year, except for select classes which maintain some hands-on curriculum delivered in-person. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19” herein.

The governing board of the District is the Board of Trustees (the “Board”). The Board includes five voting members elected by ward areas by the voters of the District to serve five wards. Each member of the Board serves a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. The management and policies of the District are administered by a Superintendent/President appointed by the Board. Brent Calvin, Ed.D. currently serves as the District’s Superintendent/President.

For more information about the District generally, see “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA” and “COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT” herein. The District’s audited financial statements for fiscal year ended June 30, 2020 are attached hereto as APPENDIX B and should be read in their entirety.

Improvement District No. 3

The College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (the “Improvement District No. 3”) is located primarily within Tulare County, and a small portion of Kings County, and includes the City of Tulare. Improvement District No. 3 encompasses about 837 square miles, representing about twenty-eight percent of the territory of the District. The boundaries of Improvement District No. 3 include the Alpaugh Unified School District, the Lindsay Unified School District, the Corcoran Joint Unified School District, and the Tulare Joint Union High School District. See “COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT – Improvement District No. 3” herein.

For more information regarding the Improvement District’s tax base, see “TAX BASE FOR REPAYMENT OF BONDS” herein. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA” and “COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT” herein for more general information regarding the District and its finances.

Purpose of Issue

Series E Bonds. The Series E Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District No. 3, and (ii) pay the costs of issuing the Series E Bonds.

Series E-1 Bonds. The Series E-1 Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District No. 3, and (ii) pay the costs of issuing the Series E-1 Bonds.

Series A Refunding Bonds. The Series A Refunding Bonds are being issued to (i) currently refund a portion of the outstanding College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series B (the “Improvement District No. 3 Series B Bonds”) and (ii) pay the costs of issuing the Series A Refunding Bonds.

Series B Refunding Bonds. The Series B Refunding Bonds are being issued to (i) advance refund a portion of the outstanding College of the Sequoias Community College District College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series C (the “Improvement District No. 3 Series C Bonds”), (ii) advance refund a portion of the District’s outstanding College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (Kings and Tulare Counties, California) Election of 2008 General Obligation Bonds, Series B and (iii) pay the costs of issuing the Series B Refunding Bonds.

The Improvement District No. 3 Series B Bonds and Improvement District No. 3 Series C Bonds to be refunded with proceeds of the Refunding Bonds are referred to herein as the “Refunded Improvement District No. 3 Series B Bonds,” the “Refunded Improvement District No. 3 Series C Bonds,” and collectively, as the “Refunded Bonds.” See “THE BONDS – Application and Investment of Bonds Proceeds” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

Authority for Issuance of the Bonds

The Bonds are issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to resolutions adopted by the Board on April 12, 2021 for the New Money Bonds (the “New Money Resolution”) and the Refunding Bonds (the “Refunding Resolution,” and together with the New Money Resolution, the “Resolutions”). See “THE BONDS – Authority for Issuance” herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the Improvement District No. 3 subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates).

See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS” herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons, and will mature on August 1 in the years indicated on the inside cover page hereof. Purchasers of the Bonds (the “Beneficial Owners”) will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. See “THE BONDS – General Provisions” and “THE BONDS – Book-Entry Only System” herein. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolutions. See “THE BONDS – Discontinuation of Book-Entry Only System; Payment to Beneficial Owners” herein.

So long as Cede & Co. is the registered Owner of the Bonds, as nominee of DTC, references herein to the “Owners,” “Bond Owners” or “Holders” of the Bonds (other than under the captions “INTRODUCTION – Tax Matters” and “TAX MATTERS” herein, and in “APPENDIX A” attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available in the denominations of \$5,000 principal amount or any integral multiple thereof.

Redemption.* The Bonds are subject to optional and mandatory sinking fund redemption prior to their respective maturity dates, as further described herein. See “THE BONDS – Redemption” herein.

Payments. The Bonds will be issued as current interest bonds, such that interest thereon will accrue from their initial date of delivery (the “Date of Delivery”), and be payable semiannually on each February 1 and August 1 (each, a “Bond Payment Date”), commencing August 1, 2021. Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, as paying agent, bond registrar and transfer agent for the Bonds (the “Paying Agent”) to DTC for subsequent disbursement through DTC Participants (as defined herein) to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry Only System” herein.

Tax Matters

Tax-Exempt Bonds. In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Tax-Exempt Bonds is exempt from State of California (the “State”) personal income tax. See “TAX MATTERS – Tax-Exempt Bonds” herein.

Taxable Bonds. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). In the further opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Taxable Bonds is exempt from State personal income tax. See “TAX MATTERS – Refunding Bonds” herein.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York on or about _____, 2021.*

Bond Owner’s Risks

The Bonds are general obligations of the District payable solely from *ad valorem* property taxes which may be levied without limitation as to rate or amount (except with respect to certain personal property which is taxable at limited rates) on all property within Improvement District No. 3 subject to taxation by the District, as further described herein. For more complete information regarding the taxation of property within Improvement District No. 3, and certain other information, see “TAX BASE FOR REPAYMENT OF BONDS” and “LIMITATION ON REMEDIES; BANKRUPTCY” herein.

* Preliminary, subject to change.

Continuing Disclosure

The District will covenant for the benefit of the Owners and Beneficial Owners of the Bonds to make available certain financial information and operating data relating to the District and to provide notices of the occurrence of certain listed events, in order to assist the Underwriter (as defined herein) in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). See “LEGAL MATTERS – Continuing Disclosure” herein. The specific nature of the information to be made available and of the notices of listed events required to be provided are described in APPENDIX C attached hereto.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California is acting as Bond Counsel and Disclosure Counsel to the District and KNN Public Finance LLC, Berkeley, California, is acting as Municipal Advisor to the District, each with respect to the Bonds. Bond Counsel, Disclosure Counsel and the Municipal Advisor will receive compensation from the District contingent upon the sale and delivery of the Bonds. U.S. Bank National Association, Seattle, Washington will act as Paying Agent for the Bonds and Escrow Agent for the Refunding Bonds and Refunded Bonds. Causey Demgen & Moore P.C. is acting as Verification Agent (as defined herein) with respect to the Refunding Bonds and the Refunded Bonds. From time to time, Bond Counsel represents the Underwriter on matters unrelated to the District or the Bonds.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “intend” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District and Improvement District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Assistant Superintendent/Vice President, Administrative Services, College of the Sequoias Community College District, 915 S. Mooney Blvd., Visalia, California 93277, telephone: (559) 730-3731. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District. This

Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entirety by reference to each of such documents, statutes and constitutional provisions.

Certain of the information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolutions.

THE BONDS

Authority for Issuance

New Money Bonds. The New Money Bonds are being issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, Article XIII A of the State Constitution and pursuant to the New Money Resolution. The District received authorization at an election held on November 4, 2008, by the requisite 55% or more of the votes cast by eligible voters within the Improvement District No. 3, to issue \$60,000,000 aggregate principal amount of general obligation bonds (the "2008 Authorization"). The Series E Bonds and the Series E-1 Bonds represent the fifth and sixth series of bonds issued under the 2008 Authorization, and, following the issuance thereof, none of the 2008 Authorization will remain unissued.

Refunding Bonds. The Refunding Bonds are issued pursuant to the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and the Refunding Resolution.

Security and Sources of Payment

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property subject to taxation by the District within the boundaries of Improvement District No. 3 without limitation as to rate or amount (except certain personal property which is taxable at limited rates). The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The Counties, however, are not obligated to establish such a reserve, and the District can make no representation that either of the Counties will do so.

Ad valorem property taxes for the payment of the Bonds, when collected, will be deposited by the County into the respective Debt Service Funds (defined herein) for each series of bonds, which are segregated and held by the County and which is available for the payment of principal of and interest on each series the Bonds when due, and for no other purpose. Pursuant to the Resolutions, the District has pledged amounts on deposit in each of the Debt Service Funds to the payment of the respective series Bonds to which such funds relate. Although the Counties are obligated to levy an *ad valorem* property tax for the payment of the Bonds, and the County will maintain the Debt Service Funds, the Bonds are not a debt of either of the Counties. See “TAX BASE FOR REPAYMENT OF BONDS” herein.

The moneys in the Debt Service Funds, to the extent necessary to pay the principal of and interest on the Bonds, as the same becomes due and payable, will be transferred by the County to the Paying Agent which, in turn, shall pay such moneys to DTC to pay, as the case may be, the principal of and interest on the Bonds. DTC will thereupon make payment of principal of and interest on the Bonds to the DTC Participants who will thereupon make payments of principal and interest to its Participants (as defined herein) for subsequent disbursement to the Beneficial Owners of the Bonds.

The rate of the annual *ad valorem* taxes levied by the Counties to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in Improvement District No. 3 and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in Improvement District No. 3 may cause the annual tax rates to fluctuate. Economic and other factors beyond the District’s control, such as general market decline in land values, disruption in financial markets that may reduce the availability of financing for purchasers of property, outbreak of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, fire, wildfire, flood, drought, or toxic contamination, could cause a reduction in the assessed value of taxable property within Improvement District No. 3 and necessitate a corresponding increase in the respective annual tax rates. For further information regarding Improvement District No. 3 assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution”, “TAX BASE FOR REPAYMENT OF BONDS” and “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19” herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant

to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co., as nominee for DTC. Beneficial Owners will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. See “– Book Entry Only System” herein.

The Bonds will be issued as current interest bonds, such that interest thereon will be payable semiannually on each Bond Payment Date, commencing August 1, 2021. Interest on the Bonds will be computed on the basis of a 360-day year of twelve, 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before July 15, 2021, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of \$5,000 principal amount, or any integral multiple thereof, and mature on August 1 in the years and amounts set forth on the inside cover page hereof.

Payment of interest on any Bond on any Bond Payment Date shall be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the 15th day of the month preceding any Bond Payment Date (a “Record Date”), whether or not such day is a business day, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds shall be payable upon maturity or redemption upon surrender at the principal corporate trust office of the Paying Agent. The principal of, premiums, if any, and interest on, the Bonds shall be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof

So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered owner of the Bonds. See also “– Book-Entry Only System” below.

Redemption

Optional Redemption.* The Bonds maturing on or before August 1, 20__ are not subject to redemption. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20__, at a redemption price equal to the principal amount of such Bonds selected for redemption, together with interest accrued thereon to the date of redemption, without premium.

Series E Bonds Mandatory Redemption.* The Series E Bonds maturing on August 1, 20__ (the “20_ Series E Term Bonds”) are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal

* Preliminary, subject to change.

amount represented by such Series E Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the following table:

Redemption Date (<u>August 1</u>)	Principal Amount to be Redeemed
--	--

(1) Maturity.

The Series E-1 Bonds maturing on August 1, 20__ (the “20__ Series E-1 Term Bonds”) are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by such Series E-1 Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the following table:

Redemption Date (<u>August 1</u>)	Principal Amount to be Redeemed
--	--

(1) Maturity.

The Series A Refunding Bonds maturing on August 1, 20__ (the “20__ Series A Refunding Term Bonds,” and together with the 20__ Series A Term Bonds and 20__ Series A Refunding Term Bonds, the “Term Bonds”) are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by such Series A Refunding Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the table on the following page:

Redemption Date (<u>August 1</u>)	Principal Amount to be Redeemed
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(1) Maturity.

The Series B Refunding Bonds maturing on August 1, 20__ (the “20__ Series B Refunding Term Bonds,” and together with the 20__ Series B Term Bonds and 20__ Series B Refunding Term Bonds, the “Term Bonds”) are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, plus interest accrued to the date set for such redemption, without premium. The principal amount represented by such Series B Refunding Term Bonds to be so redeemed, the redemption dates therefor, and the final principal payment date are as indicated in the table on the following page:

**Redemption Date
(August 1)**

**Principal Amount
to be Redeemed**

⁽¹⁾ Maturity.

In the event that a portion of the Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, in respect of the portion of such Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, shall select Bonds for redemption as so directed and if not directed, in inverse order of maturity. Within a maturity, the Paying Agent shall select Bonds for redemption by lot. Redemption by lot shall be in such manner as the Paying Agent shall determine; provided, however, that with respect to redemption by lot, the portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption. When redemption is authorized or required pursuant to the Resolutions, the Paying Agent, upon written instruction from the District, shall give notice (a “Redemption Notice”) of the redemption of the Bonds. Such Redemption Notice shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part, (g) in the case of any Bond to be redeemed in part only, the portion of the principal amount of such Bond to be redeemed, and (h) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. The Redemption Notice will further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed at the redemption price thereof, together with the interest accrued to the redemption date, and that from and after such date, interest thereon shall cease to accrue.

The Paying Agent shall take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the registration books kept by the Paying Agent on which the registered ownership, transfer and exchange of Bonds shall be recorded (the “Bond Register”); (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (i) registered or certified mail, postage prepaid, or (ii) overnight delivery service, to one of the Information Services; and (d) such Redemption Notice shall be given such other persons as may be required pursuant to the Continuing Disclosure Certificate.

“Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal

obligations as the District may specify in writing to the Paying Agent or, in the absence of such a written designation, as the Paying Agent may select.

“Securities Depository” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent to the effect that a Redemption Notice has been given as provided in the Resolutions shall be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds. The Redemption Notice may state that no representation is made as to the accuracy or correctness of CUSIP numbers printed thereon.

Payment of Redeemed Bonds. When notice of redemption has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in “—Defeasance,” the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Paying Agent shall execute and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in principal amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the District shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. If on the applicable designated redemption date, money for the redemption of all the Bonds to be redeemed as provided in “— Defeasance” hereof, together with interest accrued to such redemption date, shall be held in trust so as to be available therefor on such redemption date, and if a Redemption Notice thereof shall have been given as aforesaid, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

Rescission of Notice of Redemption. With respect to any Redemption Notice of Bonds, unless upon the giving of such notice such Bonds shall be deemed to have been defeased as described in “— Defeasance” hereof, such notice shall state that such redemption shall be conditional upon the receipt by the independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal of, premium, if any, and interest on, such Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect, the Bonds shall not be subject to redemption on such date and the Bonds shall not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption shall not be made and the Paying Agent shall within a reasonable time thereafter give notice, to the persons to whom and in the manner in which the Redemption Notice was given, that such moneys were not so received. In addition, the District shall have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent shall distribute a notice of such rescission in the same manner as the Redemption Notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity under the provisions of the Resolutions, or with respect to which instructions to call for redemption prior to maturity at the earliest redemption date have been given to the

Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and accrued interest with respect thereto to the date fixed for redemption, all as provided in this Resolutions, then such Bonds shall no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

The DTC, New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated "AA+" by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. However, the information presented on such website is not incorporated herein by any reference to such website.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners

are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distribution on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distribution to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered to the Owners thereof.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its principal office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolutions.

In the event that the book-entry system described above is no longer used with respect to the Bonds, the following provisions will govern the payment, registration, transfer, exchange and replacement of the Bonds.

Payment of interest on any Bond will be made to the person appearing on the registration books of the Paying Agent as the Owner thereof as of the Record Date immediately preceding such Bond Payment Date, such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal, and redemption premiums, if any, payable on the Bonds, will be payable upon maturity or redemption upon surrender at the designated corporate trust office of the Paying Agent. The principal of, and premiums, if any, and interest on, the Bonds will be payable in lawful money of the United States of America.

Any Bond may be exchanged for Bonds of like tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the principal office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred only on the Bond Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. Upon exchange or transfer, the Paying Agent shall register, authenticate and deliver a new Bond or Bonds of like tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required (a) to issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding any Bond Payment Date, the stated maturity of any of the Bonds or any date of selection of Bonds to be redeemed and ending with the close of business on the applicable Bond Payment Date, the close of business on the applicable stated maturity date or any day on which the applicable notice of redemption is given or (b) to transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, if any, is sufficient to pay all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations, together with any amounts transferred from the Debt Service Fund, if any, and any other cash, if required, in such amount as will, together with interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any of such Bonds shall not have been surrendered for payment, all obligations of the District with respect to all such designated outstanding Bonds shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of such designated Bonds not so surrendered and paid, all sums due with respect thereto.

“Government Obligations” means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) or Moody’s Investors Service (“Moody’s”).

Application and Investment of Bond Proceeds

Series E Bonds. The Series E Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District No. 3, and (ii) pay the costs of issuing the Series E Bonds.

The proceeds of the sale from the Series E Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of a building fund created by the New Money Resolution (the “Series E Building Fund”), and will be applied solely for the purposes for

which the Series E Bonds are being issued. Interest earnings in the Series E Building Fund will be retained therein. The County will have no responsibility for assuring the proper use of the proceeds of the Series E Bonds.

The *ad valorem* property taxes levied by the Counties for the payment of the Series E Bonds, when collected, are required to be held separate and apart by the County in a debt service fund created by the New Money Resolution (the “Series E Debt Service Fund”), and used only for payment of principal of and interest on Series E Bonds. Accrued interest and any premium received upon the sale of the Series E Bonds will be deposited into the Series E Debt Service Fund. Any interest earnings on moneys held in the Series E Debt Service Fund will be retained therein. Any excess proceeds of the Series E Bonds not needed for authorized purposes for which the Series E Bonds are being issued will be transferred to the Series E Debt Service Fund and applied to the payment of the principal of and interest on the Series E Bonds. Pursuant to the New Money Resolution, the District has pledged monies on deposit in the Series E Debt Service Fund to the payment of the Bonds. If, after all of the Series E Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Series E Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Series E-1 Bonds. The Series E-1 Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District No. 3, and (ii) pay the costs of issuing the Series E-1 Bonds.

The proceeds of the sale from the Series E-1 Bonds, net of costs of issuance and any premium received upon the sale thereof, will be deposited by the County to the credit of a building fund created by the New Money Resolution (the “Series E-1 Building Fund”), and will be applied solely for the purposes for which the Series E-1 Bonds are being issued. Interest earnings in the Series E-1 Building Fund will be retained therein. The County will have no responsibility for assuring the proper use of the proceeds of the Series E-1 Bonds.

The *ad valorem* property taxes levied by the Counties for the payment of the Series E-1 Bonds, when collected, are required to be held separate and apart by the County in a debt service fund created by the New Money Resolution (the “Series E-1 Debt Service Fund”, and together with the Series E Building Fund, the “Building Funds”), and used only for payment of principal of and interest on Series E-1 Bonds. Accrued interest and any premium received upon the sale of the Series E-1 Bonds will be deposited into the Series E-1 Debt Service Fund. Any interest earnings on moneys held in the Series E-1 Debt Service Fund will be retained therein. Any excess proceeds of the Series E-1 Bonds not needed for authorized purposes for which the Series E-1 Bonds are being issued will be transferred to the Series E-1 Debt Service Fund and applied to the payment of the principal of and interest on the Series E-1 Bonds. Pursuant to the New Money Resolution, the District has pledged monies on deposit in the Series E-1 Debt Service Fund to the payment of the Bonds. If, after all of the Series E-1 Bonds have been redeemed or paid and otherwise cancelled, there are moneys remaining in the Series E-1 Debt Service Fund, said moneys will be transferred to the general fund of the District as provided and permitted by law.

Series A Refunding Bonds. The Series A Refunding Bonds are being issued to (i) currently refund the Refunded Improvement District No. 3 Series B Current Interest Bonds, and (ii) pay the costs of issuing the Series A Refunding Bonds.

The net proceeds from the sale of the Series A Refunding Bonds will be deposited with the Escrow Agent, to the credit of the “College of the Sequoias Community College District 2021 General Obligation Refunding Bonds Escrow Fund” (the “Escrow Fund”) held pursuant to an escrow agreement, dated May 1, 2021, by and between the District and U.S. Bank National Association (the “Escrow Agreement”). Pursuant to the Escrow Agreement, the amounts deposited in the Escrow Fund will be used to purchase certain non-

callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the “Federal Securities”), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Refunded Improvement District No. 3 Series B Current Interest Bonds the first optional redemption dates therefor, as well as the interest due on the Refunded Bonds on and prior to such dates. Amounts deposited into the Escrow Fund under the Escrow Agreement are not available to pay any other obligations of the District.

The tables on the following page show information on the specific maturities of the Refunded Improvement District No. 3 Series B Current Interest Bonds to be refunded with proceeds of the Series A Refunding Bonds.

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REFUNDED IMPROVEMENT DISTRICT NO. 3 SERIES B BONDS*
College of the Sequoias Tulare Area Improvement District No. 3
of the College of the Sequoias Community College District
(Kings and Tulare Counties, California)
Election of 2008 General Obligation Bonds, Series B
(Current Interest Bonds)

<u>Maturity Date</u> <u>(August 1)</u>	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Outstanding</u> <u>Principal to</u> <u>be Refunded</u>	<u>Interest Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>	<u>CUSIP</u> [†]
2024	\$225,000	\$225,000	4.625%		100%	19428UBM8
2026	370,000	370,000	4.875		100	19428UBP1
2031	2,035,000	2,035,000	5.375		100	19428UBU0

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Improvement District No. 3, Series B Bonds as described above will be verified by Causey Demgen & Moore P.C. (the “Verification Agent”). As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the Counties to levy *ad valorem* property taxes for payment of the Refunded Improvement District No. 3 Series B Bonds will terminate. See “LEGAL MATTERS – Escrow Verification” herein.

Any accrued interest and surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds will be transferred to and accounted for in the funds designated as the debt service fund created by the Refunding Resolution (the “Series A Refunding Debt Service Fund”) and used by the District only for payment of principal of and interest on the Series A Refunding Bonds and for no other purpose. Any excess proceeds of the Series A Refunding Bonds not needed for the authorized purposes for which the Series A Refunding Bonds are being issued will be transferred to the Series A Refunding Debt Service Fund and applied to the payment of principal of and interest on each series of the Series A Refunding Bonds. Pursuant to the Refunding Resolution, the District has pledged monies on deposit in the Series A Refunding Debt Service Fund to the payment of the Series A Refunding Bonds. If, after payment in full of the Series A Refunding Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

Series B Refunding Bonds. The Series B Refunding Bonds are being issued to (i) advance refund the Refunded Improvement District No. 3 Series B Convertible Capital Appreciation Bonds, (ii) advance

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (“CGS”), managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. None of the District, Municipal Advisor, or the Underwriter is responsible for the selection, uses or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District, the Municipal Advisor or the Underwriter and are included solely for the convenience of the registered owners of the applicable Refunding Bonds and Refunded Bonds. The CUSIP number for a specific maturity is subject to being changed as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Refunding Bonds and Refunded Bonds.

refund the Refunded Improvement District No. 3 Series C Bonds, and (iii) pay the costs of issuing the Series B Refunding Bonds.

The net proceeds from the sale of the Series B Refunding Bonds will be deposited with the Escrow Agent, to the credit of the Escrow Fund. Pursuant to the Escrow Agreement, the amounts deposited in the Escrow Fund will be used to purchase certain non-callable direct and general obligations of the United States of America, or non-callable obligations the payment of which is unconditionally guaranteed by the United States of America (collectively, the “Federal Securities”), the principal of and interest on which will be sufficient, together with any monies deposited in the Escrow Fund and held as cash, to enable the Escrow Agent to pay the redemption price of the Refunded Improvement District No. 3 Series C Bonds the first optional redemption dates therefor, as well as the interest due on the Refunded Bonds on and prior to such dates. Amounts deposited into the Escrow Fund under the Escrow Agreement are not available to pay any other obligations of the District.

The tables on the following page show information on the specific maturities of the Refunded Improvement District No. 3 Series B Convertible Capital Appreciation Bonds and Refunded Improvement District No. 3 Series C Bonds to be refunded with proceeds of the Series B Refunding Bonds.

REFUNDED IMPROVEMENT DISTRICT NO. 3 SERIES B BONDS*
College of the Sequoias Tulare Area Improvement District No. 3
of the College of the Sequoias Community College District
(Kings and Tulare Counties, California)
Election of 2008 General Obligation Bonds, Series B
(Convertible Capital Appreciation Bonds)

<u>Maturity Date</u> <u>(August 1)</u>	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Accretion Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Conversion</u> <u>Value at</u> <u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Conversion Value)</u>	<u>CUSIP</u> [†]
2041	\$2,658,920.00	7.250%	August 1, 2026	\$5,500,000	100%	19428UCE5

* Preliminary, subject to change.

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REFUNDED IMPROVEMENT DISTRICT NO. 3 SERIES C BONDS*
College of the Sequoias Tulare Area Improvement District No. 3
of the College of the Sequoias Community College District
(Kings and Tulare Counties, California)
Election of 2008 General Obligation Bonds, Series C
(Current Interest Bonds)

<u>Maturity Date</u> <u>(August 1)</u>	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Outstanding</u> <u>Principal to</u> <u>be Refunded</u>	<u>Interest Rate</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption Price</u> <u>(% of Principal Amount)</u>	<u>CUSIP</u> [†]
2030	\$220,000	\$220,000	4.750%	August 1, 2023	100%	19428UCR6
2042	850,000	850,000	5.000	August 1, 2023	100	19428UCT2

The sufficiency of the amounts on deposit in the Escrow Fund, together with realizable interest and earnings thereon, to pay the redemption price of the Refunded Improvement District No. 3, Series C Bonds as described above will be verified by the Verification Agent. As a result of the deposit and application of funds so provided in the Escrow Agreement, and assuming the accuracy of the computations of the Underwriter and the Verification Agent, the Refunded Bonds will be defeased and the obligation of the Counties to levy *ad valorem* property taxes for payment of the Refunded Improvement District No. 3 Series C Bonds will terminate. See “LEGAL MATTERS – Escrow Verification” herein.

Any accrued interest and surplus moneys in the Escrow Fund following the redemption of the Refunded Bonds will be transferred to and accounted for in the funds designated as the debt service fund created by the Refunding Resolution (the “Series B Refunding Debt Service Fund” and together with the Series E Debt Service Fund, the Series E-1 Debt Service Fund, and the Refunding Series A Debt Service Fund, the “Debt Service Funds”) and used by the District only for payment of principal of and interest on the Series B Refunding Bonds and for no other purpose. Any excess proceeds of the Series B Refunding Bonds not needed for the authorized purposes for which the Series B Refunding Bonds are being issued will be transferred to the Series B Refunding Debt Service Fund and applied to the payment of principal of and interest on each series of the Series B Refunding Bonds. Pursuant to the Refunding Resolution, the District has pledged monies on deposit in the Series B Refunding Debt Service Fund to the payment of the Series B Refunding Bonds. If, after payment in full of the Series B Refunding Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

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Investment of Proceeds. Funds on deposit in the Escrow Fund will be invested as described above. Moneys in the Building Funds and Debt Service Funds will be invested through the County’s pooled investment fund. See “APPENDIX E – TULARE COUNTY TREASURY POOL” attached hereto.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are expected to be as follows:

Sources of Funds

	<u>Series E Bonds</u>	<u>Series E-1 Bonds</u>	<u>Series A Refunding Bonds</u>	<u>Series B Refunding Bonds</u>
Principal Amount of the Bonds				
Original Issue Premium				
Total Sources				

Uses of Funds

Building Fund
Escrow Fund
Debt Service Funds
Costs of Issuance ⁽¹⁾
Total Uses

⁽¹⁾ Reflects all costs of issuance of the Bonds, including, but not limited to, the Underwriter’s discount, legal and Municipal Advisor fees, printing costs, rating agencies fees, and the costs and fees of the Paying Agent, Escrow Agent and Verification Agent.

DEBT SERVICE SCHEDULES

Series E Bonds. The following table shows the debt service schedule with respect to the Series E Bonds (assuming no optional redemption of Series E Bonds).

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment⁽¹⁾</u>	<u>Total Annual Debt Service</u>
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⁽¹⁾ Interest payments on the Series E Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2021.

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Series E-1 Bonds. The following table shows the debt service schedule with respect to the Series E-1 Bonds (assuming no optional redemption of Series E-1 Bonds).

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment</u> ⁽¹⁾	<u>Total Annual Debt Service</u>
--	--	--	---

⁽¹⁾ Interest payments on the Series E-1 Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2021

Series A Refunding Bonds. The following table shows the debt service schedule with respect to the Series A Refunding Bonds (assuming no optional redemption of Series A Refunding Bonds).

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment</u> ⁽¹⁾	<u>Total Annual Debt Service</u>
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⁽¹⁾ Interest payments on the Series A Refunding Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2021.

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Series B Refunding Bonds. The following table shows the debt service schedule with respect to the Series B Refunding Bonds (assuming no optional redemption of Series B Refunding Bonds).

<u>Year Ending (August 1)</u>	<u>Annual Principal Payment</u>	<u>Annual Interest Payment</u> ⁽¹⁾	<u>Total Annual Debt Service</u>
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⁽¹⁾ Interest payments on the Series B Refunding Bonds will be made semiannually on February 1 and August 1 of each year, commencing August 1, 2021.

See also “COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds” herein for a schedule of the combined debt service requirements for all of the District’s outstanding general obligation bonds.

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TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of Improvement District No. 3. The Bonds are payable solely from ad valorem property taxes levied and collected by the Counties on taxable property in Improvement District No. 3, which taxes are unlimited as to rate or amount. The District's general fund is not a source for the repayment of the Bonds.

Ad Valorem Property Taxation

District property taxes are assessed and collected by the Counties at the same time and on the same tax rolls as county, city and special district property taxes. Assessed valuations are the same for both District and county taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises all property not attached to land, such as personal property or business property. Boats and airplanes are examples of unsecured property. A supplemental roll is developed when property changes hands or new construction is completed. Each of the Counties levies and collects all property taxes for property falling within the respective county's taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1 of the calendar year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the tax-collecting authority of each of the Counties. After the second installment of taxes on the secured roll is delinquent, the tax-collecting authority of each of the Counties will collect a cost of \$10 for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a \$15 redemption fee and a redemption penalty of 1.5% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the tax-collecting authority of each of the Counties.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid, are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "– Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation \$7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property, such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including K-14 school districts (as defined herein), share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations of Improvement District No. 3

The table below shows the assessed valuations for the territory within Improvement District No. 3 for fiscal years 2011-12 through 2020-21, each as of the date the equalized assessment tax roll is established in August of each year.

ASSESSED VALUATIONS
College of the Sequoias Community College District
(Tulare Area Improvement District No. 3)
Fiscal Years 2012-12 through 2020-21

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
<u>Tulare County Portion</u>				
2011-12	\$6,060,279,769	\$6,025,395	\$387,686,489	\$6,453,991,653
2012-13	6,023,294,069	6,025,395	384,085,478	6,413,404,942
2013-14	6,111,624,676	--	390,166,210	6,501,790,886
2014-15	6,432,118,128	5,239,236	424,967,718	6,862,325,082
2015-16	6,749,910,158	5,239,236	447,641,061	7,202,790,455
2016-17	7,065,699,783	5,239,236	493,697,262	7,564,636,281
2017-18	7,315,806,915	5,918,312	549,527,329	7,871,252,556
2018-19	7,617,422,433	5,917,710	587,274,502	8,210,614,645
2019-20	8,060,731,565	5,917,710	596,142,016	8,662,791,291
2020-21	8,428,159,498	5,917,710	618,893,132	9,052,970,340
<u>Kings County Portion</u>				
2011-12	\$785,560,450	\$155,499	\$37,426,035	\$823,141,984
2012-13	805,588,531	155,499	40,051,136	845,795,166
2013-14	832,532,503	--	40,212,645	872,745,148
2014-15	840,105,524	24,982	37,073,985	877,204,491
2015-16	856,232,602	24,982	41,285,447	897,543,031
2016-17	904,533,314	24,982	45,556,536	950,114,832
2017-18	940,569,870	19,410	43,494,232	984,083,512
2018-19	948,374,576	19,410	42,368,908	990,762,894
2019-20	977,820,911	19,410	57,285,926	1,035,126,247
2020-21	1,056,961,836	19,410	70,030,324	1,127,011,570
<u>Total Improvement District No. 3</u>				
2011-12	\$6,845,840,219	\$6,180,894	\$425,112,524	\$7,277,133,637
2012-13	6,828,882,600	6,180,894	424,136,614	7,259,200,108
2013-14	6,944,157,179	--	430,378,855	7,374,536,034
2014-15	7,272,223,652	5,264,218	462,041,703	7,739,529,573
2015-16	7,606,142,760	5,264,218	488,926,508	8,100,333,486
2016-17	7,970,233,097	5,264,218	539,253,798	8,514,751,113
2017-18	8,256,376,785	5,937,722	593,021,561	8,855,336,068
2018-19	8,565,797,009	5,937,120	629,643,410	9,201,377,539
2019-20	9,038,552,476	5,937,120	653,427,942	9,697,917,538
2020-21	9,485,121,334	5,937,120	688,923,456	10,179,981,910

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single Family Homes. The following table shows the distribution of single family homes within Improvement District No. 3 among various fiscal year 2020-21 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within Improvement District No. 3.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2020-21
College of the Sequoias Community College District
(Tulare Area Improvement District No. 3)

	<u>No. of Parcels</u>	<u>2020-21 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	25,490	\$4,290,700,072	\$168,329	\$147,944

<u>2020-21 Assessed Valuation</u>	<u>No. of Parcels⁽¹⁾</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$24,999	513	2.013%	2.013%	\$9,077,254	0.212%	0.212%
\$25,000 - \$49,999	1,490	5.845	7.858	58,160,652	1.356	1.567
\$50,000 - \$74,999	2,055	8.062	15.920	129,187,802	3.011	4.578
\$75,000 - \$99,999	2,765	10.847	26.767	242,856,003	5.660	10.238
\$100,000 - \$124,999	3,206	12.577	39.345	360,988,985	8.413	18.651
\$125,000 - \$149,999	2,925	11.475	50.820	401,305,009	9.353	28.004
\$150,000 - \$174,999	2,614	10.255	61.075	422,220,827	9.840	37.845
\$175,000 - \$199,999	2,179	8.548	69.623	407,335,868	9.493	47.338
\$200,000 - \$224,999	1,727	6.775	76.399	366,033,451	8.531	55.869
\$225,000 - \$249,999	1,527	5.991	82.389	361,553,408	8.426	64.295
\$250,000 - \$274,999	1,218	4.778	87.168	319,059,109	7.436	71.731
\$275,000 - \$299,999	931	3.652	90.820	266,578,736	6.213	77.944
\$300,000 - \$324,999	661	2.593	93.413	205,780,053	4.796	82.740
\$325,000 - \$349,999	428	1.679	95.092	144,115,646	3.359	86.099
\$350,000 - \$374,999	296	1.161	96.253	107,095,666	2.496	88.595
\$375,000 - \$399,999	216	0.847	97.101	83,649,194	1.950	90.545
\$400,000 - \$424,999	152	0.596	97.697	62,556,563	1.458	92.003
\$425,000 - \$449,999	124	0.486	98.184	54,126,208	1.261	93.264
\$450,000 - \$474,999	88	0.345	98.529	40,696,809	0.948	94.213
\$475,000 - \$499,999	73	0.286	98.815	35,512,985	0.828	95.040
\$500,000 and greater	<u>302</u>	<u>1.185</u>	100.000	<u>212,809,844</u>	<u>4.960</u>	100.000
	25,490	100.000%		\$4,290,700,072	100.000%	

⁽¹⁾ Improved single family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

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Assessed Valuations and Parcels by Land Use. The following table shows the distribution of taxable property within Improvement District No. 3 by principal use, as measured by assessed valuation and parcels in fiscal year 2020-21.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2020-21
College of the Sequoias Community College District
(Tulare Area Improvement District No. 3)

	2020-21	% of	No. of	% of
<u>Non-Residential:</u>	<u>Assessed Valuation</u>⁽¹⁾	<u>Total</u>	<u>Parcels</u>	<u>Total</u>
Agricultural	\$1,836,254,739	19.36%	4,969	12.80%
Commercial	819,273,292	8.64	1,244	3.21
Vacant Commercial	113,462,704	1.20	301	0.78
Industrial	1,775,178,398	18.72	324	0.83
Vacant Industrial	56,112,186	0.59	169	0.44
Government/Social/Institutional	11,200,294	0.12	433	1.12
Miscellaneous	<u>4,958,244</u>	<u>0.05</u>	<u>33</u>	<u>0.09</u>
Subtotal Non-Residential	\$4,616,439,857	48.67%	7,473	19.26%
<u>Residential:</u>				
Single Family Residence	\$4,290,700,072	45.24%	25,490	65.68%
Condominium/Townhouse	35,891,890	0.38	327	0.84
Mobile Home	68,235,447	0.72	1,521	3.92
Mobile Home Park	34,290,923	0.36	26	0.07
2-4 Residential Units	143,460,838	1.51	660	1.70
5+ Residential Units/Apartments	205,720,558	2.17	181	0.47
Vacant Residential	<u>90,381,749</u>	<u>0.95</u>	<u>3,131</u>	<u>8.07</u>
Subtotal Residential	\$4,868,681,477	51.33%	31,336	80.74%
Total	\$9,485,121,334	100.00%	38,809	100.00%

⁽¹⁾ Reflects total secured assessed valuation of the Improvement District, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

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Assessed Valuation by Jurisdiction. The following table shows an analysis of the distribution of taxable property in Improvement District No. 3 by jurisdiction, in terms of its fiscal year 2020-21 assessed valuation.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2020-21
College of the Sequoias Community College District
(Tulare Area Improvement District No. 3)

<u>Jurisdiction:</u>	Assessed Valuation <u>in District</u>	% of <u>District</u>	Assessed Valuation <u>of Jurisdiction</u>	% of Jurisdiction <u>in District</u>
City of Corcoran	\$502,899,604	4.94%	\$502,899,604	100.00%
City of Lindsay	484,256,373	4.76	\$484,256,373	100.00
City of Tulare	4,975,509,306	48.88	\$4,975,509,306	100.00
City of Visalia	48,080,164	0.47	\$12,811,759,040	0.38
Unincorporated Kings County	624,111,966	6.13	\$4,614,833,581	13.52
Unincorporated Tulare County	<u>3,545,124,497</u>	<u>34.82</u>	\$14,558,513,591	24.35
Total District	\$10,179,981,910	100.00%		
 <u>Summary by County:</u>				
Kings County	\$ 1,127,011,570	11.07%	\$12,025,818,979	9.37%
Tulare County	<u>9,052,970,340</u>	<u>88.93</u>	\$38,563,901,300	23.48
Total District	\$10,179,981,910	100.00%		

Source: California Municipal Statistics, Inc.

Reduction in Assessed Valuation. Economic and other factors beyond the District’s control, such as general market decline in property values, outbreak of disease, disruption in financial markets that may reduce availability of financing for purchasers of property, outbreak of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake, drought, fire, wildfire, flood or toxic contamination could cause a reduction in the assessed value of taxable property within the boundaries of Improvement District No. 3. Any such reduction would result in a corresponding increase in the annual tax rates levied by the Counties to pay the debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” and “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19” herein.

Appeals and Adjustments of Assessed Valuation. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization (the “SBE”), with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value are subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIII A. See also “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” herein.

The District does not have information regarding pending appeals of assessed valuation of property within the Improvement District. No assurance can be given that property tax appeals currently pending or in the future will not significantly reduce the assessed valuation of property within the Improvement District.

Assembly Bill 102. On June 27, 2017, the Governor signed into law Assembly Bill 102 (“AB 102”). AB 102 restructures the functions of the SBE and creates two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration will take over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE will continue to perform the duties assigned by the State Constitution related to property taxes, however, beginning January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear tax appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the Improvement District.

Tax Levies, Collections and Delinquencies

Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year, and if unpaid, become delinquent after December 10 and April 10, respectively. A 10% penalty attaches to any delinquent installment plus a minimum \$10 cost on the second installment, plus any additional amount determined by the Treasurer. See “– *Ad Valorem* Property Taxation” herein.

Pursuant to Revenue and Taxation Code Section 4985.2, the Treasurer may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer’s control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due. See “– Alternative Method of Tax Apportionment – Teeter Plan” and “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19” herein.

In addition, on May 6, 2020, the Governor signed Executive Order N-61-20 (“Order N-61-20”). Under Order N-61-20, certain provisions of the Revenue and Taxation Code are suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions set forth in in Order N-61-20. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19” herein.

The following table shows the secured tax charges and delinquencies for all taxes collected by the County within boundaries of the school districts which are conterminous with the boundaries of Improvement District No. 3, between 2010-11 and 2019-20

SECURED PROPERTY TAX LEVIES AND COLLECTIONS
College of the Sequoias Community College District
(Tulare Area Improvement District No. 3)
Fiscal Years 2010-11 to 2019-20

Tulare County Portion

	Secured Tax Charge⁽¹⁾	Amt. Del. June 30	% Del. June 30
2010-11	\$1,702,779.21	\$82,678.85	4.86%
2011-12	1,850,759.92	57,927.38	3.13
2012-13	1,628,434.84	62,185.29	3.82
2013-14	1,422,164.07	36,511.11	2.57
2014-15	1,805,886.45	38,397.11	2.13
2015-16	1,524,791.42	41,331.78	2.71
2016-17	1,194,684.94	40,831.37	3.42
2017-18	1,819,874.16	38,933.25	2.14
2018-19	1,670,840.02	37,168.19	2.22
2019-20	1,616,209.68	43,224.08	2.67

Kings County Portion

	Secured Tax Charge⁽¹⁾	Amt. Del. June 30	% Del. June 30
2010-11	\$194,062.26	\$7,253.29	3.74%
2011-12	215,943.29	8,401.79	3.89
2012-13	219,697.21	7,030.27	3.20
2013-14	191,674.78	4,241.48	2.21
2014-15	206,814.01	3,340.06	1.62
2015-16	173,421.03	4,090.58	2.36
2016-17	156,115.70	2,762.76	1.77
2017-18	225,709.85	2,633.81	1.17
2018-19	203,112.44	2,989.43	1.47
2019-20	195,362.92	3,342.59	1.71

⁽¹⁾ Bond debt service levy only.

Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - Teeter Plan

Certain counties in the State of California operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. **Kings County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within Kings County, such as the Improvement District No. 3 and the District. Tulare County has discontinued the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within Tulare County, such as Improvement District No. 3 and the District. Therefore, the District’s receipt of property taxes from properties within Improvement District No. 3 are therefore subject to delinquencies.**

Property tax delinquencies may be impacted by economic and other factors beyond the District’s control or the control of either of the Counties, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other pandemic or natural or manmade disaster. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19” herein.

Notwithstanding any possible future change to or discontinuation of the Teeter Plan or increases in property tax delinquencies, State law requires the Counties to levy *ad valorem* property taxes sufficient to pay the Bonds when due.

Largest Property Owners

The more property (by assessed value) which is owned by a single taxpayer within the Improvement District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table list the 20 largest local secured taxpayers in Improvement District No. 3 in terms of their fiscal year 2020-21 secured assessed valuations. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2020-21
College of the Sequoias Community College District
(Tulare Area Improvement District No. 3)

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2020-21 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	J.G. Boswell Co.	Industrial	\$291,388,976	3.07%
2.	Saputo Cheese and Protein LLC	Industrial	230,424,833	2.43
3.	Land O'Lakes Inc.	Industrial	175,741,283	1.85
4.	United States Cold Storage of California	Industrial	66,065,244	0.70
5.	Ventura Coastal LLC	Industrial	64,091,469	0.68
6.	Dreyer's Grand Ice Cream Inc.	Industrial	62,391,956	0.66
7.	Wonderful Nut Orchards LLC	Agricultural	41,990,911	0.44
8.	Craig Realty Group Tulare LLC	Shopping Center	40,869,030	0.43
9.	Oscar Mayer Foods Corp.	Industrial	37,971,862	0.40
10.	Bosman Dairy	Agricultural/Dairy	37,202,856	0.39
11.	Cornelius and Sherry Vander Eyk Family Trust	Agricultural/Dairy	34,913,114	0.37
12.	Schakel Family LP	Agricultural/Dairy	31,530,727	0.33
13.	Sundale Vineyards LP	Agricultural	31,274,895	0.33
14.	Target Corporation	Shopping Center	30,650,235	0.32
15.	SPS Atwell Island LLC	Solar Farm	29,960,962	0.32
16.	Dick Vanderham & Sons Dairy Partnership	Agricultural/Dairy	28,610,126	0.30
17.	John W. and Marjorie L. Roeloffs Trust	Agricultural/Dairy	27,322,535	0.29
18.	Sulphur Springs Cultured Specialties LLC	Industrial	24,762,984	0.26
19.	Sandridge Partners LP	Agricultural	23,666,442	0.25
20.	Rick L. and Lanell G. Gorzeman	Agricultural/Dairy	<u>22,688,463</u>	<u>0.24</u>
			\$1,333,518,903	14.06%

⁽¹⁾ The fiscal year 2020-21 local secured assessed valuation of Improvement District No. 3 is \$9,485,121,334.
Source: California Municipal Statistics, Inc.

Tax Rates

The table below presents the total *ad valorem* property tax rates levied by all taxing entities in the representative tax rate area within Improvement District No. 3 during the six year period from 2016-17 through 2020-21.

SUMMARY OF AD VALOREM TAX RATES
College of the Sequoias Community College District
(Tulare Area Improvement District No. 3)
Fiscal Years 2016-17 through 2020-21

Typical Tax Rate Per \$100 Assessed Valuation (TRA-5-017)⁽¹⁾

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Tulare Joint Union High School District	.066200	.073800	.064000	.061500	.060000
Tulare Local Health Care District	.085600	.100300	.100300	.100300	.050000
College of the Sequoias Improvement District No. 3	<u>.017200</u>	<u>.024300</u>	<u>.021600</u>	<u>.020000</u>	<u>.020000</u>
Total All Property Tax Rate	1.169000%	1.198400%	1.185900%	1.181800%	1.130000%
Kaweah Delta Water District (Land and Improvements only)	.000300%	.000400%	.000400%	.000400%	.000400%

⁽¹⁾ 2020-21 assessed valuation of TRA 5-017 is \$749,729,066 which is 7.36% of Improvement District No. 3's total assessed valuation.
Source: California Municipal Statistics, Inc

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Statements of Direct and Overlapping Debt

Set forth on the following pages are direct and overlapping debt report relating to Improvement District No. 3 (each a “Debt Report”) prepared by California Municipal Statistics, Inc. effective as of April 1, 2021. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the Improvement District No. 3 in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within Improvement District No. 3. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The tables show the percentage of each overlapping entity’s assessed value located within the boundaries of Improvement District No. 3. The tables also show the corresponding portion of the overlapping entity’s existing debt payable from property taxes levied within Improvement District No. 3. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps Improvement District No. 3 in whole or in part. The second column shows the percentage of each overlapping agency’s assessed value located within the boundaries of Improvement District No. 3. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency’s outstanding debt to taxable property in the Improvement District No. 3.

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STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
College of the Sequoias Community College District
(Tulare Area Improvement District No. 3)

2020-21 Assessed Valuation: \$10,179,981,910

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 4/1/21</u>
College of Sequoias Tulare School Facilities Improvement District	100.000%	\$30,462,467
	(1)	
Lindsay Unified School District	100.000	23,570,223
Tulare Joint Union High School District	100.000	17,189,627
Buena Vista School District	100.000	50,000
Liberty School District	100.000	476,315
Pixley Union School District	100.000	7,270,000
Sundale Union School District	100.000	238,082
Tipton School District	99.996	3,297,368
Corcoran Hospital District	70.168	8,687,208
Kaweah Delta Hospital District	0.832	337,792
Tulare Local Healthcare District	98.276	<u>146,809,603</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$238,388,685

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Tulare County General Fund Obligations	23.475%	\$6,995,550
Tulare County Pension Obligation Bonds	23.475	54,667,406
Tulare County Office of Education Certificate of Participation	23.475	8,912,284
Kings County General Fund Obligations	9.372	1,056,693
Kings County Pension Obligations	9.372	317,127
College of Sequoias Certificates of Participation	28.507	1,364,060
Corcoran Joint Unified School District Certificates of Participation	100.000	11,635,000
Lindsay Unified School District General Fund Obligations	100.000	1,425,000
Liberty School District Certificates of Participation	100.000	2,325,000
Pixley Union School District General Fund Obligations	100.000	1,140,000
Tipton School District Certificates of Participation	99.996	2,240,910
Tulare School District Certificates of Participation	100.000	6,900,085
City of Lindsay General Fund Obligations	100.000	965,000
City of Tulare General Fund Obligations	100.000	23,415,000
City of Visalia Certificates of Participation	0.375	<u>58,575</u>
TOTAL OVERLAPPING GENERAL FUND DEBT		\$123,417,690

<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		\$29,754,495
 COMBINED TOTAL DEBT	 (2)	 \$391,560,870

Ratios to 2020-21 Assessed Valuation:

Direct Debt (\$30,462,467)	0.30%
Total Direct and Overlapping Tax and Assessment Debt	2.34%
Combined Total Debt.....	3.85%

Ratios to Redevelopment Incremental Valuation (\$1,249,438,002):

Total Overlapping Tax Increment Debt	2.38%
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(1) Excludes the Bonds as described herein and includes the Refunded Bonds.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem property tax required to be levied by the Counties on taxable property within Improvement District No. 3 in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein. Articles XIII A, XIII B, XIII C and XIII D of the State Constitution, Propositions 98 and 111, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the Counties to levy taxes on behalf of the District and the District to spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such information that these laws impose any limitation on the ability of the Counties to levy ad valorem property taxes for payment of the principal of and interest on the Bonds. The tax levied by the Counties for payment of the principal of and interest on the Bonds was approved by the voters of the Improvement District in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A (“Article XIII A”) of the State Constitution limits the amount of *ad valorem* property taxes on real property to 1% of “full cash value” as determined by the county assessor of each county. Article XIII A defines “full cash value” to mean “the county assessor’s valuation of real property as shown on the fiscal year 1975-76 bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment,” subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the “full cash value” is also referred to as the “base year value.” The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by State voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rates levied by the Counties to pay debt service on the Bonds. See “THE BONDS – Security and Sources of Payment” and “TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations” herein.

Article XIII A requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (i) on any indebtedness approved by the voters prior to July 1, 1978, (ii) as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (iii) on bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for the payment of the Series E Bonds and the Series E-1 Bonds falls within the exception described in item (iii) of the immediately preceding sentence. In addition, Article XIII A requires

the approval of two-thirds or more of all members of the legislature of the State (the “State Legislature”) to change any State taxes for the purpose of increasing tax revenues.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (“Proposition 19”), which amends Article XIII A to: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the relevant county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership, or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property value included in this Official Statement is shown at 100% of taxable value (unless noted differently) and all tax rates reflect the \$1 per \$100 of taxable value.

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIII A.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (“unitary property”). Under the State Constitution, such property is assessed by the SBE as part of a “going concern” rather than as individual pieces of real or personal property. Such State-assessed unitary and certain other property is allocated to the counties by the SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year. So long as the District is not a community supported district, taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State’s financing formula for community college districts. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues” herein.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIII A of the State Constitution to allow owners of property that was “substantially damaged or destroyed” by a disaster, as declared by the Governor (the “Damaged Property”), to transfer their existing base year value (the “Original Base Year Value”) to a comparable replacement property within the same

county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the “Original Cash Value”); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the “Replacement Base Year Value”) depends on the relation of the full cash value of the replacement property (the “Replacement Cash Value”) to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIII A of the State Constitution to allow owners of Damaged Property to transfer their Original Base Year Value to a “comparable replacement property” located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than inter-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a “reasonable size that is used as a site for a residence;” (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of “equal or lesser value” than the Original Cash Value.

Within the context of Proposition 171, “equal or lesser value” means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Article XIII B of the California Constitution

Article XIII B of the State Constitution (“Article XIII B”), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. As amended, Article XIII B defines

(a) “change in the cost of living” with respect to school districts and community college districts (collectively, “K-14 school districts”) to mean the percentage change in State per capita income from the preceding year, and

(b) “change in population” with respect to K-14 school districts to mean the percentage change in the ADA of such K-14 school district from the preceding fiscal year.

For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for fiscal year 1986-87 adjusted for the changes made from that fiscal year pursuant to the provisions of Article XIII B, as amended.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain State subventions to that entity. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the State Legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years.

Article XIII B also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund pursuant to Section 8.5 of Article XVI of the State Constitution. See “– Propositions 98 and 111” herein.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, State voters approved Proposition 218, popularly known as the “Right to Vote on Taxes Act.” Proposition 218 added to the State Constitution Articles XIII C and XIII D (respectively, “Article XIII C” and “Article XIII D”), which contain a number of provisions affecting the ability of local agencies, including K-14 school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the “Title and Summary” of Proposition 218 prepared by the State Attorney General, Proposition 218 limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.” Among other things, Article XIII C establishes that every tax is either a “general tax” (imposed for general governmental purposes) or a “special tax” (imposed for specific purposes), prohibits special purpose government agencies such as K-14 school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in

accordance with Articles XIII and XIII A of the State Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the Counties pursuant to Article XIII A of the State Constitution. The provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the Improvement District.

Proposition 26

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

Propositions 98 and 111

On November 8, 1988, State voters approved Proposition 98, a combined initiative constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “Accountability Act”). Certain provisions of the Accountability Act were modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed State funding of public education below the university level and the operation of the State’s appropriations limit. The Accountability Act guarantees State funding for K-14 school districts at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, and (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of being returned to

taxpayers, transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year is automatically increased by the amount of such transfer. These additional moneys enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIII B surplus. The maximum amount of excess tax revenues which can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State budget for each fiscal year.

On June 5, 1990, State voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limitation Act of 1990" ("Proposition 111") which further modified Article XIII B and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and education funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

- a. Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in State per capita personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.
- b. Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess is to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of such districts' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into such districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.
- c. Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit: (i) all appropriations for "qualified capital outlay projects," as defined by the State Legislature, and (ii) any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the State Legislature and the Governor, which was expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.
- d. Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year

1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

- e. School Funding Guarantee. A complex adjustment was made to the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (“Test 1”) or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to per capita personal income) and enrollment (“Test 2”). Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test (“Test 3”), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts will receive the amount appropriated in the prior year adjusted for change in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 will become a “credit” (also referred to as a “maintenance factor”) to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as “Proposition 39”) to the State Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the State Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-14 school districts, including the District, and county offices of education. As noted above, the State Constitution previously limited property taxes to 1% of the value of property, such that property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (1) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (2) a specific list of school projects to be funded and certification that the governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than \$60 (for a unified school district), \$30 (for an elementary or high school district), or \$25 (for a community college district, such as the District), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIII A of the State Constitution. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor.

Jarvis vs. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as State Controller). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to State statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to K-14 school districts, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Proposition 1A allows the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amends the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by State voters on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to K-14 school districts or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for K-14 school districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately \$1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately \$1 billion annually for several decades.

Proposition 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 6, 2016.

Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as “Proposition 30”). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,001 for single filers (over \$500,000 but less than \$600,001 for joint filers and over \$340,000 but less than \$408,001 for head-of-household filers), (ii) 2% for taxable income over \$300,000 but less than \$500,001 for single filers (over \$600,000 but less than \$1,000,001 for joint filers and over \$408,000 but less than \$680,001 for head-of-household filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$1,000,000 for joint filers and over \$680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See “– Propositions 98 and 111” herein. From an accounting perspective, the revenues generated from the personal income tax increases are being deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the “EPA”). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to school districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than \$200 per unit of ADA and no community college district will receive less than \$100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, State voters approved the Rainy Day Budget Stabilization Fund Act (also known as “Proposition 2”). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State’s Budget Stabilization Account (the “BSA”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58).

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the “Annual BSA Transfer”). Supplemental transfers to the BSA (a “Supplemental BSA Transfer”) are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to

the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changed the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a “budget emergency,” defined as an emergency within the meaning of Article XIII B of the State Constitution or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of the funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the “PSSSA”) into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would otherwise be paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is “Test 1,” (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum funding guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year’s funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes \$3 billion for the new construction of K-12 facilities and an additional \$3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of \$1 billion will be available for the modernization and new construction of charter school facilities (\$500 million) and technical education facilities (\$500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, school districts that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at \$3 million for a new facility and \$1.5

million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes \$2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system (the “State Chancellor”), who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and State Legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the State Constitution and Propositions 22, 26, 30, 39, 98, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District’s ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the Counties on taxable property within the Improvement District in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.

Major Revenues

General. California community college districts (other than “community supported” Basic Aid districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for the most of the remainder. A small part of a community college district’s budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, EPA funds, and State aid comprise a district’s revenue limit. State funding is generally subject to the appropriation of funds in the State’s annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

“Basic Aid” community college districts (also referred to “community supported” districts) are those districts whose local property taxes, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the current State funding model. Thus, Basic Aid districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for Basic Aid districts is that legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not currently a Basic Aid district.

Enrollment Based Funding. California community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 (“SB 361”). SB 361 provided for a basic allocation (a “Basic Allocation”) based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation (“CDCP”) non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than \$4,367 per credit FTES; (b) at a uniform rate of \$2,626 per non-credit FTES; and (c) \$3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a “COLA”), if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the “funded” FTES, for which a community college district would receive a revenue allocation. A district’s enrollment cap was based on the previous fiscal year’s reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered “unfunded” FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 (“AB 1809”), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, implemented a new funding mechanism for community college districts referred to as the “Student Centered Funding Formula,” (the “SCFF”). The SCFF includes three components: (1) a base allocation (the “Base Allocation”) driven primarily by enrollment, (2) a supplemental allocation (the “Supplemental Allocation”) based on the number of certain types of low-income students, and (3) a student success allocation (the “Student Success Allocation”) calculated using various performance-based metrics.

The SCFF includes several hold-harmless provisions to provide districts greater financial stability in transitioning to the new formula: (i) for fiscal years 2018-19 through 2020-21, community college districts will receive no less in total apportionment funding than they received in 2017-18, adjusted for COLAs; (ii) for fiscal year 2021-22 and onward, districts will receive no less in apportionment funding per-student than they received in fiscal year 2017-18; and (iii) beginning in fiscal year 2018-19, districts will receive the greater of the amount calculated by the SCFF for the current or prior year (excluding amounts districts receive pursuant to the provision summarized in (i) above.)

Base Allocation. The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see “—Enrollment Based Funding”), and (2) funding for credit,

non-credit and CDCP FTES. The Base Allocation is expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19 and in fiscal year 2019-20. Future years' allocations are yet to be determined.

The SCFF provides minimum funding levels for credit FTES for the first fiscal year at \$3,727 for fiscal year 2018-19. For fiscal year 2019-20 the State's 2019-20 Budget recalculates funding rates in the base, supplemental and student success allocations so that 70% of SCFF funds would be allocated to the base allocation. Beginning in 2020-21 those funding rates would be adjusted by COLA. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts that were entitled to higher funding rates under the prior funding formula. Beginning in fiscal year 2021-22, the provision of COLAs and other adjustments will be subject to appropriation therefor in the annual State budget. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students shall be excluded and funded consistent with the prior funding formula.

Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See “—Enrollment Based Funding” herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

The following table shows the District's FTES figures for the last 10 fiscal years, along with the projected figures for fiscal year 2020-21:

FULL TIME-EQUIVALENT STUDENTS⁽¹⁾
Fiscal Years 2010-11 through 2020-21
College of the Sequoias Community College District

<u>Year</u>	<u>Funded FTES⁽²⁾</u>	<u>Unfunded FTES</u>	<u>Total FTES</u>
2010-11	8,945	1,617	10,562
2011-12	8,261	772	9,033
2012-13	8,466	180	8,647
2013-14	8,714	753	9,449
2014-15	8,869	--	8,869
2015-16	9,430	--	9,430
2016-17	9,700	--	9,700
2017-18	10,331	6	10,337
2018-19 ⁽³⁾	10,274	--	10,274
2019-20 ⁽⁴⁾	10,426	93	10,519
2020-21 ⁽⁴⁾⁽⁵⁾	10,426	93	10,519

⁽¹⁾ One FTES is equivalent to 525 student contract hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

⁽²⁾ In allocating per-student funding each year, the State budget establishes an enrollment limit (the “Cap”), on the maximum number of FTES for which each district will be funded (the “Funded FTES”). Each community college district's Cap is based on the previous year's reported FTES, plus an additional growth allowance. The excess of FTES over Cap is the unfunded FTES (the “Unfunded FTES”).

⁽³⁾ Fiscal year 2018-19 new SCFF implemented, which pays 3 year average credit FTES. See also, “— Student Centered Funding Formula” herein.

⁽⁴⁾ Due to COVID-19, in fiscal years 2019-20 and 2020-21, the District will be funded based on Fiscal Year 2019-20 P1 FTES.

⁽⁵⁾ Projected.

Source: College of the Sequoias Community College District.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that qualify for Federal Pell Grants, California College Promise Grants or student fee waivers under Education Code 76300. The SCFF provides \$919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the provision of COLAs and other adjustments to this amount will be subject to appropriation therefor in the annual State budget. Headcounts are not unduplicated, such that districts will receive twice as much supplemental funding for a student that falls into more than one of the aforementioned categories.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. The Student Success Allocation is expected to account for 10% of statewide funding for community college districts. Each metric is assigned a point value, with some metrics weighted more than others. A single student outcome with more points will generate more funding. Beginning in fiscal year 2019-20 the student success allocation will count only the highest of all awards a student earned in the same year and will only count the award if the student was enrolled in the district in the year the award was granted. The student success allocation will also calculate based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding.

For fiscal year 2018-19, the SCFF provides a rate for all students of \$440 per point, and additional \$111 per point for Pell Grant, AB 540 and California College Promise Grant students. For fiscal year 2019-20 the State's 2019-20 Budget recalculates funding rates for the student success allocation so that in 2019-20, 10% of the SCFF funds would be allocated for the student success allocation. Beginning in 2020-21 those rates would be adjusted by COLA.

Additional Sources of Funding

Tax Offset and Pass-Through Revenues. The District receives tax offset revenue from the Counties as a part of certain redevelopment projects within the Counties (the “Tax Offset Revenues”). The Tax Offset Revenues received are deposited directly into the general fund of the District and offset the State apportionment received by the District. The District also receives pass-through tax increment revenue (the “Pass-Through Revenues”) from the former redevelopment agencies within the District’s boundaries. The Pass-Through Revenues received by the District are deposited into the District’s capital projects fund, and are used for facilities improvements. The Pass-Through Revenues do not offset the State apportionment received by the District. The amount of Tax Offset Revenues and Pass-Through Revenues received by the District from fiscal years 2010-11 through 2019-20, as well as receipts to-date for fiscal year 2020-21, are shown in the following table.

**TAX OFFSET AND PASS-THROUGH REVENUES
Fiscal Years 2010-11 through 2020-21
College of the Sequoias Community College District**

Fiscal Year	Tax Offset Revenues⁽¹⁾	Pass-Through Revenues⁽²⁾
2010-11	\$23,301	\$119,372
2011-12	361,900	217,690
2012-13	1,202,514	152,976
2013-14	1,149,027	166,167
2014-15	823,056	200,686
2015-16	767,876	228,981
2016-17	953,243	236,511
2017-18	984,032	230,363
2018-19	1,019,455	241,694
2019-20	1,117,290	259,955
2020-21 ⁽³⁾	653,925	143,831

⁽¹⁾ Tax Offset Revenues received offset State apportionments received by the District.
⁽²⁾ Pass-Through Revenues received do not offset State apportionments received by the District.
⁽³⁾ Reflects revenues received through March 17, 2021.
Source: The District.

The District, however, can make no representations that Tax Offset Revenues and Pass-Through Revenues will continue to be received by the District in amounts consistent with prior years, or as currently projected, particularly in light of the recently enacted legislation eliminating redevelopment agencies. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22” herein. The Bonds, however, are not payable from such revenue. The Bonds are payable solely from the proceeds of an *ad valorem* property tax required to be levied by the Counties in an amount sufficient for the payment thereof. See “THE BONDS – Security and Sources of Payment” herein.

State Dissolution of Redevelopment Agencies

On December 30, 2011, the California Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* (“*Matosantos*”), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in California ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22” herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling \$1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) (“AB 1484”), which, together with ABx1 26, is referred to herein as the “Dissolution Act.” The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a “Successor Agency”). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller’s cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund (“Trust Fund”), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any “enforceable obligations” of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines “enforceable obligations” to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least \$250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB

1290, Chapter 942, Statutes of 1993) (“AB 1290”), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABx1 26 states that in the future, pass-throughs shall be made in the amount “which would have been received . . . had the redevelopment agency existed at that time,” and that the county auditor-controller shall “determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of ABx1 26 using current assessed values . . . and pursuant to statutory pass-through formulas and contractual agreements with other taxing agencies.”

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the novel strain of coronavirus (“COVID-19”) outbreak, or fear of such an event, could have an adverse impact on the Districts’ financial condition and operating results. The spread of COVID-19 is having significant negative impacts throughout the world, including in the Districts. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations are to coordinate and formalize emergency actions across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus.

On March 17, 2020, the Governor signed Senate Bill 89 (“SB 89”), which amends the Budget Act of 2019 by appropriating \$500,000,000 from the State General Fund for any purpose related to executing the emergency proclamation issued by the Governor on March 4, 2020. On March 19, 2020, the Governor ordered all State residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the “Stay Home Order”). Currently, each of the Districts is closed for face-to-face classes and student services, shifting to remote delivery of instruction and services, except for select lab and studio classes which maintains some hands-on curriculum delivered in-person.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) was signed by the President of the United States. The CARES Act appropriates over \$2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. The CARES Act includes approximately \$14.25 billion in funding for higher education, including California community college districts, principally in the form of direct emergency aid to students and institutional grants. The CARES Act also waives a number of federal regulatory requirements to provide institutions greater flexibility in addressing the effects of the COVID-19 outbreak. On December 27, 2020, the President of the United States signed the Consolidated Appropriations Act, 2021, which includes approximately \$900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The Consolidated Appropriations Act, 2021 provides approximately \$82 billion of COVID-19 related relief for education,

including \$54.3 billion for K-12 schools (largely through Title I funding), \$22.7 billion for higher education and \$4 billion for state governors to spend at their discretion. On February 27, 2021, the United States House of Representatives (the “House of Representatives”) approved the American Rescue Plan Act of 2021 (H.R. 1319) (the “American Rescue Plan”), a bill that would provide approximately \$1.9 trillion of federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the “American Rescue Plan”), which will provide approximately \$1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses. The District can make no representation whether the American Rescue Plan will provide additional funding for the District, or the timing of the receipt of such potential funding.

The District has received \$8,630,859 pursuant to the CARES Act, 50% of which is allocated for emergency student grants and 50% for the District, which is being used for tuition refunds, faculty distance learning training, student and employee computer equipment, hotspots, software, and campus safety. The District has received \$17,686,139 pursuant to the CARES Act, \$4,315,430 of which is allocated for emergency student grants to students and \$13,370,709 to the District. The District has received \$1,491,317 pursuant to the CARES Act DHSI which is being used for lost revenue due to COVID19. As part of the State’s 2020-21 Budget, the District received \$502,165 from the Coronavirus Relief Fund (the federal portion) and \$616,414 from Proposition 98 funds (the state portion) for a total of \$1,118,579. These funds were largely used and will be used to facilitate distance learning, improve telework capabilities of public employees, student emergency grants, and for public health expenses. The District was notified that we will receive \$30,894,000 pursuant to the American Rescue Plan Federal stimulus, 50% of which is allocated for emergency student grants and 50% for the District.

On August 28, 2020, the Governor released a revised system of guidelines for reopening entitled Blueprint for a Safer Economy (“Blueprint”). Blueprint assigns each of the State’s 58 counties into four color-coded tiers - purple, red, orange and yellow - in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties must remain in a tier for at least three weeks before advancing to the next one. To move forward, a county must meet the next tier’s criteria for two consecutive weeks. If a county’s case rate and positivity rate fall into different tiers, the county remains in the stricter tier. Community college districts can reopen for limited in-person instruction once their county has been in the red tier (daily new cases of 4-7 per 100,000 people and 5-8% positive tests) for at least two weeks. When they reopen, community college districts must follow the guidance for institutions of higher education (the “Guidelines”), released by the Governor on September 30, 2020. Implementation of the Guidelines as part of a phased reopening will depend on local conditions, including the level of COVID-19 infections and hospitalization rates consistently decreasing over at least 14 days, testing resources of the Districts and Counties, and preparedness of the County’s healthcare system. If there are positive cases of COVID-19 within a community college district, a campus could be partially or fully closed for in-person instruction. While indoor lectures and student gatherings are prohibited at community college districts in counties that are in the purple (widespread) tier, some non-lecture based courses may be permitted on campuses. For classes that are held in person, the guidelines encourage use of outdoor and other non-classroom spaces for instruction. Indoor lectures are permitted in the red tier (limited to 25% capacity or 100 people, whichever is fewer), the orange tier (limited to 50% capacity or 200 people, whichever is fewer) and the yellow tier (limited to 50% capacity). [Tulare County is currently assigned to the red tier 3921 La Cresta Ave..]

On November 19, 2020, the California Department of Public Health issued a limited Stay at Home order, effective November 21, 2020 for those counties under the purple tier of the Blueprint for a Safer Economy, requiring that all gatherings with members of other households and all activities conducted

outside the residence, lodging, or temporary accommodation with members of other households cease between 10:00 p.m. PST and 5:00 a.m. PST, except for those activities associated with the operation, maintenance, or usage of critical infrastructure or required by law.

On December 3, 2020, the California Department of Public Health announced a Regional Stay at Home Order (the “Regional Stay at Home Order”), and a supplemental order, signed December 6, 2020, which divides the State into five regions (Northern California, Bay Area, Greater Sacramento, San Joaquin Valley, and Southern California), which will go into effect at 11:59 PM the day after a region has been announced to have less than 15% intensive care unit availability. The supplemental order clarifies retail operations and goes into effect immediately. The orders prohibit private gatherings of any size, close sector operations except for critical infrastructure and retail, and require 100% masking and physical distancing in all others. Guidance related to community colleges remains in effect and unchanged. The Regional Stay at Home Order went into effect in the County on December 16, 2020.

On January 25, 2021 the Regional Stay at Home Order was lifted for all regions statewide, because 4-week ICU capacity projections in all regions under the order had reached 15% or higher. The Limited Stay At Home Order was also ended. All counties returned to restrictions according to their respective tiers under the Blueprint.

During certain emergency conditions, state regulations provide that a community college district may be provided an “emergency conditions allowance,” calculated to approximate the same general purpose apportionment that such district would have received in absence of the emergency. Emergency conditions are defined to include epidemics, an order from a city or county board of health or the State Board of Health, or another emergency declared by the State or federal government. Districts are required to demonstrate that the occurrence of the emergency condition prevented the district from maintaining its schools during a fiscal year for a period of 175 days, or caused the district’s general purpose apportionment to be materially decreased in that year or in subsequent years. To receive the emergency conditions allowance, a district must demonstrate to the satisfaction of the Chancellor that the district made good faith efforts to avoid material decreases in general purposes apportionments. Community college districts may also seek a waiver of the 175-day requirement. Finally, the Board of Governors of the California Community Colleges (the “Board of Governors”), on March 16, 2020, granted the Chancellor temporary emergency powers to suspend or waive State regulatory requirements and local rules and regulations that present barriers to the continuity of educational services. This temporary grant is in addition to standing emergency powers of the Chancellor to hold community college districts financially harmless in the wake of campus closures.

As a result of the COVID-19 pandemic, effective March 19, 2020, classes and student services transitioned to being delivered remotely and will continue remotely at least through the spring term of the 2020-21 academic year, except for select classes to train first responders (nurses, firefighters, law enforcement, and emergency medical technicians) and other critical workforce needs identified by the State. These limited course offerings, representing approximately 25% of all courses offered, have been delivered in person with safety protocols in place. The other 75% of course offerings have been converted to online/hybrid delivery or were already structured as online courses prior to COVID-19. The District will continue to evaluate the State’s guidance for institutions of higher education and will consult with local health officials and the State’s guidance for institutions of higher education in implementing the District’s plans for the 2020-21 and 2021-22 academic years. The District’s plan for the Fall term of the 2021-22 academic year is to offer 50% in-person instruction and 50% online/hybrid.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while District facilities remain closed, disruption of the regional and local

economy with corresponding decreases in tax revenues (including property tax revenue, sales tax revenue and other revenues), potential declines in property values, potential increases in property tax delinquencies, and decreases in new home sales and real estate development. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See "COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT – Retirement Programs" herein.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the District's operations and finances is unknown. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to the Governor's office (<http://www.gov.ca.gov>), the California Department of Public Health (<http://covid19.ca.gov/>), the County (<https://tchhsa.org/eng/index.cfm/public-health/covid-19-in-tulare-county/>), and the Chancellor's Office (<https://www.cccco.edu/About-Us/Chancellors-Office/Divisions/Communications-and-Marketing/Novel-Coronavirus>). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such websites.*

The ultimate impact of COVID-19 on the District's operations and finances is unknown. There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or FTES within the District and, notwithstanding the Stay Home Order or the Blueprint, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF THE BONDS –Assessed Valuations" herein.

Budget Procedures

On or before September 15, the Board of Trustees of a community college district is required under Code of Regulations, Title V, Section 58305 to adopt a balanced budget. Each September, every State agency, including the State Chancellor, submits to the State Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the Governor, and by January 10 a proposed State budget is presented by the Governor to the State Legislature. The Governor's State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May of each year, based on the debate, analysis and changes in the economic forecasts, the Governor issues a revised budget with changes he or she can support. The law requires the State Legislature to submit its approved budget by June 15, and by June 30 the Governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of the State's community college districts. In accordance with statutory and regulatory provisions, the State Chancellor has been given the responsibility to identify community college districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the Chancellor will pay special attention to each district's general fund balance, spending pattern, and FTES patterns. Those districts with greater financial difficulty will receive follow-up visits from the State Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

See "COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgeting trends.

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, State voters approved Proposition 98, an initiative that amended Article XVI of the State Constitution and provided specific procedures to determine a minimum guarantee for annual K-14 school district funding. The constitutional provision links the K-14 school district funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding test ("Test 3") to calculate the annual funding guarantee. This third calculation is operative in years in which State general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in the State's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIII B).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-14 school districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under the Proposition 98 guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with fiscal year 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in fiscal year 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to school districts and community college districts which began in fiscal year 1992-93 and increased in fiscal year 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3, established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of 1% of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance (also referred to as a “maintenance factor”) equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

State Assistance

State community college districts’ principal funding formulas and revenue sources are derived from the State budget. The following information concerning the State of California’s budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District, the Municipal Advisor nor the Underwriter take any responsibility as to the accuracy or completeness thereof and has not independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the County in an amount sufficient for the payment thereof.

2020-21 State Budget. On June 29, 2020, the Governor signed into law the State budget for fiscal year 2020-21 (the “2020-21 Budget”). The following information is drawn from the DOF’s and LAO’s summaries of the 2020-21 Budget.

As with the Governor’s May revision (the “May Revision”) to the proposed State budget, the 2020-21 Budget acknowledged that the rapid onset of COVID-19 had an immediate and severe impact on the State’s economy. The ensuing recession caused significant job losses, precipitous drops in family and business income, and exacerbated inequality. The 2020-21 Budget included a number of measures intended to address a projected deficit of \$54.3 billion identified by the May Revision, and occasioned principally by declines in the State’s three main tax revenues (personal income, sales and use, and corporate). The measures included in the 2020-21 Budget, and described below, were intended to close this deficit and set aside \$2.6 billion in the State’s traditional general fund reserve, including \$716 million for the State to respond to the changing conditions of the COVID-19 pandemic:

- *Draw Down of Reserves* – The 2020-21 Budget drew down \$8.8 billion in total State reserves, including \$7.8 billion from the BSA, \$450 million from the Safety Net Reserve and all funds in the PSSSA.
- *Triggers* – The 2020-21 Budget included \$11.1 billion in reductions and deferrals that would have been restored if at least \$14 billion in federal funds were received by October 15, 2020. If the State had received less than this amount, reductions and deferrals were to be partially

restored. The triggers included \$6.6 billion in deferred spending on education, \$970 million in funding for the California State University and University of California systems, \$2.8 billion in State employee compensation and \$150 million for courts, as well as funding for various other State programs. The triggers would also have funded an additional \$250 million for county programs to backfill revenue losses. Such federal funds, however, were not received by the October 15 date identified in the 2020-21 Budget. The District can make no representation as to whether such federal funds will be received or in what amount. See “— Future Actions and Events” herein.

- *Federal Funds* – The 2020-21 Budget relied on \$10.1 billion in federal funds allocated to the State, including \$8.1 billion of which had already been received as of the passage of the 2020-21 Budget. This relief included a temporary increase in the federal government’s share of Medicaid costs, a portion of the State’s Coronavirus Relief Fund allocation pursuant to the CARES Act and federal funds provided for childcare programs.
- *Borrowing/Transfers/Deferrals* – The 2020-21 Budget relied on \$9.3 billion in special fund borrowing and transfers, as well as deferrals to K-14 education discussed further herein. Approximately \$900 million of special fund borrowing was associated with reductions to State employee compensation and was to be subject to the triggers discussed above.
- *Increased Revenues* – The 2020-21 Budget temporarily suspended for three years net operating loss tax deductions for medium and large businesses and limited business tax credits, with an estimated increase in tax revenues of \$4.3 billion in fiscal year 2020-21.
- *Cancelled Expansions, Updated Assumptions and Other Measures* – The 2020-21 Budget included an additional \$10.6 billion of measures, including cancelling multiple programmatic expansions, anticipated governmental efficiencies, higher ongoing revenues above the forecast included in the May Revision, and lower health and human services caseload costs than assumed by the May Revision.

For fiscal year 2019-20, the 2020-21 Budget projected total general fund revenues and transfers of \$137.6 billion and authorized expenditures of \$146.9 billion. The State was projected to end the 2019-20 fiscal year with total available general fund reserves of \$17 billion, including \$16.1 billion in the BSA and \$900 million in the Safety Net Reserve Fund. For fiscal year 2020-21, the 2020-21 Budget projected total general fund revenues and transfers of \$137.7 billion and authorized expenditures of \$133.9 billion. The State was projected to end the 2020-21 fiscal year with total available general fund reserves of \$11.4 billion, including \$2.6 billion in the traditional general fund reserve (of which \$716 million is earmarked for COVID-related responses), \$8.3 billion in the BSA and \$450 million in the Safety Net Reserve Fund.

As a result of the projected reduction of State revenues occasioned by the COVID-19 pandemic, the 2020-21 Budget estimated that the Proposition 98 minimum funding guarantee for fiscal year 2020-21 would be \$70.1 billion, approximately \$10 billion below the revised prior-year funding level.

The 2020-21 Budget proposed several measures intended to ameliorate the immediate impact of State revenue declines, and avoid a permanent decline in education funding:

- *Apportionment Deferrals* – The 2020-21 Budget provided for \$330.1 million in SCFF apportionment deferrals for fiscal year 2019-20. The deferrals increased to \$662.1 million in fiscal year 2020-21. A portion of these deferrals to be triggered off in fiscal year 2020-21 if sufficient federal funding for this purpose was received. Such federal funds, however, were not received by the October 15 date identified in the 2020-21 Budget. The District can make

no representation as to whether such federal funds will be received or in what amount. See “— Future Actions and Events” herein. The 2020-21 Budget also provided a hardship exemption from the deferrals for districts that would be unable to meet their financial obligations.

- *Supplemental Appropriations* – The 2020-21 Budget provided for a new, multi-year payment obligation to supplement K-14 education funding. The total obligation would equal approximately \$12.4 billion, and reflected the administration’s estimate of the additional funding K-14 school districts would have received in the absence of COVID-19-related reductions. Under this proposal the State will make annual payments toward this obligation beginning in fiscal year 2021-22. These payments would equal 1.5% of State general fund revenue. The 2020-21 Budget also increased the share of State general fund revenue required to be spent on K-14 school districts from 38% to 40% by fiscal year 2023-24.
- *CalSTRS/CalPERS* – The 2020-21 Budget redirected \$2.3 billion in funds previously appropriated for prefunding CalSTRS and CalPERS liabilities, and instead applied them to further reduce local educational agency contribution rates for such programs in fiscal years 2020-21 and 2021-22. This reduced CalSTRS employer rates to 16.15% in fiscal year 2020-21 and 16.02% in fiscal year 2021-22. CalPERS employer rates would be reduced to 20.7% in fiscal year 2020-21 and 22.84% in fiscal year 2021-22. See also “COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT – Retirement Programs” herein.
- *Temporary Revenue Increases* – As discussed above, as part of closing the State’s projected deficit, the 2020-21 Budget provided for a temporary revenue increase of approximately \$4.3 billion in fiscal year 2020-21, of which approximately \$1.6 billion counted towards the Proposition 98 funding guarantee.

Other significant features of community college funding in the 2020-21 Budget include the following:

- *Student Centered Funding Formula* – The 2020-21 Budget suspended the COLA for community college apportionments under the SCFF, and did not provide any funding for enrollment growth. The 2020-21 Budget extended the hold-harmless provisions of the SCFF for an additional two years, and authorized the use of past-year data sources that have not been impacted by the COVID-19 pandemic for purposes of calculating SCFF apportionments in 2020-21.
- *COVID-19 Response Block Grant* – A one-time increase of approximately \$120 million (comprised of \$54 million in CARES Act funds and \$66 million in Proposition 98 funding) for a block grant to support student learning and mitigate learning loss related to the COVID-19 pandemic.
- *Immigrant Resources* – An increase of \$5.8 million in Proposition 98 funding for resource liaisons and student support services for immigrant students, including undocumented students. The 2020-21 Budget also provided \$10 million in ongoing Proposition 98 funding for legal services to immigrant students, faculty and staff.
- *Proposition 51* – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. The Proposed 2020-21 Budget allocated \$223.1 million of such bond funds for community college facility projects.

For additional information regarding the 2020-21 Budget, see the DOF website at www.dof.ca.gov and the LAO website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Proposed Fiscal Year 2021-22 Budget. On January 8, 2021, the Governor released his proposed State budget for fiscal year 2021-22 (the “Proposed 2021-22 Budget”). The information below is drawn from the DOF summary of the Proposed 2021-22 Budget.

The Proposed 2021-22 Budget indicates that, since the adoption of the 2020-21 Budget, the administration’s economic forecast and revenue projections have significantly improved, driven in large part by a rebound in the stock market and an attendant growth in capital gains tax revenues. However, the Proposed 2021-22 Budget acknowledges that the risks to the revenue forecast remain higher than usual, and economic inequality has intensified since the beginning of the COVID-19 pandemic. The Proposed 2021-22 Budget acknowledges that the State is currently in the midst of a second and more serious wave of COVID-19 infections, but that federally-approved COVID-19 vaccines are arriving to assist the recovery from the pandemic.

The Proposed 2021-22 Budget indicates that the revenue forecast was finalized prior to the passage of the most recent federal stimulus bill. See “[CROSS REFERENCE TO COVID-19 DISCLOSURE]” herein. Of the almost \$900 billion in federal funding that was approved, the Proposed 2021-22 Budget identifies approximately \$106 billion allocable to the State, including \$42.4 billion in direct assistance to individuals and families (including \$38.3 billion in unemployment benefits and direct payments), \$2.2 billion for COVID-19 testing, tracing and vaccine distribution, \$700 million for health and mental health services, \$50.1 billion in business and transportation support, and \$10.1 billion for education. The Governor’s May revision to the Proposed 2021-22 Budget will include a revised revenue forecast that will reflect this federal assistance. The Proposed 2021-22 Budget also acknowledges that further federal relief will be critical to assisting individuals and businesses survive and recover from the pandemic.

For fiscal year 2020-21, the Proposed 2021-22 Budget projects total general fund revenues and transfers of \$168.1 billion and expenditures of \$156 billion. The State is projected to end the 2020-21 fiscal year with total available general fund reserves of approximately \$22.7 billion, including \$9 billion in the traditional State reserve, \$12.5 billion in the BSA, \$747 million in the PSSSA and \$450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the Proposed 2021-22 Budget projects total general fund revenues and transfers of \$170.6 billion and authorizes expenditures of \$164.5 billion. The State is projected to end the 2021-22 fiscal year with total available general fund reserves of approximately \$22 billion, including \$2.9 billion in the traditional general fund reserve, \$15.6 billion in the BSA, \$3 billion in the PSSSA and \$450 million in the Safety Net Reserve Fund.

In recognition of the need to address the various impacts of the COVID-19 pandemic, the Proposed 2021-22 Budget includes a package of measures intended to be implemented through legislative action earlier than the traditional State budget timeline. For immediate action in January, this package includes \$3 billion in direct support for small businesses and low income earners (the latter principally through a income tax refund) and \$2 billion to support the re-opening of K-12 schools (as further described herein). For early action in the spring, the package includes \$4.6 billion in instructional support for K-14 school districts, \$973 million in jobs and workforce training, \$561 million in environmental sustainability measures and \$262 million in housing and homelessness-related measures.

As a result of the expected increases in State general fund revenues, the Proposed 2021-22 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at \$85.8 billion, including \$60.8 billion from the State general fund. This represents a year-to-year increase of \$14.9 billion (or 21%) over the level included in the 2020-21 Budget. The Proposed 2021-22 Budget also makes retroactive increases

to the minimum funding guarantee in fiscal years 2019-20 and 2020-21 of \$1.9 billion and \$11.9 billion, respectively, due almost exclusively to increases in allocable general fund revenues in those years. With respect to community college districts, the Proposed 2021-22 Budget sets the minimum guarantee at \$10 billion, and provides total funding from all sources in fiscal year 2021-22 of \$16.2 billion, representing an increase of \$8.6 million (or 0.1%) from the prior year's level.

Other significant features of community college funding include the following:

- *General Apportionments* – \$111.1 million in ongoing Proposition 98 funding to provide a 1.5% COLA for general apportionments, as well as \$23.1 million in ongoing Proposition 98 funding for a 0.5% growth in enrollment. The Proposed 2021-22 Budget also provides an increase of \$52.7 million in one-time Proposition 98 funding to increase current fiscal year funding apportionments.
- *Deferrals* – The 2020-21 Budget deferred approximately \$12.5 billion in payments to K-14 school districts. The Proposed 2021-22 Budget would pay down \$8.4 billion of this amount, with districts receiving the associated cash in fiscal year 2021-22. Approximately \$4 billion would remain deferred from fiscal year 2021-22 to fiscal year 2022-23.
- *Supplemental Payment* – The 2020-21 Budget provided for a new, multi-year payment obligation to avoid a permanent decline in K-14 education funding as a result of then-projected reductions in available revenues. The Proposed 2021-22 Budget would eliminate this supplemental payment obligation in its entirety, but would fund a one-time payment of \$2.3 billion in fiscal year 2021-22.
- *Student Support* – The Proposed 2021-22 Budget provides a series of measures to alleviate student financial hardship and improve access to online education, including (i) \$150 million in one-time Proposition 98 funding for emergency financial assistance, (ii) \$100 million in one-time Proposition 98 funding to address food and housing insecurity, (iii) \$30 million in ongoing Proposition 98 funding to support the acquisition of electronic devices and high-speed internet connectivity, (iv) \$20 million in one-time Proposition 98 funding for culturally competent online professional development, and (v) \$10.6 million in ongoing Proposition 98 funding to support continuity of education and quality distance learning.
- *Adult Education* – An increase of \$8.1 million in ongoing Proposition 98 funding to reflect a 1.5% COLA for adult education programs. The Proposed 2021-22 Budget also provides an increase of \$1 million in ongoing Proposition 98 funding to support technical assistance for adult education programs.
- *Proposition 51* – The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative approved at the November 8, 2016 election that authorizes the sale and issuance of \$9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities. The Proposed 2020-21 Budget allocates \$709 million of such bond funds for community college facility projects.

For additional information regarding the Proposed 2021-22 Budget, see the DOF website at www.dof.ca.gov and the LAO website at www.lao.ca.gov. However, the information presented on such websites is not incorporated herein by reference.

Future Actions and Events. The District cannot predict what additional actions will be taken in the future by the State legislature and the Governor to address changing State revenues and

expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein. The District also cannot predict whether the federal government will provide additional funding in amounts sufficient to offset any of the fiscal impacts of the COVID-19 pandemic described above. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the District for the payment of principal of and interest on the Bonds would not be impaired.

IMPROVEMENT DISTRICT NO. 3

General Description. On May 5, 2008, Improvement District No. 3 was established by the Board of Trustees of the College District pursuant to its Resolution No. 2008-13 and the Act.

With respect to the Authorization, the Board ordered an election of the registered voters residing in the territory of Improvement District No. 3 which was held on November 4, 2008. At this election, 72% of the voters voting on the measure approved the issuance of not-to-exceed \$60,000,000 principal amount of general obligation bonds for Improvement District No. 3.

Location and Territory. Improvement District No. 3 is located primarily within Tulare County, and a small portion of Kings County, and includes the City of Tulare. Improvement District No. 3 encompasses about 837 square miles, representing about twenty-eight percent of the territory of the District. The boundaries of Improvement District No. 3 include the Alpaugh Unified School District, the Lindsay Unified School District, the Corcoran Joint Unified School District, and the Tulare Joint Union High School District.

COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem property tax required to be levied by the Counties for the payment thereof on taxable property within the boundaries of Improvement District No. 3. See "THE BONDS – Security and Sources of Payment" herein.

Introduction

The District began as Visalia Junior College in 1926 and became a community college district in 1949. The District is located in the heart of the San Joaquin Valley and at the foot of the Sierra Nevada mountains. It encompasses a 2,893 square-mile-area in the San Joaquin Valley midway between San Francisco and Los Angeles and serves communities in Tulare County and Kings County. The District currently operates one community college, College of the Sequoias (the "College"), which provides collegiate level instruction across a wide spectrum of subjects for grades 13 and 14, and two full service centers, one in the Hanford and one in Tulare. The College of the Sequoias is fully accredited by the ACCJC. For fiscal year 2020-21, the District's projected FTES count is 9,611.85 students. The District's actual FTES count, however, may be affected by the ongoing COVID-19 outbreak as a result, 2020-21 will be funded based on 2019-20 FTES as of P1 prior to the outbreak. As a result of the current outbreak of COVID-19 (as defined herein), the College campus is currently closed, and the District has largely transitioned to distance learning through at least the spring term of the 2020-21 academic year, except for select classes which maintain some hands-on curriculum delivered in-person. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein.

Administration

The District is governed by a five-member Board of Trustees, each member of which is elected by ward area to a four-year term. Elections for positions to the Board are held every two years, alternating between two and three available positions. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

<u>Board Member</u>	<u>Office</u>	<u>Term Expires</u>
John Lehn	President	2022
Kenneth Nunes	Vice President	2022
Raymond Macareno	Clerk	2024
Lori Cardoza	Trustee	2024
Greg Sherman	Trustee	2022

The Superintendent/President is appointed by the Board and reports to the Board. The Superintendent/President is responsible for management of the District's day-to-day operations and supervises the work of other key administrators. Brent Calvin, Ed.D. is the Superintendent/President and Ron Perez, is the Vice President, Administrative Services of the District. Leangela Miller-Hernandez is the Director, Budget and Categorical Accounting and Linda McCauley is the Chief Accounting Officer.

Brent Calvin, Ed.D., Superintendent/President. Dr. Calvin has served as the District's Superintendent/President since March 6, 2018. Previously, he served the District for over 16 years as Vice President of Student Services and Interim Superintendent/President. Dr. Calvin received his B.A. in

Business Administration from California State University, Fullerton, his M.B.A. from California State University, Dominguez Hills, and his M.A. in Education Leadership and his Ed.D. from Northcentral University.

Ron Ballesteros-Perez, Vice President, Administrative Services. Mr. Ballesteros-Perez began working for the District in 2019, following over six years with Palomar Community College District. Mr. Ballesteros-Perez has over 20 years of experience in education, including holding administrative and accounting positions with the San Diego County Office of Education and as Director of Finance and Business Services at Highline College in Seattle. Mr. Ballesteros-Perez received his B.S. in Business Administration from Wayland Baptist University and M.A. in Organizational Leadership from Chapman University.

Leangela Miller-Hernandez, Director, Budget and Categorical Accounting. Leangela Miller-Hernandez has served in the Business Office at the District since 2001. Previously she worked as an accountant for Tulare County Health and Human Services. She received her B.S. from Kansas State University and her M.B.A. from California State University, Dominguez Hills.

Linda McCauley, Chief Accounting Officer. Linda McCauley has served in the Business Office at the District since 2006. Previously she worked as an accountant for Tulare County Health and Human Services and M. Green & Co. CPAs. She received her B.S. from Fresno State University and her M.A. in Leadership and Organizational Studies from Fresno Pacific University.

Labor Relations

The District employs 199 full-time certificated, 295 part-time certificated and 277 classified, management and confidential employees. These employees, except management and some part-time employees, are represented by three bargaining units as noted below:

LABOR RELATIONS ORGANIZATIONS College of the Sequoias Community College District

<u>Labor Organization</u>	<u>Number of Employees In Organization</u>	<u>Contract Expiration Date</u>
College of the Sequoias Teachers Association (COSTA)	193	June 30, 2022
California School Employees Association (CSEA)	195	June 30, 2023
College of the Sequoias Adjunct Faculty Association (COSAFA)	222	June 30, 2022

Source: College of the Sequoias Community College District.

College of the Sequoias Foundation

The College of the Sequoias Foundation (the “Foundation”) is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The 33 member board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District. As of June 30, 2020, the Foundation had net assets valued at \$10,795,135. See “APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT” attached hereto.

Retirement Programs

The information set forth below regarding the STRS and PERS programs (as defined herein), other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Municipal Advisor.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers’ Retirement System (“STRS”). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the “STRS Defined Benefit Program”). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer,

employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 (“AB 1469”) into law as a part of the State’s fiscal year 2014-15 budget. AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the “2014 Liability”), within 32 years, by increasing member, K-14 school district and State contributions to STRS. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

**MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>STRS Members Hired Prior to January 1, 2013</u>	<u>STRS Members Hired After January 1, 2013</u>
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act (defined below), the contribution rates for members hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees hired after the Implementation Date (defined below) increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2019, the contribution rate was 10.250% for employees hired before the Implementation Date and 10.205% for employees hired after the Implementation Date. For fiscal year commencing July 1, 2020, the contribution rate will be 10.250% for employees hired before the Implementation Date and 10.205% employees hired after the Implementation Date.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

**K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)**

<u>Effective Date</u>	<u>K-14 school districts</u>
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated \$2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of \$1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment will be reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected \$2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate is 16.15% in fiscal year 2020-21 and is projected to be 15.92% in fiscal year 2021-22. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein.

The District's contributions to STRS were \$1,705,993 in fiscal year 2014-15, \$2,200,906 in fiscal year 2015-16, \$2,858,226 in fiscal year 2016-17, \$3,554,249 in fiscal year 2017-18, \$4,327,326 in fiscal year 2018-19, and \$4,904,130 in fiscal year 2019-20. The District has projected \$4,785,835 for its contribution to STRS for fiscal year 2020-21.

The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. The STRS Board approved State supplemental contribution rate for fiscal year 2020-21 reflects an increase of 0.5% of payroll, the maximum allowed under current law.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2019 included 1,612 public agencies and 1,319 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Pursuant to SB 90, the State Legislature appropriated \$144 million for fiscal year 2019-20 and \$100 million for fiscal year 2020-21 to be transferred to the Public Employees' Retirement Fund, to pay in advance, on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years. In addition, the State Legislature appropriated \$660 million to be applied toward certain unfunded liabilities for K-14 school district employers. As a result of the payments made by the State pursuant to SB 90, the employer contribution rate for fiscal year 2019-20 was 19.721%. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein.

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. The actuarial determined employer contribution rate for fiscal year 2020-21 is 20.7%, which reflects the redirection of funds by the State's 2020-21 Budget by AB 84 (defined below), that were previously appropriated pursuant to SB 90 for long-term unfunded liabilities (discussed above). See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein. Participants enrolled in PERS prior to January 1, 2013 contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2020-21, while participants enrolled after January 1, 2013 contribute at an actuarially determined rate, which is 7% in fiscal year 2020-21. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were \$1,114,295 in fiscal year 2014-15, \$1,149,921 in fiscal year 2015-16, \$1,962,936 in fiscal year 2016-17, \$2,327,670 in fiscal year 2017-18, \$2,957,943 in fiscal year 2018-19, and \$3,518,523 in fiscal year 2019-20. The District has projected \$3,836,730 for its contribution to PERS for fiscal year 2020-21.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are “forward-looking” information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)⁽¹⁾
Fiscal Years 2010-11 through 2018-19

STRS					
Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)⁽²⁾	Unfunded Liability (MVA)⁽²⁾	Value of Trust Assets (AVA)⁽³⁾	Unfunded Liability (AVA)⁽³⁾
2010-11	\$208,405	\$147,140	\$68,365	\$143,930	\$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703

PERS					
Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)⁽³⁾	Unfunded Liability (AVA)⁽³⁾
2010-11	\$58,358	\$45,901	\$12,457	\$51,547	\$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	-- ⁽⁴⁾	-- ⁽⁴⁾
2014-15	73,325	56,814	16,511	-- ⁽⁴⁾	-- ⁽⁴⁾
2015-16	77,544	55,785	21,759	-- ⁽⁴⁾	-- ⁽⁴⁾
2016-17	84,416	60,865	23,551	-- ⁽⁴⁾	-- ⁽⁴⁾
2017-18	92,071	64,846	27,225	-- ⁽⁴⁾	-- ⁽⁴⁾
2018-19	99,528	68,177	31,351	-- ⁽⁴⁾	-- ⁽⁴⁾

⁽¹⁾ Amounts may not add due to rounding.

⁽²⁾ Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is

subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the “2017 Experience Analysis”), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member’s increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the “2016 STRS Actuarial Valuation”). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation (the “2017 STRS Actuarial Valuation”), and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the “2020 Experience Analysis”), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the “2019 STRS Actuarial Valuation”). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both employees hire before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2019 STRS Actuarial Valuation continues using the Entry Age Normal Actuarial Cost Method.

Based on salary increases less than assumed, additional State contributions, and actuarial asset gains recognized from the current and prior years, the 2019 STRS Actuarial Valuation reports that the unfunded actuarial obligation decreased by \$1.5 billion since the 2018 STRS Actuarial Valuation and the funded ratio increased by 2.0% to 66.0% over such time period.

According to the 2019 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2046 of 99.9%, except for a small portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990, for which AB 1469 provides no authority to the STRS Board to adjust rates to pay down that portion of the unfunded actuarial obligation. This finding reflects the scheduled contribution rate increases directed by statute, assumes additional increases in the scheduled contribution rates allowed under the current law will be made, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption and includes the \$1.117 billion State contribution made in July 2019 pursuant to SB 90.

The actuary for the STRS Defined Benefit Program notes in the 2019 STRS Actuarial Report that, since such report is dated as of June 30, 2019, the significant declines in the investment markets that have occurred in the first half the 2020 calendar year are not directly reflected in the 2019 STRS Actuarial Report. The actuary notes that such declines will almost certainly impact the future of the STRS Defined Benefit Program funding, and that, all things being equal, it is expected that the actuarial valuation for the fiscal year ending June 30, 2020 will show a greater increase in the projected State contribution rate (and possibly

the employer rate) and a possible decline in the funded ratio. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19” herein.

In recent years, the PERS Board of Administration (the “PERS Board”) has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS’ rate of expected price inflation and its investment rate of return (net of administrative expenses) (the “PERS Discount Rate”) from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies include a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on December 20, 2017, the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.625% for the June 30, 2018 actuarial valuation and to 2.50% for the June 30, 2019 actuarial valuation, (ii) lowering the payroll growth rate to 2.875% for the June 30, 2018 actuarial valuation and 2.75% for the June 30, 2019 actuarial valuation, and (iii) certain changes to demographic assumptions relating to the salary scale for most constituent groups, and modifications to the mortality, retirement, and disability retirement rates.

On February 14, 2018, the PERS Board approved a new actuarial amortization policy with an effective date for actuarial valuations beginning on or after June 30, 2019, which includes (i) shortening the period over which actuarial gains and losses are amortized from 30 years to 20 years, (ii) requiring that amortization payments for all unfunded accrued liability bases established after the effective date be

computed to remain a level dollar amount throughout the amortization period, (iii) removing the 5-year ramp-up and ramp-down on unfunded accrued liability bases attributable to assumptions changes and non-investment gains/losses established on or after the effective date and (iv) removing the 5-year ramp-down on investment gains/losses established after the effective date. While PERS expects that reducing the amortization period for certain sources of unfunded liability will increase future average funding ratios, provide faster recovery of funded status following market downturns, decrease expected cumulative contributions, and mitigate concerns over intergenerational equity, such changes may result in increases in future employer contribution rates.

The Schools Pool Actuarial Valuation as of June 30, 2019 (the “2019 PERS Actuarial Valuation”), reported that the contribution rate for 2021-22 is projected to be 23.0%, with annual increases thereafter, resulting in a projected 27.6% employer contribution rate for fiscal year 2026-27. The projected contribution rates reflect a 4.7% investment return reduced by estimated administrative expenses for fiscal year 2019-20 and the anticipated decrease in normal cost due to new hires entering lower benefit formulas under the Reform Act, as well as the additional \$904 million contributed by the State in July 2019 pursuant to SB 90, which was subsequently amended by Assembly Bill 84/Senate Bill 111 (“AB 84”). Under AB 84, \$144 million of the State contribution under SB 90 is deemed to satisfy a portion of the State’s required contribution in fiscal year 2019-20, \$430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and \$330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. See “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance” herein. The projected contribution rate also assumes that all other actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. As reported in the 2019 PERS Actuarial Valuation, the funded status for the Schools Pool decreased by 1.9% (from 70.4% to 68.5%) from June 30, 2018 to June 30, 2019, primarily due to increases in liability resulting from the decrease in the discount rate, discussed above, and by the investment return in 2018-19 being less than expected.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District’s required contributions to PERS will not increase in the future.

California Public Employees’ Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees’ Pension Reform Act of 2013 (the “Reform Act”), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the “Implementation Date”). For STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps “pensionable compensation” for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for

members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 (“Statements”) with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replace GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government’s balance sheet (currently, such unfunded liabilities are typically included as notes to the government’s financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

As of June 30, 2020, the District reported its shares of the net pension liabilities for the STRS and PERS plans as \$41,347,775 and \$34,457,145, respectively. See “APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 14” for information on the District’s proportionate shares of the net pension liabilities for STRS and PERS as of June 30, 2020.

APPLE. As established by Federal law, all public sector employees who are not members of their employer’s existing retirement system must be covered by Social Security or an alternate plan. The District has elected to use Accumulative Program Part-time Limited Employee (“APPLE”). Contributions made by the District and an employee vest immediately.

The District requires plan members to contribute 5.2 percent of their salary and the District is required to contribute 2.3 percent of annual payroll. The actuarial method used for determining the rate is based on the required 7.5 percent contribution rate set by Social Security.

The District’s contributions for APPLE for the fiscal year ending June 30, 2020, 2019, 2018, 2017 and 2016 were \$67,996, \$62,638, \$62,652, \$59,990 and \$57,522, respectively, and equal 100% of the required contributions for each year. The District projects its contribution to APPLE for fiscal year 2020-21 will be \$59,265.

Other Post-Employment Benefits

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

Plan Description. The Retiree Health Benefits Funding Program Plan (the “Plan”) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. As of June 30, 2020, membership of the Plan consisted of approximately 67 retirees and beneficiaries currently receiving benefits and approximately 417 active plan members.

Funding Policy. The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2015-16, the District contributed \$914,975 to the Plan, all of which was used for current premiums. For fiscal year 2016-17, the District contributed \$786,827 to the Plan, all of which was used for current premiums. For fiscal year 2017-18 the District contributed \$767,195 the Plan, all of which was used for current premiums. For fiscal year 2018-19 the District contributed \$1,020,002 the Plan, all of which was used for current premiums. For fiscal year 2019-20 the District contributed \$590,125 the Plan, all of which was used for current premiums. For fiscal year 2020-21, the District currently projects a contribution of \$703,236 to the Plan, all of which will be used for current premiums.

The District has also established an irrevocable trust to fund its accrued liability for the Post-Employment Benefits (the “OPEB Trust”). As of January 31, 2021, the value of assets in the OPEB Trust was \$12,429,703. The District has not budgeted a contribution to the OPEB Trust for fiscal year 2020-21.

Actuarial Study. The District has implemented *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (“GASB Statement No. 74”) and *GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (“GASB Statement No. 75”), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. GASB Statements No. 74 and No. 75 (discussed below) require biennial actuarial valuations for all plans. The most recent actuarial study for the Plan was dated June 27, 2019 (the “Study”), and had a valuation date of June 30, 2018. The Study concluded that, as of a July 1, 2018 measurement date, the Total OPEB Liability (the “TOL”) with respect to such Benefits was \$11,546,378, the fiduciary net position was \$9,623,624, and the net OPEB liability was \$1,922,624. For more information regarding the District’s other post-employment benefit liability, see “APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 12” attached hereto.

GASB Statement Nos. 74 and 75. On June 2, 2015, the Governmental Accounting Standards Board (“GASB”) approved GASB Statement No. 74 and GASB Statement No. 75 with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB Statement No. 74 replaces GASB Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45.

Most of GASB Statement No. 74 applies to plans administered through trusts, in which contributions are irrevocable, trust assets are dedicated to providing other post-employment benefits to plan members, and trust assets are legally protected from creditors. GASB Statements No. 74 and No. 75 will require a liability for OPEB obligations, known as the Net OPEB Liability (the “NOL”), to be recognized on the balance sheet of the plan and the participating employer’s financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The

required supplementary information will also be required to show a 10-year schedule of the plan's net OPEB liability reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB Statement No. 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the TOL, if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB Statement No. 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB.

GASB Statement No. 74 has an effective date for plan fiscal years beginning after June 15, 2016 and GASB Statement No. 75 is effective for employer fiscal years beginning after June 15, 2017. The District first recognized GASB Statement No. 74 and GASB Statement No. 75 in its financial statements for fiscal year 2017-18. For additional information, see "APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 12" attached hereto.

Risk Management

Health and Welfare. During fiscal year ending June 30, 2020, employee health coverage benefits were provided by the Self-Insured Schools of California ("SISC") joint powers agency through contributions made by the District. The District provides health insurance benefits to District employees, their families, and retired employees of the District. Additionally, the District is a member of the Retiree Health Benefits JPA, which is a trust that allows districts to invest in both long-term and short-term portfolios designed to reduce the annual cost of retiree health benefits.

Property and Liability. During fiscal year ending June 30, 2020, the District contracted with the Statewide Association of Community Colleges ("SWACC") joint powers authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers' Compensation. During fiscal year ending June 30, 2020, the District participated in the Tulare County Schools Insurance Group ("TCSIG"), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

For more information, see "APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 13" attached hereto.

Joint Powers Authority

The District is a member of the SWACC, TCSIG, and SISC public entity risk pools. The District pays an annual premium to each entity for its health, property and liability and workers' compensation coverage. The relationships between the District and the pools are such that they are not component units of the District for financial reporting purposes. For fiscal year 2019-20, the District made payments of \$1,123,612, \$550,583 and \$8,555,860 to TCSIG, SWACC and SISC, respectively. The District has budgeted to make payments of \$1,165,008, \$538,765 and \$8,644,450 to TCSIG, SWACC and SISC, respectively, for fiscal year 2020-21.

The District has appointed no Board members to the Governing Board of the TCSIG or SISC. The District has appointed no Board members to the Governing Board for SWACC. However, the District's Vice President, Administrative Services currently serves as a Board member and Finance Committee member of SWACC.

For more information, see "APPENDIX B – 2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 15" attached hereto.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Section 84030 of the California Education Code, is to be followed by all California community college districts. The Governmental Accounting Standards Board ("GASB") has released (i) Statement No. 34, which is effective for the District and makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted, and (ii) Statement No. 35, which is effective for the District and makes changes in the required content and format of annual financial statements for public colleges and universities. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

District Budgeting

The table on the following page shows the District's general fund budgets for fiscal years 2016-17 through 2020-21, ending results for fiscal years 2016-17 through 2019-20, and projected ending results for fiscal years 2020-21.

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COMPARISON OF GENERAL FUND BUDGETS AND ACTUAL RESULTS
Fiscal Years 2016-17 through 2020-21
College of the Sequoias Community College District

	Fiscal Year 2016-17		Fiscal Year 2017-18		Fiscal Year 2018-19		Fiscal Year 2019-20		Fiscal Year 2020-21	
	<u>Budget⁽¹⁾</u>	<u>Actual⁽¹⁾</u>	<u>Budget⁽¹⁾</u>	<u>Actual⁽¹⁾</u>	<u>Budget⁽¹⁾</u>	<u>Actual⁽¹⁾</u>	<u>Budget⁽¹⁾</u>	<u>Actual⁽¹⁾</u>	<u>Budget⁽¹⁾</u>	<u>Projected⁽²⁾</u>
REVENUES:										
Federal	\$1,690,685	\$2,088,795	\$2,063,859	\$2,601,133	\$2,474,868	\$2,591,429	\$2,741,396	\$3,593,493	\$5,446,807	\$22,038,142
State	50,875,843	52,403,505	57,061,903	57,676,101	66,286,684	64,782,459	66,453,724	68,601,111	70,585,906	78,346,931
Local	<u>17,934,042</u>	<u>20,612,383</u>	<u>18,472,431</u>	<u>21,391,552</u>	<u>20,963,792</u>	<u>23,248,174</u>	<u>20,882,885</u>	<u>23,325,388</u>	<u>22,621,994</u>	<u>23,240,598</u>
TOTAL REVENUES	70,500,570	75,104,683	77,598,193	81,668,786	89,725,344	90,622,062	90,078,005	95,519,992	98,654,707	123,625,671
EXPENDITURES:										
Academic Salaries	25,503,309	26,318,970	27,091,975	28,006,396	30,363,217	29,838,674	32,567,312	32,970,110	33,099,150	33,903,513
Classified Salaries	15,004,062	15,468,045	15,324,114	16,205,267	18,604,573	17,960,430	19,729,136	18,832,484	20,305,992	21,215,495
Employee Benefits	15,435,266	13,966,458	18,159,348	16,057,662	20,470,343	17,802,100	21,382,250	19,246,349	21,646,497	22,078,175
Books and Supplies	1,985,576	1,782,783	2,101,080	1,848,558	1,918,305	2,042,704	2,044,930	1,805,056	3,313,861	14,794,785
Services and Other	7,959,044	7,184,295	8,091,161	8,252,912	8,299,891	8,201,856	8,415,075	7,524,184	9,406,852	13,346,951
Operating Expenditures										
Capital Outlay	<u>2,548,682</u>	<u>2,839,021</u>	<u>3,259,070</u>	<u>2,496,507</u>	<u>3,032,978</u>	<u>3,801,254</u>	<u>2,463,715</u>	<u>1,980,175</u>	<u>2,558,760</u>	<u>3,711,721</u>
TOTAL EXPENDITURES	68,435,939	67,559,572	74,026,748	72,867,302	82,689,307	79,647,018	86,602,418	82,358,358	90,331,112	109,050,640
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	2,064,631	7,545,111	3,571,445	8,801,484	7,036,037	10,975,044	3,475,587	13,161,634	8,323,595	14,575,031
OTHER FINANCING SOURCES (USES)	109,592	117,390	91,055	98,489	94,476	90,133	61,457	219,260	106,911	162,936
OTHER OUTGO	(1,536,387)	(4,298,900)	(1,723,419)	(5,643,229)	(2,028,969)	(9,026,834)	(2,361,897)	(16,352,005)	(2,718,848)	(9,211,496)
NET INCREASE (DECREASE) IN FUND BALANCES	637,836	3,363,601	1,939,081	3,256,744	5,101,544	2,038,343	1,175,147	(2,971,111)	5,711,658	5,526,471
BEGINNING FUND BALANCE	12,626,587	12,626,587	16,276,639	16,276,639	19,832,805	19,832,805	21,857,616	21,857,616	21,870,666	21,870,666
Prior Year Adjustments	--	286,451	--	299,422	--	(13,532)	--	2,984,161	--	354,960
Adjusted Beginning Balance	--	<u>12,913,038</u>	--	<u>16,576,061</u>	--	<u>19,819,273</u>	--	<u>24,841,777</u>	--	<u>22,225,626</u>
ENDING FUND BALANCE	<u>\$13,264,423</u>	<u>\$16,276,639</u>	<u>\$18,215,720</u>	<u>\$19,832,805</u>	<u>\$24,934,349</u>	<u>\$21,857,616</u>	<u>\$23,032,763</u>	<u>\$21,870,666</u>	<u>\$27,582,324</u>	\$27,752,097

⁽¹⁾ From the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office. Unaudited results for fiscal years 2016-17 and 2019-20 in object-oriented format provided for comparison. For audited results of those fiscal years in revised reporting format, see "College of the Sequoias Community College District – Comparative Financial Statements" herein.

⁽²⁾ As of March 22, 2021.

Source: College of the Sequoias Community College District.

Comparative Financial Statements

Pursuant to applicable guidance from GASB, the District's financial statements present a comprehensive, entity-wide perspective of the District's assets, liabilities, and cash flows rather than the fund-group perspective previously required. The table on the following page displays the District's revenues, expenses and changes in net position for fiscal years 2015-16 through 2019-20.

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**STATEMENT OF TOTAL REVENUES AND EXPENDITURES AND
CHANGES IN NET POSITION
Fiscal Years 2015-16 through 2019-20
College of the Sequoias Community College District**

	Fiscal Year <u>2015-16</u>	Fiscal Year <u>2016-17</u>	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19</u>	Fiscal Year <u>2019-20</u>
OPERATING REVENUES					
Tuition and fees, net	\$3,974,344	\$3,782,191	\$3,900,000	\$4,541,165	\$4,380,340
Auxiliary sales and charges:					
Cafeteria	705,887	840,529	1,020,036	981,372	816,753
Farm	<u>449,070</u>	<u>600,576</u>	<u>635,548</u>	<u>619,264</u>	<u>842,195</u>
TOTAL OPERATING REVENUES	5,129,301	5,223,296	5,555,968	6,141,801	6,039,288
OPERATING EXPENSES					
Salaries	37,969,519	42,557,286	44,978,592	48,769,072	52,593,313
Employee benefits	13,289,408	15,281,432	23,798,268	31,336,239	28,877,589
Supplies, materials and other operating expenses and services	36,970,994	37,510,506	14,688,291	14,275,501	14,055,605
Student Aid	--	--	26,499,850	29,209,767	33,859,896
Depreciation	<u>6,057,258</u>	<u>6,138,663</u>	<u>6,524,324</u>	<u>6,749,706</u>	<u>6,834,588</u>
TOTAL OPERATING EXPENSES	94,287,179	101,487,887	116,498,350	130,340,285	136,220,991
OPERATING LOSS	(89,157,878)	(96,264,887)	(110,933,357)	(124,198,484)	(130,181,703)
NON-OPERATING REVENUES (EXPENSES)					
State apportionments, noncapital	36,747,776	38,049,694	43,201,743	47,238,160	52,804,473
Local property taxes, levied from general purposes	13,210,125	14,780,896	15,816,600	16,675,794	17,528,433
Taxes levied for a specific purpose	6,011,536	5,701,524	7,305,945	6,583,967	7,275,042
State taxes and other local revenues	6,711,861	2,665,253	5,356,015	12,914,281	7,198,546
Grants and contracts, noncapital:					
Federal	22,108,818	21,342,203	23,960,506	24,693,920	29,307,847
State	13,394,689	17,170,024	16,529,920	19,398,243	18,767,812
Investment income	433,460	561,382	360,051	574,981	804,281
Transfer to/from agency fund	--	(13,503)	--	6,815	8,000
Other transfers	--	--	--	--	(99,473)
Interest expense on capital-related debt	(5,825,421)	(12,134,731)	(7,393,216)	(8,340,813)	(3,323,263)
Local grants and other non-operating revenue	<u>1,937,460</u>	<u>8,291,471</u>	<u>2,603,204</u>	<u>3,923,916</u>	<u>1,834,489</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	94,730,304	96,414,213	107,740,768	123,678,264	132,106,187
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	5,572,426	149,622	(3,192,589)	(520,220)	1,924,484
OTHER REVENUES					
State revenues, capital	495,010	612,092	669,202	565,595	926,877
Local revenues, capital	<u>261,734</u>	<u>631,075</u>	<u>312,168</u>	<u>450,732</u>	<u>577,129</u>
TOTAL OTHER REVENUES AND EXPENSES	756,744	1,243,167	981,370	1,016,327	1,504,006
CHANGE IN NET POSITION	6,329,170	1,392,789	(2,211,219)	496,107	3,428,490
NET POSITION, BEGINNING OF YEAR	85,706,382	92,035,552	93,428,341	82,328,319	82,800,211
RESTATEMENT	--	--	(8,888,803) ⁽¹⁾	(24,215) ⁽²⁾	5,257,554 ⁽³⁾
NET POSITION, END OF YEAR	<u>\$92,035,552</u>	<u>\$93,428,341</u>	<u>\$82,328,319</u>	<u>\$82,800,211</u>	<u>\$91,486,255</u>

⁽¹⁾ Restated to recognize the net OPEB liabilities following the implementation of GASB Statement No. 75. See also, “- Other Post-Employment Benefits – GASB Statement Nos. 74 and 75” herein.

⁽²⁾ Restated to reflect a District identified \$24,215 adjustment in the fund financial statements.

⁽³⁾ Reflects adjustments in the fund financial statements of \$2,984,161 and \$2,273,393 related to accreted interest on capital appreciation bonds.

Source: College of the Sequoias Community College District.

District Debt Structure

Long-Term Debt. A schedule of changes in long-term debt for fiscal year ending June 30, 2020 is shown below:

	<u>Balance July 1, 2019</u>	<u>Adjustments for Restatements</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2020</u>
General Obligation Bonds:					
General Obligation Bonds 2006, A (Hanford):					
Capital appreciation	\$1,786,026	\$(349,306)	--	\$440,000	\$996,720
General Obligation Bonds 2008, B (Hanford):					
Current interest	2,500,000	--	--	435,000	2,065,000
Capital appreciation	5,166,425	--	382,081	--	5,548,506
General Obligation Bonds 2008, C (Hanford):					
Current interest - refunding	11,885,000	--	--	25,000	11,860,000
General Obligation Bonds 2008, A (Tulare):					
Capital appreciation	7,158,571	(881,547)	--	910,000	5,367,024
General Obligation Bonds 2008, B (Tulare):					
Current interest	3,650,000	--	--	295,000	3,355,000
Capital appreciation	11,699,103	--	73,346	--	11,772,449
General Obligation Bonds 2008, C (Tulare):					
Current interest	1,360,000	--	--	65,000	1,295,000
Capital appreciation	3,126,412	--	26,144	--	3,152,556
General Obligation Bonds 2008, D (Tulare):					
Current interest	3,555,000	--	--	60,000	3,495,000
General Obligation Bonds 2008, E (Tulare):					
Current interest – refunding	13,670,000	--	--	40,000	13,630,000
General Obligation Bonds 2008, A (Visalia):					
Capital appreciation	6,179,864	(1,042,540)	--	865,000	4,272,324
General Obligation Bonds 2008, B (Visalia):					
Current interest	4,650,000	--	--	4,650,000	--
Capital appreciation	973,059	--	114,928	--	1,087,987
General Obligation Bonds 2008, C (Visalia):					
Capital appreciation	1,227,749	--	106,806	55,000	1,279,555
General Obligation Bonds 2008, D (Visalia):					
Current interest – refunding	19,275,000	--	--	55,000	19,220,000
2020 General obligation refunding bonds (Visalia):					
Current interest - refunding	--	--	4,260,000	--	4,260,000
Unamortized premium on bonds	<u>6,873,245</u>	<u>--</u>	<u>679,427</u>	<u>989,285</u>	<u>6,563,387</u>
Total general obligation bonds	104,735,454	(2,273,393)	5,642,732	8,884,285	99,220,508
Other Long-Term Debt:					
Certificates of participation 2004	2,530,000	--	--	120,000	2,410,000
Lease Revenue Bonds, Series 2010A	2,485,000	--	--	110,000	2,375,000
Capital Leases – Solar Project	2,452,927	--	--	175,357	2,277,570
Compensated Absences	2,546,585	--	282,260	--	2,828,845
Net OPEB liability (asset)	1,922,754	--	--	314,895	1,607,859
Net Pension liability	<u>70,136,197</u>	<u>--</u>	<u>5,668,723</u>	<u>--</u>	<u>75,804,920</u>
Total other long-term debt	82,073,463	--	5,950,983	720,252	87,304,194
Total Long-Term Obligations	<u>\$186,808,917</u>	<u>\$(2,273,393)</u>	<u>\$11,593,715</u>	<u>\$9,604,537</u>	<u>\$186,524,702</u>

Source: College of the Sequoias Community College District.

Improvement District No. 1 General Obligation Bonds. On November 7, 2006, the voters of Improvement District No. 1 authorized not-to-exceed \$22,000,000 of general obligation bonds of the Improvement District No. 1 (the “Improvement District No. 1 Authorization”). On March 22, 2007, the District issued its Improvement District No. 1 Election of 2006 General Obligation Bonds, Series A (the “Improvement District No. 1 Series A Bonds”) in the aggregate principal amount of \$14,999,982.30. On February 11, 2009, the District issued its Improvement District No. 1 Election of 2006 General Obligation Bonds, Series B (the “Improvement District No. 1 Series B Bonds”) in the aggregate principal amount of \$6,995,777.90. The Improvement District No. 1 Series B Bonds represented the second and final series of bonds issued pursuant to the Improvement District No. 1 Authorization. On June 14, 2017, the District issued its 2017 General Obligation Refunding Bonds, Series C (Hanford Campus Improvement District No. 1) to refund a portion of the then outstanding Improvement Area No. 1 Series A Bonds.

The following table summarizes the annual debt service requirements for the Improvement District No. 1 general obligation bonds, and assuming no optional redemptions.

Year Ending (August 1)	Improvement District No. 1 Series A Bonds	Improvement District No. 1 Series B Bonds	2017 Refunding Series C Bonds	Total Annual Debt Service
2021	\$555,000.00	\$575,000.00	\$547,750.00	\$1,677,750.00
2022	--	590,250.00	1,010,000.00	1,600,250.00
2023	--	598,500.00	1,072,750.00	1,671,250.00
2024	--	614,994.60	1,131,000.00	1,745,994.60
2025	--	623,238.65	1,204,250.00	1,827,488.65
2026	--	633,756.25	1,276,875.00	1,910,631.25
2027	--	647,107.80	1,348,625.00	1,995,732.80
2028	--	654,591.00	1,429,000.00	2,083,591.00
2029	--	670,000.00	1,507,500.00	2,177,500.00
2030	--	676,017.00	1,598,500.00	2,274,517.00
2031	--	686,460.60	1,702,625.00	2,389,085.60
2032	--	695,000.00	1,801,625.00	2,496,625.00
2033	--	2,870,000.00	--	2,870,000.00
2034	--	<u>2,985,000.00⁽¹⁾</u>	--	<u>2,985,000.00</u>
Total	<u>\$555,000.00</u>	<u>\$13,519,915.90</u>	<u>\$15,630,500.00</u>	<u>\$29,705,415.90</u>

⁽¹⁾ Final principal maturity and interest payment at February 1, 2034.
Source: College of the Sequoias Community College District.

Improvement District No. 2 General Obligation Bonds. On November 4, 2008, the voters of Improvement District No. 2 authorized not-to-exceed \$28,000,000 of general obligation bonds (the “Improvement District No. 2 Authorization”). On February 11, 2009, the District issued its Improvement District No. 2 Election of 2008 General Obligation Bonds, Series A (the “Improvement District No. 2 Series A Bonds”) in the aggregate principal amount of \$17,997,403.90. On June 3, 2010, the District issued its Improvement District No. 2 Election of 2008 General Obligation Bonds, Series B (the “Improvement District No. 2 Series B Bonds”) in the aggregate principal amount of \$4,999,651.80. On March 17, 2011, the District issued its Improvement District No. 2 Election of 2008 General Obligation Bonds, Series C Bonds (the “Improvement District No. 2 Series C Bonds”) in the aggregate principal amount of \$4,995,438.60. The Improvement District No. 2 Series C Bonds represented the third and final series of bonds issued pursuant to the Improvement District No. 2 Authorization. On June 14, 2017, the District issued its 2017 General Obligation Refunding Bonds, Series D (Visalia Area Improvement District No. 2) to refund a portion of the then outstanding Improvement Area No. 2 Series A Bonds and Improvement Area No. 2 Series C Bonds. On June 9, 2020, the District issued its 2020 General Obligation Refunding Bonds (Visalia Area Improvement District No. 2) (Bank Qualified) to refund a portion of the then outstanding Improvement Area No. 2 Series B Bonds.

The following table summarizes the annual debt service requirements for the Improvement District No. 2 general obligation bonds, and assuming no optional redemptions.

Year Ending August 1	Improvement District No. 2 Series A Bonds	Improvement District No. 2 Series B Bonds	Improvement District No. 2 Series C Bonds	2017 Refunding Series D Bonds	2020 Refunding Bonds	Total Annual Debt Service
2021	\$995,000.00	--	\$90,000.00	\$804,418.76	\$166,800.00	\$2,056,218.76
2022	1,065,000.00	--	110,000.00	801,418.76	166,800.00	2,143,218.76
2023	1,140,000.00	--	125,000.00	798,418.76	166,800.00	2,230,218.76
2024	1,215,000.00	--	145,000.00	800,418.76	166,800.00	2,327,218.76
2025	--	--	280,000.00	1,822,168.76	166,800.00	2,268,968.76
2026	--	--	305,000.00	1,892,668.76	166,800.00	2,364,468.76
2027	--	--	330,000.00	1,971,918.76	166,800.00	2,468,718.76
2028	--	--	360,000.00	2,054,168.76	166,800.00	2,580,968.76
2029	--	--	390,000.00	2,138,918.76	166,800.00	2,695,718.76
2030	--	--	420,000.00	2,225,668.76	166,800.00	2,812,468.76
2031	--	--	--	2,427,268.76	166,800.00	2,594,068.76
2032	--	--	--	2,558,968.76	166,800.00	2,725,768.76
2033	--	\$1,000,000	--	1,404,818.76	166,800.00	2,571,618.76
2034	--	1,120,000	--	1,563,218.76	166,800.00	2,850,018.76
2035	--	1,175,000	--	1,639,000.00	166,800.00	2,980,800.00
2036	--	1,235,000	--	1,719,112.50	166,800.00	3,120,912.50
2037	--	1,290,000	--	--	166,800.00	1,456,800.00
2038	--	--	--	--	2,106,800.00	2,106,800.00
2039	--	--	--	--	<u>2,319,200.00</u>	<u>2,319,200.00</u>
Total	<u>\$4,415,000.00</u>	<u>\$5,820,000</u>	<u>\$2,555,000.00</u>	<u>\$26,622,575.14</u>	<u>\$7,261,600.00</u>	<u>\$46,674,175.14</u>

Source: College of the Sequoias Community College District.

Improvement District No. 3 General Obligation Bonds. On November 4, 2008, the voters of Improvement District No. 3 authorized not-to-exceed \$60,000,000 of general obligation bonds (the “Improvement District No. 3 Authorization”). On February 11, 2009, the District issued its Improvement District No. 3 Election of 2008 General Obligation Bonds, Series A Bonds (the “Improvement District No. 3 Series A Bonds”) in the aggregate principal amount of \$19,998,218.80. On May 17, 2011, the District issued its Improvement District No. 3 Election of 2008 General Obligation Bonds, Series B Bonds in the aggregate principal amount of \$10,004,927.35 (the “Improvement District No. 3 Series B Bonds”). On August 14, 2013, the District issued its Improvement District No. 3 Election of 2008 General Obligation Bonds, Series C Bonds in the aggregate principal amount of \$3,401,460.30 (the “Improvement District No. 3 Series C Bonds”). On June 1, 2016, the District issued its Improvement District No. 3 Election of 2008 General Obligation Bonds, Series D Bonds in the aggregate principal amount of \$3,710,000 (the “Improvement District No. 3 Series D Bonds”). On June 14, 2017, the District issued its 2017 General Obligation Refunding Bonds, Series E (Tulare Area Improvement District No. 3) to refund a portion of the then outstanding Improvement Area No. 3 Series A Bonds and Improvement Area No. 3 Series D Bonds. The Series E Bonds and the Series E-1 Bonds represent the fifth and sixth series of bonds issued under the 2008 Authorization, and, following the issuance thereof, none of the 2008 Authorization will remain unissued.

The following table summarizes the annual debt service requirements for the Improvement District No. 3 general obligation bonds, and assuming no optional redemptions.

Year Ending August 1	Improvement District No. 3 Series A Bonds	Improvement District No. 3 Series B Bonds	Improvement District No. 3 Series C Bonds	Improvement District No. 3 Series D Bonds	2017 Refunding Series E Bonds	Refunding Bonds	New Money Bonds	Total Annual Debt Service
2021	\$1,045,000.00	\$538,225.00	\$118,975.00	\$190,400.00	\$612,850.00			
2022	1,120,000.00	571,575.00	112,175.00	196,900.00	610,600.00			
2023	1,195,000.00	609,956.26	104,700.00	197,900.00	608,350.00			
2024	1,270,000.00	646,487.50	102,950.00	203,650.00	606,100.00			
2025	1,355,000.00	686,168.76	90,575.00	213,900.00	603,850.00			
2026	--	728,368.76	88,675.00	213,400.00	2,046,600.00			
2027	--	778,131.26	81,775.00	222,650.00	2,082,100.00			
2028	--	823,618.76	70,112.00	231,150.00	2,132,100.00			
2029	--	875,881.26	63,925.00	240,350.00	2,225,600.00			
2030	--	929,381.26	52,975.00	248,950.00	2,325,100.00			
2031	--	988,850.00	42,500.00	258,700.00	2,445,900.00			
2032	--	1,043,750.00	42,500.00	268,000.00	2,286,600.00			
2033	--	2,863,750.00	798,295.00	181,850.00	--			
2034	--	3,168,750.00	774,732.50	248,100.00	--			
2035	--	3,318,750.00	806,507.50	252,250.00	--			
2036	--	3,478,750.00	829,907.50	271,100.00	--			
2037	--	3,642,091.55	860,270.00	284,200.00	--			
2038	--	3,815,106.25	891,920.00	291,700.00	--			
2039	--	3,997,415.90	919,520.00	308,750.00	--			
2040	--	4,185,600.00	957,530.00	319,687.50	--			
2041	--	4,386,525.00	985,402.50	--	--			
2042	--	--	4,183,480.00	--	--			
Total	<u>\$5,985,000.00</u>	<u>\$42,077,132.52</u>	<u>\$12,979,402.00</u>	<u>\$4,843,587.50</u>	<u>\$18,585,750.00</u>			

Source: College of the Sequoias Community College District.

Certificates of Participation. In September 2004, the District executed and delivered certificates of participation in the amount of \$3,945,000 (the “2004 Certificates of Participation”). The proceeds of the sale were used to finance the renovation of the bookstore and student center facility.

The following table summarizes the annual certificate payment requirements of the District.

<u>Date (May 1)</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Annual Certificate Payments</u>
2021	\$125,000.00	\$113,975.00	\$238,975.00
2022	130,000.00	108,537.50	238,537.50
2023	135,000.00	102,362.50	237,362.50
2024	145,000.00	95,950.00	240,950.00
2025	150,000.00	89,062.50	239,062.50
2026	155,000.00	81,937.50	236,937.50
2027	165,000.00	74,575.00	239,575.00
2028	175,000.00	66,737.50	241,737.50
2029	180,000.00	58,425.00	238,425.00
2030	190,000.00	49,875.00	239,875.00
2031	200,000.00	40,850.00	240,850.00
2032	210,000.00	31,350.00	241,350.00
2033	220,000.00	21,375.00	241,375.00
2034	<u>230,000.00</u>	<u>10,925.00</u>	<u>240,925.00</u>
Total	<u>\$2,410,000.00</u>	<u>\$945,937.50</u>	<u>\$3,355,937.50</u>

Source: College of the Sequoias Community College District.

Lease Revenue Bonds. On June 30, 2010 the District executed and delivered its Lease Revenue Bonds, Series 2010A (the “Lease Revenue Bonds”) in the aggregate principal amount not-to-exceed \$3,310,000. The following table summarizes the annual debt service requirements with respect to the Lease Revenue Bonds.

Year Ending (June 1)	Principal Component	Interest Component	Total Annual Lease Payment
2021	\$115,000.00	\$116,168.76	\$231,168.76
2022	120,000.00	111,425.00	231,425.00
2023	120,000.00	106,325.00	226,325.00
2024	130,000.00	101,075.00	231,075.00
2025	135,000.00	95,225.00	230,225.00
2026	140,000.00	88,981.26	228,981.26
2027	145,000.00	81,981.26	226,981.26
2028	155,000.00	74,731.26	229,731.26
2029	160,000.00	66,981.26	226,981.26
2030	170,000.00	58,981.26	228,981.26
2031	180,000.00	50,481.26	230,481.26
2032	190,000.00	41,256.26	231,256.26
2033	195,000.00	31,518.76	226,518.76
2034	205,000.00	21,525.00	226,525.00
2035	<u>215,000.00</u>	<u>11,018.76</u>	<u>226,018.76</u>
Total	<u>\$2,375,000.00</u>	<u>\$1,057,675.10</u>	<u>\$3,432,675.10</u>

Source: College of the Sequoias Community College District.

California Energy Commission Loan. In January 2014, the District Board authorized loan agreements to install solar panel equipment in an amount not-to-exceed \$3,000,000 (the “Solar Loan”). The debt service due on the Solar Loan is as shown below.

Year Ending June 30	Lease Payment
2021	\$175,357
2022	175,357
2023	175,357
2024	175,357
2025	175,357
2026-2030	876,787
2031-2033	<u>523,998</u>
Total	<u>\$2,277,570</u>

Source: College of the Sequoias Community College District.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), under existing statutes, regulations, rulings and judicial decisions, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Tax-Exempt Bonds is exempt from State of California personal income tax.

The difference between the issue price of a Tax-Exempt Bond (the first price at which a substantial amount of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to the Tax-Exempt Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Tax-Exempt Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Tax-Exempt Bond Owner will increase the Tax-Exempt Bond Owner's basis in the applicable Tax-Exempt Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the Tax-Exempt Bond is excluded from the gross income of such owner for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the Beneficial Owner of the Tax-Exempt Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Tax-Exempt Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Tax-Exempt Bonds to assure that interest (and original issue discount) on the Tax-Exempt Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Tax-Exempt Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Tax-Exempt Bond Owner's original basis for determining loss on sale or exchange of the applicable Tax-Exempt Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Tax-Exempt Bond premium, which must be amortized under Section 171 of the Code; such amortizable Tax-Exempt Bond premium reduces the Bond Owner's basis in the applicable Tax-Exempt Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Tax-Exempt Bond premium may result in a Tax-Exempt Bond Owner realizing a taxable gain when a Tax-Exempt Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Tax-Exempt Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Tax-Exempt Bonds will be selected for audit by the IRS. It is also possible that the market value of the Tax-Exempt Bonds might be affected as a result of such an audit of the Tax-Exempt Bonds (or by an audit of similar bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest (or original issue discount) on the Tax-Exempt Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE TAX-EXEMPT BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF SERIES B STATE OR LOCAL OBLIGATIONS, SUCH AS THE TAX-EXEMPT BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE TAX-EXEMPT BONDS. NO ASSURANCE CAN BE GIVEN THAT

SUBSEQUENT TO THE ISSUANCE OF THE TAX-EXEMPT BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE TAX-EXEMPT BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE TAX-EXEMPT BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolutions and the Tax Certificate relating to the Tax-Exempt Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income for federal income tax purposes of interest (or original issue discount) on any Tax-Exempt Bond if any such action is taken or omitted based upon the advice of counsel other than Bond Counsel.

Although Bond Counsel will render an opinion that interest (and original issue discount) on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Tax-Exempt Bonds and the accrual or receipt of interest (and original issue discount) on the Tax-Exempt Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Tax-Exempt Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Tax-Exempt Bonds.

A copy of the proposed forms of opinion of Bond Counsel for the Tax-Exempt Bonds is attached hereto as APPENDIX A.

Taxable Bonds

In the opinion of Bond Counsel, under existing statutes, regulation, rulings and judicial decisions, interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code but is exempt from State of California personal income tax.

Except for certain exceptions, the difference between the issue price of a Taxable Bond (the first price at which a substantial amount of the Taxable Bonds of the same maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Taxable Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by the Owner of a Taxable Bond will increase the Owner's basis in the Taxable Bond. Owners of Taxable Bonds should consult their own tax advisor with respect to taking into account any original issue discount on the Taxable Bonds.

In the event of a legal defeasance of a Taxable Bond, such bond might be treated as retired and "reissued" for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Bondholder generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance and the Bondholder's adjusted tax basis in such bond.

The amount by which a Taxable Bond Owner's original basis for determining loss on sale or exchange in the applicable Taxable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the Owner of a Taxable Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Taxable Bond Owner's basis in the applicable Taxable Bond (and the amount of taxable interest received) and is deductible for federal income tax purposes. The basis reduction as a result of the amortization of Taxable Bond premium may result in the Owner of a Taxable Bond realizing a taxable gain when a Taxable Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Taxable Bond to the Owner. The Owners of the Taxable Bonds that have a basis in the Taxable Bonds that is greater than the principal amount of the Taxable Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code.

The federal tax and State of California personal income tax discussion set forth above with respect to the Taxable Bonds is included for general information only and may not be applicable depending upon an Owner's particular situation. The ownership and disposal of the Taxable Bonds and the accrual or receipt of interest with respect to the Taxable Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences.

A copy of the proposed form of opinion of Bond Counsel for the Taxable Bonds is attached hereto as APPENDIX A.

LIMITATION ON REMEDIES; BANKRUPTCY

General

State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover,

regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See “THE BONDS – Statutory Lien” herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of “special revenues” within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues

If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. “Special revenues” are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the County’s investment pool, as described in “THE BONDS – Application and Investment of Bond Proceeds” and “APPENDIX E – TULARE COUNTY INVESTMENT POOL” herein. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor’s Rights

The proposed forms of the approving opinions of Bond Counsel attached hereto as Appendix A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and

interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

LEGAL MATTERS

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners of the Bonds (including the Beneficial Owners of the Bonds) to provide certain financial information and operating data relating to the District and the Improvement District (the “Annual Report”) by not later than nine months following the end of the District’s fiscal year (the District’s fiscal year ends on June 30), commencing with the report for the 2020-21 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Report and the notices of listed events will be filed in accordance with the requirements of the Rule. The specific nature of the information to be made available and to be contained in the notices of listed events is described in the form of Continuing Disclosure Certificate attached hereto as APPENDIX C. These covenants have been made in order to assist the Underwriter in complying with the Rule.

[Prior Undertakings. Within the past five years, the District failed to file in a timely manner certain portions of the Annual Reports for fiscal year 2014-15 and 2016-17, as required by its prior undertakings pursuant to the Rule. The District also failed to associate with all CUSIPs the Annual Report for the 2018-19 fiscal year on the Lease Revenue Bonds, which it has since filed.]

Legality for Investment in California

Under provisions of the Financial Code, the Bonds are legal investments for commercial banks in the State to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the Government Code, are eligible for security for deposits of public moneys in the State.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or the Improvement District or contesting the District’s ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District’s ability to issue and retire the Bonds.

There are a small number of claims pending against the District. In the opinion of the District, the aggregate amount of uninsured liabilities of the District under these claims will not materially affect the finances of the District.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 (the “TIPRA”). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain

other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Escrow Verification

Upon delivery of the Bonds, the Verification Agent will deliver a report on the mathematical accuracy of certain computations based upon certain information and assertions provided to them relating to (a) the adequacy of the moneys in the Escrow Funds to pay the redemption price of and interest on the Refunded Bonds and (b) the computations of yield of the Bonds which support Bond Counsel's opinion that the interest on the Series A Refunding Bonds is excluded from gross income for federal income tax purposes.

Legal Opinions

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, as Bond Counsel. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

Financial Statements

The District's audited financial statements with required supplemental information for the year ended June 30, 2020, the independent auditor's report of the District, and the related statements of activities and of cash flows for the year then ended, and the report dated January 26, 2021 of CWDL, Certified Public Accountants (the "Auditor"), are included in this Official Statement as APPENDIX B. In connection with the inclusion of the financial statements and the report of the Auditor thereon in APPENDIX B to this Official Statement, the District did not request the Auditor to, and the Auditor has not undertaken to, take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report. The Auditor has also not been engaged to perform, and has not performed, since the date of its report included in the audited financial statements included herein, any procedures on the financial statements addressed in such report.

RATINGS

Moody's and S&P have assigned the Bonds the ratings of "___" and "___," respectively. The ratings reflect only the views of the rating agencies, and any explanation of the significance of such ratings should be obtained from the rating agencies. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

UNDERWRITING

The Bonds are being purchased by Piper Sandler & Co. (the "Underwriter").

The Underwriter has agreed to purchase the Series E Bonds at a price of \$_____, which is equal to the initial principal amount of the Series E Bonds of \$_____, plus [net] original issue premium of \$_____ and less the Underwriter's discount of \$_____.

The Underwriter has agreed to purchase the Series E-1 Bonds at a price of \$_____, which is equal to the initial principal amount of the Series E-1 Bonds of \$_____, plus [net] original issue premium of \$_____ and less the Underwriter's discount of \$_____.

The Underwriter has agreed to purchase the Series A Refunding Bonds at a price of \$ _____, which is equal to the initial principal amount of the Series A Refunding Bonds of \$ _____, plus [net] original issue premium of \$ _____, and less the Underwriter's discount of \$ _____.

The Underwriters have agreed to purchase the Series B Refunding Bonds at a price of \$ _____, which is equal to the initial principal amount of the Series B Refunding Bonds of \$ _____, plus [net] original issue premium of \$ _____, and less the Underwriter's discount of \$ _____.

The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased. The initial offering prices stated on the inside cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

The Underwriter has provided the following paragraph for inclusion in this Official Statement. The District does not guarantee the accuracy or completeness of the following information, and the inclusion thereof should not be construed as a representation of the District:

Piper Sandler & Co. has entered into a distribution agreement (the "Schwab Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Schwab Agreement, CS&Co. will purchase Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that CS&Co. sells.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolutions providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

Some of the data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended only as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners, beneficial or otherwise, of any of the Bonds.

This Official Statement and the delivery thereof have been duly approved and authorized by the District.

**COLLEGE OF THE SEQUOIAS COMMUNITY
COLLEGE DISTRICT**

By: _____
Brent Calvin, Ed.D.
Superintendent/President

APPENDIX A

FORMS OF OPINIONS OF BOND COUNSEL

Upon issuance and delivery of the Series E Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series E Bonds in substantially the following form:

_____, 2021

Board of Trustees
College of the Sequoias Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ _____ College of the Sequoias Community College District (Tulare and Kings Counties, California) Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Tax-Exempt) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the College of the Sequoias Community College District Tulare Area Improvement District No. 3 (the "Improvement District") voting at an election held on November 8, 2008, and a resolution (the "Resolution") adopted by the Board of Trustees of the College of the Sequoias Community College District (the "District").
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the Improvement District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such

owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bondowner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Upon issuance and delivery of the Series E-1 Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series E-1 Bonds in substantially the following form:

_____, 2021

Board of Trustees
College of the Sequoias Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ _____ College of the Sequoias Community College District (Tulare and Kings Counties, California) Election of 2008 General Obligation Bonds, Series E-1 (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Taxable) (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), commencing with Section 53506 *et seq.*, a fifty-five percent vote of the qualified electors of the College of the Sequoias Community College District Tulare Area Improvement District No. 3 (the "Improvement District") voting at an election held on November 8, 2008, and a resolution (the "Resolution") adopted by the Board of Trustees of the College of the Sequoias Community College District (the "District").

2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the Improvement District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code").

4. Interest on the Bonds is exempt from State of California personal income tax.

5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner's basis in the applicable Bond.

6. The amount by which a Bond owner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of Bond may elect to amortize under Section 171 of the Code. Such amortizable bond

premium reduces the Bond owner's basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series A Refunding Bonds in substantially the following form:

_____, 2021

Board of Trustees
College of the Sequoias Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ _____ College of the Sequoias Community College District (Tulare and Kings Counties, California) 2021 General Obligation Refunding Bonds, Series A (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Tax-Exempt) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution (the “Resolution”) adopted by the Board of Trustees of the College of the Sequoias Community College District (the “District”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.
4. Interest on the Bonds is exempt from State of California personal income tax.
5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner’s basis in the applicable Bond. Original issue discount that accrues to the Bondowner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.
6. The amount by which a Bondowner’s original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the “Code”); such

amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

Upon issuance of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Series B Refunding Bonds in substantially the following form:

_____, 2021

Board of Trustees
College of the Sequoias Community College District

Members of the Board of Trustees:

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of \$ _____ College of the Sequoias Community College District (Tulare and Kings Counties, California) 2021 General Obligation Refunding Bonds, Series B (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Taxable) (the “Bonds”). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, and a resolution (the “Resolution”) adopted by the Board of Trustees of the College of the Sequoias Community College District (the “District”).
2. The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount.
3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”).
4. Interest on the Bonds is exempt from State of California personal income tax.
5. Except for certain exceptions, the difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated payment price at maturity with respect to such Bond (to the extent the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method. The amount of original issue discount deemed received by a Bond owner will increase the Bond owner’s basis in the applicable Bond.
6. The amount by which a Bond owner’s original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which the owner of Bond may elect to amortize under Section 171 of the Code. Such amortizable bond premium reduces the Bond owner’s basis in the applicable Bond (and the amount of taxable interest received) for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in the owner of a Bond realizing a taxable gain when a Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the

Bond to the owner. The owners of the Bonds that have a basis in the Bonds that is greater than the principal amount of the Bonds should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under Section 171 of the Code

Except as expressly set forth in paragraphs (3), (4), (5) and (6), we express no opinion regarding any tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. Our engagement as bond counsel to the District terminates upon the issuance of the Bonds.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

2019-20 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the College of the Sequoias Community College District (the “District”) in connection with the issuance of (i) \$_____ of the District’s Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Tax-Exempt) (the “Series E Bonds”), (ii) \$_____ of the District’s Election of 2008 General Obligation Bonds, Series E-1 (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Taxable) (the “Series E-1 Bonds”), (iii) \$_____ of the District’s 2021 General Obligation Refunding Bonds, Series A (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Tax-Exempt) (the “Series A Refunding Bonds”) and (iv) \$_____ of the District’s 2021 General Obligation Refunding Bonds, Series B (Tulare Area Improvement District No. 3) (Tulare and Kings Counties, California) (Federally Taxable) (the “Series B Refunding Bonds,” and together with the Series E Bonds, the Series E-1 Bonds, and Series A Refunding Bonds, the “Bonds”). The Bonds are being issued pursuant to resolutions of the District adopted on April 12, 2021 (the “Resolutions”). The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolutions, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean initially Capitol Public Finance Group, or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

“Financial Obligation” shall mean (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term “Financial Obligation” does not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

“Holders” shall mean the registered owners of the Bonds.

“Improvement District No. 3” means the College of the Sequoias Community College District Tulare Area Improvement District No. 3.

“Listed Events” shall mean any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

“Official Statement” shall mean the Official Statement, dated as of _____, 2021, relating to the offer and sale of the Bonds.

“Participating Underwriter” shall mean the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Repository” shall mean the Municipal Securities Rulemaking Board, which can be found at <http://emma.msrb.org/>, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District’s fiscal year (presently ending June 30), commencing with the report for the 2020-21 Fiscal Year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content and Form of Annual Reports.

(a) The District’s Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements

in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

2. Material financial information and operating data with respect to the District and Improvement District No. 3 of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

- (A) adopted budget for current fiscal year; and
- (B) full time equivalent student enrollment of the District for the last completed fiscal year.
- (C) assessed valuation of property within Improvement District No. 3 for the current fiscal year
- (D) secured tax charges and delinquencies within Improvement District No. 3 for the last completed fiscal year.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

- 1. principal and interest payment delinquencies.
- 2. tender offers.
- 3. defeasances.
- 4. rating changes.
- 5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).
- 6. unscheduled draws on the debt service reserves reflecting financial difficulties.
- 7. unscheduled draws on credit enhancement reflecting financial difficulties.
- 8. substitution of the credit or liquidity providers or their failure to perform.

9. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

10. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.
2. modifications to rights of Bondholders.
3. optional, contingent or unscheduled Bond calls.
4. unless described under Section 5(a)(5) above, adverse tax opinions, material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
5. release, substitution or sale of property securing repayment of the Bonds.
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms.
7. appointment of a successor or additional paying agent with respect to the Bonds or the change of name of such paying agent.
8. incurrence of a Financial Obligation or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation, any of which affect Bondowners.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in

format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute Dissemination Agent) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds;
- (c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and
- (d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements

as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolutions, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. The District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 13. Signature. This Disclosure Certificate has been executed by the undersigned on the date hereof, and such signature binds the District to the undertaking herein provided.

Dated: _____, 2021

COLLEGE OF THE SEQUOIAS COMMUNITY
COLLEGE DISTRICT

By: _____
Vice President, Administrative Services

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District: COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT

Name of Bond Issue: Election of 2008 General Obligation Bonds, Series E
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California) (Federally Tax-Exempt)

Election of 2008 General Obligation Bonds, Series E-1
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California) (Federally Taxable)

2021 General Obligation Refunding Bonds, Series A
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California) (Federally Tax-Exempt)

2021 General Obligation Refunding Bonds, Series B
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California) (Federally Taxable)

Date of Issuance: _____, 2021

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

COLLEGE OF THE SEQUOIAS COMMUNITY
COLLEGE DISTRICT

By _____ [form only; no signature required]

APPENDIX D

ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF VISALIA AND TULARE COUNTY

The following information regarding the City of Visalia (the “City”), and Tulare County (the “County”) is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District or Bond Counsel.

General

City of Visalia. Founded in 1852, the City was incorporated in 1874, and became a charter city in 1923. Located approximately 185 miles north of Los Angeles and 220 miles south of San Francisco, the City is the county seat of Tulare County and is in the central San Joaquin Valley. It has a land area of approximately 38 square miles and is governed by a five-member City Council elected by district to serve staggered four-year terms. The Council selects one of its members as Mayor, who serves as the executive head of the city for a two year term, under a Council-Manager form of government. The City is the principal trading center for the County and among the businesses operating in the City are technology research, private manufacturing and hospitality services.

Tulare County. A General Law county created by the State of California (the “State”) Legislature in 1852, the County is governed by a five member Board of Supervisors elected by district to serve staggered four-year terms. One of the State’s most productive agricultural counties, the County is less than a three hour drive from the State’s central coast and located in a geographically diverse region near Sequoia and Kings Canyon National Parks, Giant Sequoia National Monument, Sequoia National Forest and Inyo National Forest. It ranks second in the United States in total agricultural value due to its Mediterranean climate and easy access to national as well as international markets. In addition to farming, tourism has been a growing economic highlight for the County.

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Population

The following table shows historical population figures for the City, the County and the State for the past 10 years.

**POPULATION ESTIMATES
2011 through 2020
City of Visalia, Tulare County and the State of California**

<u>Year⁽¹⁾</u>	<u>City of Visalia</u>	<u>Tulare County</u>	<u>State of California</u>
2011	125,531	445,890	37,561,624
2012	126,926	451,153	37,924,661
2013	128,500	455,525	38,269,864
2014	129,470	458,492	38,556,731
2015	130,660	461,662	38,870,150
2016	132,397	465,544	39,131,307
2017	133,872	468,735	39,398,702
2018	135,892	472,915	39,586,646
2019	137,696	476,588	39,695,376
2020	138,649	479,977	39,782,870

⁽¹⁾ As of January 1.

Source: 2010-20 (2010 Demographic Research Unit Benchmark): California Department of Finance for January 1.

Income

The following table summarizes per capita personal income for the County, the State and the United States for the past 10 years.

**PER CAPITA PERSONAL INCOME
2010 through 2019
Tulare County, State of California, and United States**

<u>Year</u>	<u>Tulare County</u>	<u>State of California</u>	<u>United States</u>
2010	\$30,475	\$43,636	\$40,547
2011	32,298	46,175	42,739
2012	32,300	48,813	44,605
2013	33,977	49,303	44,860
2014	36,312	52,363	47,071
2015	37,200	55,833	49,019
2016	38,656	58,048	50,015
2017	39,670	60,549	52,118
2018	40,206	63,720	54,606
2019	42,845	66,619	56,590

Note: Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. Last updated: November 17, 2020 – new statistics for 2019; revised statistics for 2010 - 2018. Estimates for 2010 – 2019 reflect county population estimates available as of March 2020.

All dollar estimates are in current dollars (not adjusted for inflation).

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables list the principal employers located in the City and the County.

PRINCIPAL EMPLOYERS as of June 30, 2020 City of Visalia

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
County of Tulare	Public Administration	5,105
Kaweah Delta Healthcare	Services: Health	4,550
Visalia Unified School District	Services: Education	2,913
Visalia Mall	Retail Trade: General Merchandise Stores	1,200
VF Outdoor Inc.	Manufacturing: Apparel	1,012
Walmart	Retail Trade: General Merchandise Stores	840
Graphic Packaging (Intl. Paper Co.)	Manufacturing: Paper and Allied Products	757
College of the Sequoias	Services: Education	705
City of Visalia	Public Administration	646
UPS	Transportation: Motor Freight Transportation and Warehousing	600

Source: City of Visalia Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2020.

PRINCIPAL EMPLOYERS as of June 30, 2020 Tulare County

<u>Employer Name</u>	<u>Industry</u>	<u>Number of Employees</u>
County of Tulare	Public Administration	5,106
Visalia Unified School District	Services: Educational	3,355
Kaweah Delta Health Care	Services: Health	2,000
Sierra View District Hospital	Services: Health	1,800
Ruiz Food Production, Inc.	Manufacturing: Food and Kindred Products	1,800
Wal-Mart Distribution Center	Transportation: Motor Freight Transportation and Warehousing	1,692
Porterville Development Center	Services: Health	1,173
College of the Sequoias	Services: Educational	745
Jostens	Manufacturing: Printing, Publishing and Allied Industries	720
City of Visalia	Public Administration	653

Source: Tulare County, Comprehensive Annual Financial Report, Fiscal Year Ended June 30, 2020.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2015 through 2019 for the City, the County, the State and the United States.

**LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
2015 through 2019⁽¹⁾
City of Visalia, Tulare County, State of California, and United States**

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment⁽²⁾</u>	<u>Unemployment⁽³⁾</u>	<u>Unemployment Rate (%)</u>
<u>2015</u>				
City of Visalia	61,600	55,900	5,800	9.4
Tulare County	202,200	178,700	23,500	11.6
State of California	18,893,200	17,723,300	1,169,900	6.2
United States	157,130,000	148,834,000	8,296,000	5.3
<u>2016</u>				
City of Visalia	60,500	56,800	3,700	6.2
Tulare County	203,200	180,500	22,700	11.2
State of California	19,044,500	18,002,800	1,041,700	5.5
United States	159,187,000	151,436,000	7,751,000	4.9
<u>2017</u>				
City of Visalia	61,300	58,000	3,300	5.5
Tulare County	204,600	183,200	21,400	10.4
State of California	19,205,300	18,285,500	919,800	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
<u>2018</u>				
City of Visalia	61,300	58,200	3,100	5.1
Tulare County	203,300	183,300	20,000	9.8
State of California	19,398,200	18,582,800	815,400	4.2
United States	162,075,000	155,761,000	6,314,000	3.9
<u>2019</u>				
City of Visalia	61,600	58,500	3,100	5.1
Tulare County	204,000	184,400	19,600	9.6
State of California	19,408,271	18,623,900	784,375	4.0
United States	163,539,000	157,538,000	6,001,000	3.7

Note: Data is not seasonally adjusted.

(1) Annual averages, unless otherwise specified.

(2) Includes persons involved in labor-management trade disputes.

(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.

Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2019 Benchmark.

Industry

The County is included in the Visalia-Porterville Metropolitan Statistical Area. The distribution of employment is presented in the following table for the last five years. These figures may be multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES 2016 through 2020 Tulare County (Visalia-Porterville Metropolitan Statistical Area)

<u>Category</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Farm	38,800	38,700	38,800	37,600	35,100
Total Nonfarm	121,900	125,200	126,300	128,400	123,900
Total Private	90,500	93,400	94,000	95,700	92,300
Goods Producing	18,200	18,500	19,000	19,300	19,100
Mining, Logging, and Construction	5,300	5,700	6,100	6,400	6,500
Manufacturing	12,800	12,800	13,000	12,900	12,600
Durable Goods	3,000	3,100	3,300	3,200	3,100
Nondurable Goods	9,800	9,700	9,700	9,600	9,500
Service Providing	103,700	106,700	107,300	109,200	104,800
Private Service Providing	72,400	74,900	75,000	76,500	73,200
Trade, Transportation and Utilities	27,200	27,600	28,000	27,700	26,900
Wholesale Trade	4,100	4,200	4,300	4,400	4,300
Retail Trade	16,200	16,200	16,300	16,200	15,500
Transportation, Warehousing and Utilities	6,900	7,300	7,400	7,200	7,200
Information	700	700	700	700	600
Financial Activities	4,100	4,100	4,100	4,000	3,800
Professional and Business Services	11,100	12,000	11,000	11,400	10,900
Educational and Health Services	14,400	15,500	16,100	17,100	17,400
Leisure and Hospitality	11,500	11,500	11,800	12,100	10,600
Other Services	3,500	3,500	3,500	3,500	3,100
Government	<u>31,300</u>	<u>31,800</u>	<u>32,300</u>	<u>32,700</u>	<u>31,600</u>
Total, All Industries	<u>160,600</u>	<u>163,900</u>	<u>165,100</u>	<u>166,100</u>	<u>159,000</u>

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment. March 2020 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and the County from 2015 through 2019 are shown in the following tables.

**ANNUAL TAXABLE SALES
2015 through 2019
City of Visalia
(Dollars in Thousands)**

<u>Year</u>	Total Retail and Food Services <u>Permits</u>	Retail and Food	Total All Outlets <u>Permits</u>	Total All Outlets:
		Services: Taxable <u>Transactions</u>		Taxable <u>Transactions</u>
2015	1,867	\$1,743,431	3,022	\$2,647,854
2016	1,914	1,831,373	3,111	2,761,940
2017	1,906	1,851,928	3,060	2,812,428
2018	1,877	1,874,616	3,128	2,930,884
2019	1,907	1,904,658	3,227	3,096,276

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

**ANNUAL TAXABLE SALES
2015 through 2019
Tulare County
(Dollars in Thousands)**

<u>Year</u>	Total Retail and Food Services <u>Permits</u>	Retail and Food	Total All Outlets <u>Permits</u>	Total All Outlets:
		Services: Taxable <u>Transactions</u>		Taxable <u>Transactions</u>
2015	6,097	\$4,042,945	9,168	\$6,319,790
2016	6,178	4,420,659	9,306	6,731,447
2017	6,005	4,857,840	9,081	7,153,011
2018	5,828	5,069,186	9,151	7,444,728
2019	5,985	5,336,501	9,524	7,959,356

Note: Beginning in 2015, the outlet counts in these reports show the number of outlets that were active during the reporting period. Retailers that operate part-time are now tabulated with store retailers. Industry-level data for 2015 on are not comparable to that of prior years.

Source: "Taxable Sales in California," California Department of Tax and Fee Administration.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years for the City and the County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS 2015 through 2019 City of Visalia (Dollars in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Valuation					
Residential	\$154,751	\$352,185	\$143,765	\$147,179	\$172,530
Non-Residential	<u>48,054</u>	<u>77,468</u>	<u>46,923</u>	<u>53,994</u>	<u>108,301</u>
Total	\$202,805	\$429,653	\$190,688	\$201,173	\$280,831
Units					
Single Family	524	575	490	497	652
Multi Family	<u>96</u>	<u>113</u>	<u>62</u>	<u>74</u>	<u>74</u>
Total	620	688	552	571	726

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS 2015 through 2019 Tulare County (Dollars in Thousands)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Valuation					
Residential	\$270,781	\$468,459	\$291,564	\$317,298	\$409,243
Non-Residential	<u>148,963</u>	<u>285,432</u>	<u>157,554</u>	<u>189,463</u>	<u>206,479</u>
Total	\$419,744	\$753,891	\$449,118	\$506,761	\$615,722
Units					
Single Family	1,129	1,159	1,136	1,173	1,612
Multiple Family	<u>132</u>	<u>156</u>	<u>220</u>	<u>347</u>	<u>427</u>
Total	1,261	1,315	1,356	1,520	2,039

Note: Totals may not add to sum due to rounding.

Source: Construction Industry Research Board.

APPENDIX E

TULARE COUNTY INVESTMENT POOL

The following information concerning the Tulare County Investment Pool (the “Investment Pool”) has been provided by the Treasurer-Tax Collector (the “Treasurer-Tax Collector”) of Tulare County (the “County”), and has not been confirmed or verified by the District or the Municipal Advisor. Neither the District nor the Municipal Advisor have made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer-Tax Collector, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, neither the District nor the Municipal Advisor make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer-Tax Collector at <http://tularecounty.ca.gov/treasurertaxcollector/index.cfm/tax-collector/>; however, the information presented on such website is not incorporated herein by any reference.

§ _____
COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
Election of 2008 General Obligation Bonds, Series E
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)

§ _____
COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
Election of 2008 General Obligation Bonds, Series E-1
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Taxable)

PURCHASE CONTRACT

_____, 2021

Board of Trustees
College of the Sequoias Community College District
915 S. Mooney Blvd
Visalia, California 93277

Ladies and Gentlemen:

The undersigned, Piper Sandler & Co. (the “Underwriter”), offers to enter into this Purchase Contract (the “Purchase Contract”) with the College of the Sequoias Community College District (the “District”), which, upon the District’s acceptance hereof, will be binding upon the District and the Underwriter. This offer is made subject to the written acceptance of this Purchase Contract by the District and delivery of such acceptance to the Underwriter at or prior to 11:59 P.M., Pacific time, on the date hereof. Capitalized terms used and not otherwise defined herein shall have the meanings given to such terms in the Resolution (defined below).

The District acknowledges and agrees that (i) the purchase and sale of the Bonds (as defined herein) pursuant to this Purchase Contract is an arm’s-length commercial transaction between the District and the Underwriter (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an agent, fiduciary of or financial advisor to the District, (iii) the Underwriter has not assumed (individually or collectively) a financial advisory or a fiduciary responsibility in favor of the District with respect to (A) the offering of the Bonds (as defined herein) or the process leading thereto (whether or not the Underwriter has advised or is currently advising the District on other matters) or (B) any other obligation to the District except the obligations expressly set forth in this

Purchase Contract and (iv) the District has consulted with its own legal and other professional advisors to the extent it deemed appropriate in connection with the offering of the Bonds. The District further acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the “MSRB”).

1. **Purchase and Sale of the Bonds.** Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriter hereby agrees to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriter for such purpose, all (but not less than all) of (i) \$_____ aggregate principal amount of the College of the Sequoias Community College District Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) (Federally Tax-Exempt) (the “Series E Bonds”) and (ii) \$_____ aggregate principal amount of the College of the Sequoias Community College District Election of 2008 General Obligation Bonds, Series E-1 (Tulare Area Improvement District No. 3) (Federally Taxable) (the “Series E-1 Bonds”, and together with the Series E Bonds, the “Bonds”). The Bonds shall bear interest at the rates, shall mature in the years and shall be subject to redemption as shown on Appendix A hereto, which is incorporated herein by this reference. The Bonds shall be dated the date of delivery and shall bear interest from such date, payable semiannually on February 1 and August 1, commencing August 1, 2021.

The Underwriter shall purchase the Series E Bonds at a price of \$_____ (consisting of the principal amount of the Series E Bonds of \$_____, plus [net] original issue premium of \$_____, and less an Underwriter’s discount of \$_____).

The Underwriter shall purchase the Series E-1 Bonds at a price of \$_____ (consisting of the principal amount of the Series E-1 Bonds of \$_____, plus [net] original issue premium of \$_____, and less an Underwriter’s discount of \$_____).

2. **The Bonds.** The Bonds shall mature on the dates and in the years shown on Appendix A hereto, shall otherwise be as described in the Official Statement (as defined herein), and shall be issued pursuant to the provisions of the resolution of the District adopted on April 12, 2021 (the “Resolution”), this Purchase Contract, and Government Code Section 53506 *et seq.* (the “Act”). The paying agent for the Bonds (the “Paying Agent”) shall be U.S. Bank National Association. The Bonds were authorized at an election within the boundaries of the College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (the “Improvement District”) on November 4, 2008.

The Bonds shall be in fully registered book-entry form, shall bear CUSIP numbers, and shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). The Bonds shall initially be in authorized denominations of Five Thousand Dollars (\$5,000) principal amount or any integral multiple thereof.

The Bonds are being issued to (i) finance the acquisition, construction, modernization and equipping of District sites and facilities within or serving the Improvement District, and (ii) pay the costs of issuing the Bonds.

3. **Use of Documents.** The District hereby authorizes the Underwriter to use, in connection with the offer and sale of the Bonds, this Purchase Contract, the Preliminary Official Statement (as defined herein), the Official Statement, the Continuing Disclosure Certificate (as defined herein), the Resolution and all information contained herein and therein and all of the documents,

certificates or statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Contract.

4. **Public Offering; Establishment of Issue Price.** The Underwriter agrees to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the inside cover page of the Official Statement and Appendix A attached hereto. Subsequent to such initial public offering, the Underwriter reserves the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Series E Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Stradling Yocca Carlson & Rauth, a Professional Corporation (“Bond Counsel”), to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Series E Bonds. All actions to be taken by the District under this section to establish the issue price of the Series E Bonds may be taken on behalf of the District by the District’s municipal advisor identified herein and any notice or report to be provided to the District may be provided to the District’s municipal advisor.

(b) Except as otherwise set forth in Appendix A attached hereto, the District will treat the first price at which 10% of each maturity of the Series E Bonds (the “10% test”) is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test). At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Series E Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Series E Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Series E Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the date of Closing has occurred, until the 10% test has been satisfied as to the Series E Bonds of that maturity or until all Series E Bonds of that maturity have been sold to the public.

(c) The Underwriter confirms that it has offered the Series E Bonds to the public on or before the date of this Purchase Contract at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Appendix A attached hereto, except as otherwise set forth therein. Appendix A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Series E Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agrees that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Series E Bonds, the Underwriter will neither offer nor sell unsold Series E Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriter has sold at least 10% of that maturity of the Series E Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the District when it has sold 10% of that maturity of the Series E Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) The Underwriter confirms that any selling group agreement and any retail distribution agreement relating to the initial sale of the Series E Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (1) report the prices at which it sells to the public the unsold Series E Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Series E Bonds of that maturity or all Series E Bonds of that maturity have been sold to the public and (2) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter. The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Series E Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Series E Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires.

(e) The Underwriter acknowledges that sales of any Series E Bonds to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(i) “public” means any person other than an underwriter or a related party,

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Series E Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Series E Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Series E Bonds to the public),

(iii) a purchaser of any of the Series E Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the

outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) “sale date” means the date of execution of this Purchase Contract by all parties.

5. **Review of Official Statement.** The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated _____, 2021 (the “Preliminary Official Statement”), which has been duly authorized by the District for use by the Underwriter in connection with the sale of the Bonds. The District represents that it has duly authorized and prepared the Preliminary Official Statement for use by the Underwriter in connection with the sale of the Bonds, and that it has deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), interest rate(s), yield(s) to maturity (or redemption, as appropriate), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s), redemption provisions and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to Rule 15c2-12 of the Securities and Exchange Commission (the “SEC”) promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

The Underwriter agrees that prior to the time the Official Statement relating to the Bonds is available, the Underwriter will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail or electronic distribution (or other equally prompt means) not later than the first business day following the date upon which each such request is received. The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system within one business day after receipt thereof from the District, but in no event later than the Closing.

References herein to the Preliminary Official Statement and the Official Statement include the cover page, inside cover pages, and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

6. **Closing.** At 9:00 A.M., Pacific Time, on _____, 2021 or at such other time or on such other date as shall have been mutually agreed upon by the District and the Underwriter (the “Closing”), the District will deliver to the Underwriter, through the facilities of the DTC in New York, New York, or at such other place as we may mutually agree upon, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and at the offices of Bond Counsel in San Francisco, California, the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price set forth in Section 1 hereof in immediately available funds by wire transfer to the account or accounts designated by the District.

7. **Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

- (a) **Due Organization.** The District is a community college district duly organized and validly existing under the laws of the State of California (the “State”), with the full legal right, power and authority to issue the Bonds pursuant to the Act and to observe and perform the District’s covenants and agreements contained herein and therein. The Improvement

District is a school facilities improvement district duly organized and validly existing under the laws of the State.

(b) Due Authorization. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Purchase Contract and the Continuing Disclosure Certificate, to adopt the Resolution, to perform its obligations under each such document or instrument, to approve the Official Statement and to carry out and effectuate the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Resolution, the Continuing Disclosure Certificate and this Purchase Contract have been duly authorized and such authorization, as of the date hereof is, and as of the Closing shall be, in full force and effect; (iv) this Purchase Contract, assuming the due authorization and execution by any other parties thereto, and the Continuing Disclosure Certificate constitute valid and legally binding obligations of the District, enforceable in accordance with their respective terms, except such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws relating to or affecting generally the enforcement of creditors' rights and except as such enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought, and by the limitations on legal remedies against public agencies in the State; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract and the Official Statement.

(c) Consents. No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required, or is required and has not been taken or obtained, in connection with the issuance, delivery or sale of the Bonds, the execution and delivery of this Purchase Contract and the Continuing Disclosure Certificate, the adoption of the Resolution, or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriter may reasonably request, compliance with which the District gives no representation or warranty; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) Internal Revenue Code. The District has complied with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to the Series E Bonds.

(e) No Default; No Conflicts. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Purchase Contract, the Continuing Disclosure Certificate, the Resolution and the Bonds, and the compliance with the provisions hereof and thereof do not conflict with or constitute on the part of the District a violation of or default under, the State Constitution or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) Litigation. As of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District or the Improvement District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices of the District or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, the levy or collection of *ad valorem* property taxes within the boundaries of the Improvement District contemplated by the Resolution and pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Bonds, this Purchase Contract, the Continuing Disclosure Certificate or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, the Continuing Disclosure Certificate or this Purchase Contract; or (iii) in which a final adverse decision could (a) materially adversely affect the operations or financial condition of the District or the consummation of the transactions contemplated by this Purchase Contract, or the Resolution, (b) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Series E Bonds from gross income for federal income tax purposes and the exemption of interest on the Bonds from State personal income taxation.

(g) No Other Debt. Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District, nor any person on behalf of the District, will have issued in the name and on behalf of the District or the Improvement District, any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement.

(h) Certificates. Any certificates signed by any officer of the District and delivered to the Underwriter shall be deemed a representation and warranty by the District to the Underwriter, but not by the person signing the same, as to the statements made therein.

(i) Continuing Disclosure. In accordance with the requirements of the Rule and pursuant to the Resolution, at or prior to the Closing, the District shall have duly authorized, executed and delivered a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”) on behalf of each obligated person for which financial and/or operating data is presented in the Official Statement. The Continuing Disclosure Certificate shall be substantially in the form attached to the Official Statement as Appendix C. Except as otherwise disclosed in the Official Statement, the District has not, within the past five years, failed to comply in a material respect with any of its previous undertakings pursuant to the Rule to provide annual reports or notice of certain listed events.

(j) Official Statement Accurate and Complete. The Preliminary Official Statement, as of the date thereof, did not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of its date and as of the Closing, the Official Statement will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. The District makes no representation or warranty as to the information contained in or omitted from the Preliminary Official Statement or the Official Statement in reliance upon and in conformity

with information furnished in writing to the District by or on behalf of the Underwriter through a representative of the Underwriter specifically for inclusion therein.

If the Official Statement is supplemented or amended pursuant to paragraph (f) of Section 8 of this Purchase Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(k) Levy of Tax. The District hereby agrees to take any and all actions as may be required by Tulare and Kings Counties (together, the “Counties”) or otherwise necessary in order to arrange for the levy and collection of *ad valorem* property taxes for payment of the Bonds, and the deposit and investment of Bond proceeds. In particular, the District hereby agrees to provide to the Tulare County and Kings County Treasurer and Tax Collector and Auditor-Controller (or equivalent officer) a copy of the Resolution, a copy of Appendix A hereto, and the full debt service schedule for the Bonds, in accordance with Education Code Section 15140(c) and policies and procedures of the Counties.

(l) No Material Adverse Change. The financial statements of, and other financial information regarding the District, in the Preliminary Official Statement and the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District.

8. **Covenants of the District.** The District covenants and agrees with the Underwriter that:

(a) Securities Laws. The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriter if and as the Underwriter may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, provided, however, that the District shall not be required to consent to service of process in any jurisdiction in which it is not so subject as of the date hereof;

(b) Application of Proceeds. The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution;

(c) Official Statement. The District hereby agrees to deliver or cause to be delivered to the Underwriter, not later than the seventh (7th) business day following the date this Purchase Contract is signed, copies of an Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District (such Official Statement with such changes being herein called the “Official Statement”) in such quantities as may be requested by the Underwriter not later than seven (7) business days following the date this Purchase Contract is signed, in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the

MSRB. The District hereby authorizes the Underwriter to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) Subsequent Events. The District hereby agrees to notify the Underwriter of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District, until the date which is twenty-five days following the Closing;

(e) Amendments to Official Statement. During the period ending on the 25th day after the End of the Underwriting Period (as defined herein) (or such other period as may be agreed to by the District and the Underwriter), the District (i) shall not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without the prior written consent of the Underwriter and (ii) shall notify the Underwriter promptly if any event shall occur, or information comes to the attention of the District, that is reasonably likely to cause the Official Statement (whether or not previously supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the opinion of the Underwriter or the District, such event requires the preparation and distribution of a supplement or amendment to the Official Statement, the District shall prepare and furnish to the Underwriter, at the District's expense, such number of copies of the supplement or amendment to the Official Statement, in form and substance mutually agreed upon by the District and the Underwriter, as the Underwriter may reasonably request. If such notification shall be given subsequent to the Closing, the District also shall furnish, or cause to be furnished, at its own expense, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

(1) For purposes of this Purchase Contract, the "End of the Underwriting Period" is used as defined in the Rule and shall occur on the later of (A) the date of Closing or (B) when the Underwriter no longer retain an unsold balance of the Bonds; unless otherwise advised in writing by the Underwriter on or prior to the Closing, or otherwise agreed to by the District and the Underwriter, the District may assume that the End of the Underwriting Period is the Closing.

9. Representations, Warranties and Agreements of the Underwriter. The Underwriter represents to and agrees with the District that, as of the date hereof and as of the Closing:

(a) The Underwriter is duly authorized to execute this Purchase Contract and to take any action under the Purchase Contract required to be taken by it.

(b) The Underwriter is in compliance with MSRB Rule G-37 with respect to the District, and is not prohibited thereby from acting as underwriter with respect to securities of the District.

(c) The Underwriter has, and has had, no financial advisory relationship, as that term is defined in the Government Code section 53590(c) or MSRB Rule G-23, with the District with respect to the Bonds, and no investment firm controlling, controlled by or under common control with the Underwriter has or has had any such financial advisory relationship.

10. **Conditions to Closing.** The Underwriter has entered into this Purchase Contract in reliance upon the representations, warranties and covenants of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject to the following further conditions at the Closing:

(a) Representations True. The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing, as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriter at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(b) Obligations Performed. At the time of the Closing, (i) the Official Statement, this Purchase Contract, the Continuing Disclosure Certificate and the Resolution shall be in full force and effect and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter; (ii) all actions under the Act which, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of its obligations required under or specified in the Resolution, this Purchase Contract, the Continuing Disclosure Certificate, or the Official Statement to be performed at or prior to the Closing;

(c) Adverse Rulings. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Purchase Contract (and not reversed on appeal or otherwise set aside), or shall be pending, or to the best knowledge of the District, threatened, which has any of the effects described in Section 7(f) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) Marketability. Between the date hereof and the Closing, the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, at the initial offering prices of the Bonds set forth in the Official Statement, shall not have been materially adversely affected in the evidenced judgment of the Underwriter by reason of any of the following:

(1) legislation enacted by the Congress of the United States or passed by either House of the Congress, or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, or introduced in the Congress or recommended for passage by the President of the United States or a member of the President's cabinet (by press release, other form of notice or otherwise), or a decision rendered by a court established under Article III of the Constitution of the United States, with the purpose or effect, directly or indirectly, of changing, directly or indirectly, the State tax consequences of interest on the Bonds or of obligations of the general character of the Bonds in the hands of the holders thereof, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made, by or on behalf of the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying

arrangements, are not exempt from registration under the Securities Act of 1933, as amended;

(2) legislation enacted by the legislature of the State, or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

(3) any outbreak or escalation or hostilities affecting the United States, the declaration by the United States of a national or international emergency or war, or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;

(4) the declaration of a general banking moratorium by federal, New York or State authorities, or the general suspension of trading by the New York Stock Exchange, any national securities exchange, or any governmental authority securities exchange;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(7) the withdrawal or downgrading or placement on credit watch of any underlying rating of the District's outstanding indebtedness by a national rating agency;

(8) the occurrence, since the date hereof, of any materially adverse change in the affairs or financial condition of the District;

(9) any amendment shall have been made to the federal or State Constitution or action by any federal or State court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the District, its property, income securities (or interest thereon) or the validity or enforceability of the levy of *ad valorem* property taxes to pay principal of and interest on the Bonds;

(10) any event occurring, or information becoming known which makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; or

(11) the suspension by the SEC of trading in the outstanding securities of the District.

(e) Delivery of Documents. At or prior to the date of the Closing, the Underwriter shall receive sufficient copies of the following documents in each case dated as of the Closing and satisfactory in form and substance to the Underwriter:

(1) Opinions.

(i) Bond Opinion. The approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing and addressed to the District, in substantially the form set forth in the Preliminary Official Statement and the Official Statement as Appendix A;

(ii) Supplemental Opinion of Bond Counsel. A supplemental opinion of Bond Counsel, addressed to the District and the Underwriter, dated the date of the Closing, substantially to the following effect:

(A) the description of the Bonds and the security for the Bonds and statements in the Official Statement on the cover thereof and under the captions “INTRODUCTION,” “THE BONDS,” “LEGAL MATTERS – Continuing Disclosure – Current Undertaking,” and “TAX MATTERS,” to the extent they purport to summarize certain provisions of the Bonds, the Resolution, the Continuing Disclosure Certificate and the form and content of Bond Counsel’s approving opinion with respect to the treatment of interest on the Bonds under State or federal law, fairly and accurately summarize the matters purported to be summarized therein; provided that Bond Counsel need not express any opinion with respect to (i) any information contained in Appendices __, __, or __ to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, tables, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to The Depository Trust Company or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) the District’s compliance with its obligations to file annual reports or provide notice of the events described in Rule 15c2-12 promulgated under the Securities Act of 1934, (vi) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption “MISCELLANEOUS – Underwriting,” and (vii) any information with

respect to the ratings on the Bonds and the rating agencies referenced therein, including but not limited to information under the caption “MISCELLANEOUS – Ratings;”

(B) the Continuing Disclosure Certificate and this Purchase Contract have each been duly authorized, executed and delivered by the District and, assuming the due authorization, execution and delivery by the other parties thereto, constitute legal, valid and binding agreements of the District enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights and except as their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases if equitable remedies are sought and by the limitations on legal remedies against public agencies in the State; and

(C) the Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended; and

(iii) Reliance Letter. A reliance letter from Bond Counsel to the effect that the Underwriter can rely upon the approving opinion described in Section 10(e)(1)(i) above;

(2) Disclosure Counsel Letter. A letter of Stradling Yocca Carlson & Rauth, a Professional Corporation, dated the date of Closing and addressed to the District, substantially to the effect that based on such counsel’s participation in conferences with representatives of the Underwriter, the municipal advisor to the District, the District and others, during which conferences the contents of the Official Statement and related matters were discussed, and in reliance thereon and on the records, documents, certificates and opinions described therein, such counsel advises the District, as a matter of fact and not opinion, that during the course of its engagement as Disclosure Counsel no information came to the attention of such counsel’s attorneys rendering legal services in connection with such representation which caused such counsel to believe that the Official Statement as of its date contained, or as of the Closing contains, any untrue statement of a material fact or as of its date omitted, or as of the Closing omits, to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that Disclosure Counsel need not express any opinion with respect to (i) any information contained in Appendices __, __, or __ to the Official Statement, (ii) financial or statistical data or forecasts, numbers, charts, tables, estimates, projections, assumptions or expressions of opinion contained in the Official Statement, including in any of the appendices thereto, (iii) information with respect to DTC or its book-entry only system included therein, (iv) any CUSIP numbers or information relating thereto, (v) the District’s compliance with its obligations to file annual reports or provide notice of the events described in Rule 15c2-12 promulgated under the Securities Act of 1934, (vi) any information with respect to the Underwriter or underwriting matters with

respect to the Bonds, including but not limited to information under the caption “MISCELLANEOUS – Underwriting,” and (vii) any information with respect to the ratings on the Bonds and the rating agencies referenced therein, including, but not limited to, information under the caption “MISCELLANEOUS – Ratings”);

(3) Certificate of the District. A certificate signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Purchase Contract and the Continuing Disclosure Certificate and to approve the Official Statement (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution, the Continuing Disclosure Certificate and this Purchase Contract to be complied with by the District prior to or concurrently with the Closing and, as to the District, such documents are in full force and effect, (iv) such District officials have reviewed the Preliminary Official Statement and the Official Statement and on such basis certify that the Preliminary Official Statement did not as of its date and the Official Statement does not as of its date and the date of closing contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, (v) the Bonds being delivered on the date of the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the Resolution, (vi) no event concerning the District has occurred since the date of the Official Statement which has not been disclosed therein or in any supplement thereto, but should be disclosed in order to make the statements in the Official Statement in light of the circumstances under which they were made not misleading, and (vii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or public body, pending or, to the best knowledge of such officials, threatened against the District, contesting in any way the completeness or accuracy of the Official Statement, the issuance of the Bonds by the District on behalf of the District or the due adoption of the Resolution;

(4) Arbitrage. A nonarbitrage and tax certificate of the District with respect to the Series E Bonds, in form satisfactory to Bond Counsel;

(5) Ratings. Evidence that the ratings on the Bonds described in the Official Statement are in full force and effect as of the Closing;

(6) Resolution. A certificate, together with fully executed copies of the Resolution, of the Secretary to the District’s Board of Trustees to the effect that:

- (i) such copies are true and correct copies of the Resolution; and
- (ii) the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing;

(7) Official Statement. A certificate of the appropriate official of the District evidencing his or her determinations respecting the Preliminary Official Statement in accordance with the Rule;

(8) Continuing Disclosure Certificate. An executed copy of the Continuing Disclosure Certificate, substantially in the form presented in the Official Statement as Appendix C thereto;

(9) Certificate of the Paying Agent. A certificate of the Paying Agent, dated the date of the Closing, signed by a duly authorized officer thereof, and in form and substance satisfactory to the Underwriter, substantially to the effect that no litigation is pending or, to the best of such officer's knowledge, threatened (either in state or federal courts) (i) seeking to restrain or enjoin the delivery by the Paying Agent of any of the Bonds, or (ii) in any way contesting or affecting any authority of the Paying Agent for the delivery of the Bonds or the validity or enforceability of the Bonds or any agreement with the Paying Agent;

(10) Underwriter's Counsel Opinion. An opinion of _____, counsel to the Underwriter, in form and substance satisfactory to the Underwriter; and

(11) Other Documents. Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel or the Underwriter may reasonably request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained and of the Official Statement, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) Termination. Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered to the Underwriter for review prior to the close of business, Pacific Time, on a day no later than two business days prior to the Closing, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriter under Section 14 hereof.

If the District is unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Contract or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or if by telephone, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

11. **Conditions to Obligations of the District**. The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriter of its obligations hereunder; and (ii) receipt by the District and the Underwriter of opinions and certificates being delivered at the Closing by persons and entities other than the District.

12. **Expenses**. (a) To the extent that the transactions contemplated by this Purchase Contract are consummated, the District shall pay (or cause to be paid), and the Underwriter shall be under no obligation to pay, costs of issuance of the Bonds from proceeds thereof, including, but not limited to, the following (i) the cost of the preparation and reproduction of the Resolution; (ii) the fees

and disbursements of Bond Counsel, Disclosure Counsel, and the District's municipal advisor; (iii) the cost of the preparation, printing and delivery of the Bonds; (iv) the fees for bond ratings; (v) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (vi) the initial fees of the Paying Agent and Fiscal Agent (as defined herein); (vii) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Bonds; and (viii) all other fees and expenses incident to the issuance and sale of the Bonds. The District hereby directs the Underwriter to wire, at the Closing, a portion of the purchase price of the Bonds not-to-exceed \$_____ to U.S. Bank National Association, as fiscal agent to the District (the "Fiscal Agent"), for the payment of costs of issuance with respect to the Bonds.

(b) Notwithstanding any of the foregoing, the Underwriter shall pay all out-of-pocket expenses of the Underwriter, including the fees of counsel to the Underwriter, the California Debt and Investment Advisory Commission fee and other expenses (except those expressly provided above) without limitation, except travel and related expenses in connection with the bond ratings.

(c) Notwithstanding Section 10(f) hereof, the District hereby agrees, in the event the purchase and sale of the Bonds does not occur as contemplated hereunder, to reimburse the Underwriter for any costs described in Subsection 12(a)(vii) above that are attributable to District personnel.

(d) The District acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

13. **Notices.** Any notice or other communication to be given under this Purchase Contract (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, College of the Sequoias Community College District, 915 S. Mooney Blvd, Visalia, California 93277, Attention: Vice President, Administrative Services; or if to the Underwriter, to Piper Sandler & Co., 2321 Rosecrans Avenue, Suite 3200, El Segundo, California 90245, Attention: Trennis Wright, Managing Director.

14. **Parties in Interest; Survival of Representations and Warranties.** This Purchase Contract when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriter. This Purchase Contract is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter). No person shall acquire or have any rights hereunder or by virtue hereof. All the representations, warranties and agreements of the District in this Purchase Contract shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriter, (b) delivery of and payment by the Underwriter for the Bonds hereunder, and (c) any termination of this Purchase Contract.

15. **Execution in Counterparts.** This Purchase Contract may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

16. **Applicable Law.** This Purchase Contract shall be interpreted, governed and enforced in accordance with the laws of the State applicable to contracts made and performed in such State.

Very truly yours,

PIPER SANDLER & CO., as Underwriter

By: _____
Authorized Officer

The foregoing is hereby agreed to and accepted at _____ p.m. California time as of the date first above written:

**COLLEGE OF THE SEQUOIAS COMMUNITY
COLLEGE DISTRICT**

By: _____
Vice President
Administrative Services

APPENDIX A

\$ _____
COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
Election of 2008 General Obligation Bonds, Series E
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)

\$ _____ Serial Bonds						
Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule	Hold the Price Rule

\$ _____ Term Bonds						
Maturity (August 1)	Principal Amount	Interest Rate	Yield	Price	10% Rule	Hold the Price Rule

* 10% of each maturity of the Bonds sold to the public on the sale date.

⁽¹⁾ Yield to call at par on August 1, 20__.

Redemption Provisions

[To Come]

\$ _____
COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
Election of 2008 General Obligation Bonds, Series E-1
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Taxable)

\$ _____ Serial Bonds

<u>Maturity</u> <u>(August 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>
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Redemption

[To come.].

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

§ _____
COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT
(Tulare and Kings Counties, California)
Election of 2008 General Obligation Bonds, Series E
(Tulare Area Improvement District No. 3)
(Tulare and Kings Counties, California)
(Federally Tax-Exempt)

ISSUE PRICE CERTIFICATE

The undersigned, on behalf of Piper Sandler & Co. (“Piper Sandler”) hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the Bonds/General Rule Maturities.*** As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities.***

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule I (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule II.

(b) As set forth in the Purchase Contract, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, they would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. ***Defined Terms.***

(a) *District* means College of the Sequoias Community College District.

(b) *General Rule Maturities* means those Maturities of the Bonds listed in Schedule I hereto as the “General Rule Maturities.”

(c) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule I hereto as the “Hold-the-Offering-Price Maturities.”

(d) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2021), or (ii) the date on which the Underwriter has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(c) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2021.

(e) *Underwriter* means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

[REMAINDER OF PAGE LEFT BLANK]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Piper Sandler's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Stradling Yocca Carlson & Rauth, P.C., in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

PIPER SANDLER & CO., as Underwriter

By: _____

—

Name: _____

—

Dated: _____, 2021

SCHEDULE A

**SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES
OF THE HOLD-THE-OFFERING-PRICE MATURITIES**

Maturity (August 1)	Principal Amount	\$ _____ Interest Rate	Serial Bonds Yield	Price	10% Rule	Hold the Price Rule
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Maturity (August 1)	Principal Amount	\$ _____ Interest Rate	Term Bonds Yield	Price	10% Rule	Hold the Price Rule
--------------------------------	-----------------------------	---------------------------------------	-----------------------------	--------------	-----------------	--------------------------------

* 10% of each maturity of the Bonds sold to the public on the sale date.

(1) Yield to call at par on August 1, 20__.