

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**  
**Board of Trustees Meeting**  
June 10, 2024

**A RESOLUTION OF THE BOARD OF TRUSTEES OF 11**  
**THE COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE**  
**DISTRICT, AUTHORIZING THE ISSUANCE AND SALE OF**  
**ELECTION 2022 GENERAL OBLIGATION BONDS, SERIES A**  
**(VISALIA AREA IMPROVEMENT DISTRICT NO. 2)**  
**(DEDICATED UNLIMITED AD VALOREM PROPERTY TAX**  
**BONDS), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO**  
**EXCEED \$95,000,000 AND APPROVING CERTAIN OTHER**  
**MATTERS RELATING TO SAID BONDS THERETO**  
**(Resolution No. 2024-09)**

**Status:** Action (Roll Call Vote)

Presented by: Ron Perez  
Assistant Superintendent/Vice President, Administrative Services

**OVERVIEW/BACKGROUND**

An election was held in the District on November 8, 2022 at which the voters approved the issuance of \$95,000,000 of general obligation bonds (“Measure C”). The District desires to issue the first and final series of bonds under Measure C in an aggregate principal amount not-to-exceed \$95,000,000 (the “Measure C Bonds” or the “New Money Bonds”), for the purpose of financing voter-approved Measure C projects and to pay the costs of issuing Measure C Bonds.

The attached Resolution and materials have been publicly noticed as an action item for consideration by the Board.

- a) Board Resolution. The Resolution authorizes the issuance of Bonds, outlines the parameters and forms of Bonds, and approves certain “form documents” including the Contract of Purchase, Preliminary Official Statement and Continuing Disclosure Certificate described below. The Resolution also authorizes the District’s Superintendent/President, Assistant Superintendent/Vice President, Administrative Services, and their designees to approve any changes to, and execute the legal documents, when finalized. In particular, the Resolution establishes the maximum aggregate principal amount of \$95,000,000 Measure C Bonds. Section 5 of the Resolution states the maximum underwriter’s discount (0.5% of principal amount issued) with respect to the Bonds, the maximum legal interest rate on the Bonds, Section 22 authorizes the Bonds to be sold at a negotiated sale to Raymond James & Associates, Inc. (the “Underwriter”), and Section 23 provides certain good faith estimates provided by the District’s Municipal Advisor.

- b) Contract of Purchase. Under this document, which will be signed the day of the pricing of the Bonds, the Underwriter agrees to purchase all of the Bonds from the District at an established price and discount. Immediately prior to the District's executing the Contract of Purchase, the Underwriter will "price" the Bonds in the public market -- that is, they will identify the interest rate which the Bonds will bear when sold to investors. A final underwriting discount will be established at the same time and incorporated into the terms of the Contract of Purchase. All the conditions of closing the transaction is set forth in this document, including the documentation to be provided at the closing by various parties.
  
- c) Preliminary Official Statement. There has been submitted to the District a form of preliminary official statement ("POS") for the Bonds, which contains information, statistics, and description of the Bonds, the District and its tax base that prospective purchasers of the Bonds are likely to need in order to make an investment decision. The District has retained Disclosure Counsel to prepare this document and to complete it once the pricing and sale of the Bonds is complete. After the Bonds are sold and the interest rates are "locked in" and confirmed, items such as the Maturity Schedule, Par or Principal Amount of the Bonds, Redemption provisions and Closing Date are entered into what becomes the final Official Statement. The data included in the Official Statement must be reviewed by District staff and the Governing Board, and the content is reviewed by Bond Counsel, Disclosure Counsel, the Municipal Advisor and Underwriter.
  
- d) Continuing Disclosure Certificate. This document appears as Appendix D to the POS. Under this document, the District certifies for the benefit of the Bond Holders and in order to assist the Underwriter in complying with Securities Laws, that it will file Annual Reports, Audited Financial Statements and notices of certain listed events in each year while the Bonds are outstanding. For the New Money Bonds, the first Annual Report will be due on or before March 28, 2025.

### **FISCAL IMPACT**

There is no fiscal impact to the General Fund resulting from the issuance and sale of 2022 General Obligation Bonds.

### **RECOMMENDATION**

Staff recommends approval of Resolution #2024-09, authorizing the issuance and sale of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), in an Aggregate Principal Amount Not to Exceed \$95,000,000 and Approving Certain Other Matters Relating to Said Bonds.

**Resolution No. 2024-09**

**RESOLUTION OF THE BOARD OF TRUSTEES OF THE COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF TULARE, CALIFORNIA, AUTHORIZING THE ISSUANCE AND SALE OF ITS ELECTION OF 2022 GENERAL OBLIGATION BONDS, SERIES A (VISALIA AREA IMPROVEMENT DISTRICT NO. 2) (DEDICATED UNLIMITED *AD VALOREM* PROPERTY TAX BONDS), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$95,000,000, AND APPROVING CERTAIN OTHER MATTERS RELATING TO SAID BONDS**

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**RESOLUTION OF THE BOARD OF TRUSTEES OF THE COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT OF THE COUNTY OF TULARE, CALIFORNIA AUTHORIZING THE ISSUANCE AND SALE OF ITS ELECTION OF 2022 GENERAL OBLIGATION BONDS, SERIES A (VISALIA AREA IMPROVEMENT DISTRICT NO. 2) (DEDICATED UNLIMITED *AD VALOREM* PROPERTY TAX BONDS), IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$95,000,000, AND APPROVING CERTAIN OTHER MATTERS RELATING TO SAID BONDS**

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**WHEREAS**, a duly called election was held in the College of the Sequoias Visalia Area Improvement District No. 2 of the College of the Sequoias Community College District (the “**Improvement District**”), County of Tulare (the “**County**”), State of California, on November 8, 2022 (the “**Election**”), and thereafter canvassed pursuant to law; and

**WHEREAS**, at the Election, there was submitted to and approved by the requisite fifty-five percent (55%) vote of the qualified electors of the Improvement District a question as to the issuance and sale of general obligation bonds of the District, issued for the benefit of the land within the Improvement District, for various purposes set forth in the ballot submitted to the voters, in the maximum aggregate principal amount of \$95,000,000 to finance the projects described in the measure (“**Measure C**”) payable from the levy of an *ad valorem* property tax against the taxable property in the Improvement District (the “**Authorization**”); and

**WHEREAS**, no general obligation bonds have previously been issued under the Authorization; and

**WHEREAS**, pursuant to the Authorization, the Board of Trustees (the “**Governing Board**”) of the College of the Sequoias Community College District (the “**District**”), acting as the governing board of the Improvement District, has now determined that the Improvement District has a requirement for the construction, improvement, furnishing and equipping of certain of its public facilities, as provided for in the Authorization (the “**Project**”) and desires to issue, on behalf of the Improvement District, its Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) in an aggregate principal amount not to exceed \$95,000,000 (the “**Bonds**”), in one or more series or tranches on a federally taxable or tax-exempt basis, in the form of Current Interest Bonds (as defined herein); and

**WHEREAS**, this Governing Board has determined that it is desirable to sell the Bonds pursuant to a negotiated sale to Raymond James & Associates, Inc., as underwriter of the Bonds (the “**Underwriter**”) pursuant to a Contract of Purchase (as defined herein), a form of which has been submitted to this meeting of the Governing Board and is on file with the Clerk of the Governing Board (the “**Clerk**”); and

**WHEREAS**, a form of the preliminary official statement (the “**Preliminary Official Statement**”) relating to the Bonds has been submitted to this meeting of the Governing Board and is on file with the Clerk; and

**WHEREAS**, a form of Continuing Disclosure Certificate (the “**Continuing Disclosure Certificate**”), attached as Appendix D to the Preliminary Official Statement, has been submitted to this meeting of the Governing Board and is on file with the Clerk; and

**WHEREAS**, this Governing Board desires that the County should levy and collect an *ad valorem* property tax on all taxable property within the Improvement District sufficient to provide for payment of the Bonds (with certain property subject to limitations), and intends by the adoption of this Resolution to notify the Board of Supervisors of the County, the Auditor-Controller/Treasurer-Tax Collector of the County (the “**Auditor-Controller**” or “**Treasurer**” as applicable) and other officials of the County that they should take such actions as shall be necessary to provide for the levy and collection of such tax and payment of the Bonds; and

**WHEREAS**, this Governing Board recognizes that California Senate Bill No. 222 (Chapter 78, Statutes of 2015) (“**SB 222**”) as codified in Section 15251 of the California Education Code (the “**Education Code**”) and commencing with Section 53515 of the California Government Code (the “**Government Code**”), provides that general obligation bonds of the District shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of taxes levied to pay the bonds, when collected by the County, to secure repayment of bonds, effective January 1, 2016; and

**WHEREAS**, the pledge of tax revenues and grant of a lien thereon and security interest therein included in this Resolution to secure payment of the G.O. Bonds (as defined herein) is intended to be a consensual security agreement with the registered owners of the G.O. Bonds separate and apart from, and in addition to, any statutory lien on such revenues to which they are entitled; and

**WHEREAS**, Senate Bill 1029 (“**SB1029**”) was signed by the California Governor on September 12, 2016 and places additional responsibilities on any issuer of public debt, including adopting debt management policies that meet certain criteria; and

**WHEREAS**, the District represents that it will be in compliance with SB1029 pre-issuance requirements, the Bonds will be issued in compliance with the District’s debt management policy, and the District will comply with all post-issuance requirements of SB1029; and

**WHEREAS**, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“**SB 450**”) requires that the Governing Board obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (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 on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

**WHEREAS**, in compliance with SB 450, the Governing Board has obtained from the Municipal Advisor the required good faith estimates and such estimates are disclosed and set forth in Section 23 hereof; and

**WHEREAS**, all acts, conditions and other matters 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, issued on behalf of the Improvement District, and the indebtedness of the Improvement District, including this proposed issue of the Bonds, is within all limits prescribed by law;

**NOW THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED** by the Board of Trustees of the College of the Sequoias Community College District, acting as the governing board of said District's College of the Sequoias Visalia Area Improvement District No. 2, County of Tulare, California, as follows:

SECTION 1. Definitions. Capitalized terms used but not defined herein shall have the meanings set forth in the Recitals hereto. Additionally, the following terms shall for all purposes of this Resolution have the following meanings:

"Authorized Investments" shall mean legal investments authorized by Section 53601 of the Government Code.

"Authorized Officer" and "Authorized Officers" has the meaning provided in Section 6 herein.

"Authorizing Law" shall mean, collectively, (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code, as amended; (ii) applicable provisions of the Education Code, as amended; and (iii) Article XIII A of the California Constitution.

"Board of Supervisors" shall mean the Board of Supervisors of the County.

"Bond Counsel" shall mean Norton Rose Fulbright US LLP.

"Bond Register" shall mean the books referred to in Section 16 of this Resolution.

"Building Fund" shall mean the College of the Sequoias Community College District, Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) Building Fund funded with the proceeds of the Bonds, and any subaccounts established therein, established at the direction of the District and administered by the Treasurer.

"Business Day" shall mean a day which is not a Saturday, Sunday or a day on which banking institutions in the State or the State of New York and the New York Stock Exchange are authorized or required to be closed.

"Code" shall mean the Internal Revenue Code of 1986, as amended.



“Common Issue Bonds” means the Tax-Exempt Bonds and any other tax-exempt obligations sold within 15 days of the Tax-Exempt Bonds that are part of the same issue as the Tax-Exempt Bonds pursuant to section 1.150-1(c) of the Regulations.

“Contract of Purchase” shall mean the Purchase Contract by and between the District and the Underwriter relating to the Bonds.

“Costs of Issuance” shall mean all of the authorized costs of issuing the Bonds as described in the Authorizing Law, including but not limited to, all printing and document preparation expenses in connection with this Resolution, the Bonds and the Preliminary Official Statement and the Official Statement pertaining to the Bonds and any and all other agreements, instruments, certificates or other documents prepared in connection therewith; underwriter’s fees; rating agency fees and related costs; auditor’s fees; CUSIP service bureau charges; legal fees and expenses of counsel with respect to the financing, including the fees and expenses of Bond Counsel and Disclosure Counsel; the fees and expenses of the Paying Agent; the fees and expenses of the Municipal Advisor; fees for credit enhancement (if any) relating to the Bonds; and other fees and expenses incurred in connection with the issuance of the Bonds, to the extent such fees and expenses are approved by the District. If it appears in the best interests of the District to acquire credit enhancement to secure the payment of all or a portion of the principal and interest with respect to the Bonds, or obtain a legal opinion addressed to the rating agency(ies) from Bond Counsel or special revenue opinion counsel which is necessary to obtain a rating that provides for a lower cost of funds to the District, then an Authorized Officer may so provide in the Contract of Purchase.

“County Office of Education” shall mean the Office of Education of the County and such other persons as may be designated by the County Office of Education to perform any operational and disbursement functions hereunder.

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

“Date of Delivery” shall mean the date on which the Underwriter purchase the Bonds.

“Debt Service” shall have the meaning given to that term in Section 18 of this Resolution.

“Debt Service Fund” shall mean the Debt Service Fund established pursuant to Section 18 of this Resolution.

“Depository” shall mean DTC and its successors and assigns or if (a) the then-acting Depository resigns from its functions as securities depository for the Bonds, or (b) the District discontinues use of the Depository pursuant to this Resolution, any other securities depository which agrees to follow procedures required to be followed by a securities depository in connection with the Bonds.

“Disclosure Counsel” shall mean Norton Rose Fulbright US LLP, in its capacity as disclosure counsel to the District with respect to the Bonds.

“DTC” shall mean The Depository Trust Company, and its successors and assigns.

“EMMA” shall mean the Electronic Municipal Market Access website of the MSRB, currently located at <http://emma.msrb.org>.

“Fiscal Year” shall mean the twelve-month period commencing on July 1 of each year and ending on the following June 30 or any other fiscal year selected by the District.

“G.O. Bonds” shall mean all general obligation bonds of the District heretofore or hereafter issued on behalf of the Improvement District pursuant to voter approved measures of the Improvement District, including Measure C and Measure I.

“Information Services” shall mean EMMA and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a certificate of the District delivered to the Paying Agent.

“Interest Payment Date” shall mean February 1 and August 1 in each year, commencing on February 1, 2025, or as otherwise specified in the Contract of Purchase.

“Measure C” shall mean the general obligation bond measure approved by more than 55% of Improvement District voters on November 8, 2022 authorizing the issuance of an aggregate principal amount of \$95,000,000 in general obligation bonds to finance the projects described in the measure, payable from *ad valorem* property taxes.

“Measure I” shall mean the general obligation bond measure approved by more than 55% of Improvement District voters on November 4, 2008 authorizing the issuance of an aggregate principal amount of \$28,000,000 in general obligation bonds to finance the projects described in the measure, payable from *ad valorem* property taxes.

“Moody’s” shall mean Moody’s Investors Service, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive the reports described in the Continuing Disclosure Certificate. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through EMMA.

“Municipal Advisor” shall mean KNN Public Finance LLC, as Municipal Advisor to the District.

“Nominee” shall mean the nominee of the Depository which may be the Depository, as determined from time to time by the Depository.

“Official Statement” shall mean the final official statement of the District describing the Bonds.

“Outstanding” when used with reference to the Bonds, shall mean, 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 14 hereof; and
- (iii) Bonds for the payment or redemption of which funds or eligible securities 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 42 of this Resolution.

“Owner” shall mean the registered owner, as indicated in the Bond Register, of any Bond.

“Participant” shall mean a member of or participant in the Depository.

“Paying Agent” shall mean the paying agent designated pursuant to Section 31 hereof.

“Pledged Moneys” shall have the meaning given to that term in Section 19 of this Resolution.

“Principal” or “Principal Amount” shall mean, as of any date of calculation, with respect to any Bond, the principal amount thereof.

“Project” shall mean the capital improvements further described in Section 7 of this Resolution and delineated in the ballot presented to and approved by the voters of the Improvement District at the Election.

“Project Costs” shall mean all of the expenses of and incidental to the construction, acquisition, equipping or furnishing of the Project to be funded with the proceeds of the Bonds.

“Rebate Fund” shall mean the Rebate Fund established pursuant to Section 20 of this Resolution.

“Record Date” shall mean the close of business on the fifteenth calendar day of the month next preceding an Interest Payment Date.

“Regulations” shall mean the regulations of the United States Department of the Treasury proposed or promulgated under Sections 103 and 141 through 150 of the Code which by their terms are effective with respect to the Bonds and similar Treasury Regulations to the extent not inconsistent with Sections 103 and 141 through 150 of the Code, including regulations promulgated under Section 103 of the Internal Revenue Code of 1954, as amended.

“S&P” shall mean S&P Global Ratings, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District.

“Securities Depositories” shall mean The Depository Trust Company, 55 Water Street, New York, New York 10041, Facsimile transmission: (212) 785-9681, (212) 855-3215, and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

“Superintendent” shall mean the Superintendent/President of the District.

“Supplemental Resolution” shall mean any resolution supplemental to or amendatory of this Resolution, adopted by the District in accordance with Section 39 or Section 40 hereof.

“Tax Certificate” means the Tax Certificate delivered by the District on the Date of Delivery.

“Taxable Bonds” means those Bonds, which by their terms, bear interest that is not excluded from gross income for purposes of Federal income taxation.

“Tax-Exempt Bonds” means any Bonds designated by an Authorized Officer of the District to be Tax-Exempt Bonds, which by the terms of such Bonds, bear interest that is excluded from gross income for purposes of Federal income taxation.

“Term Bond” shall mean any Bond which, by its terms, has a single maturity but is subject to mandatory sinking fund redemption prior to the date of such maturity.

SECTION 2. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Except where the context otherwise requires, words importing the singular shall include the plural and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

SECTION 3. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Authorizing Law.

SECTION 4. Resolution to Constitute Consensual Agreement. In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued hereunder by those who shall own the same from time to time, this Resolution shall be deemed to be and shall constitute a consensual agreement among the District and the Owners from time to time of the Bonds; and the pledge made and lien and security interest granted in this Resolution shall be for the equal benefit, protection and security of the registered owners of any and all of the G.O. Bonds, all of which, regardless of the time or times of their issuance or maturity, shall be of equal rank without preference, priority or distinction of any of the G.O. Bonds over any other thereof.

SECTION 5. Approval of Documents; Determination of Method of Sale and Terms of Bonds.

(a) The Authorized Officers, in consultation with Bond Counsel, the Municipal Advisor, the Underwriter and the other officers of the District are, and each of them acting alone is, hereby authorized and directed to issue and deliver the Bonds and to establish the initial

aggregate principal amount thereof; *provided, however*, that such aggregate principal amount of the Bonds shall not exceed \$95,000,000.

(b) The form of the Contract of Purchase is hereby approved. The Authorized Officers are, and each of them acting alone is, authorized and directed to execute and deliver the Contract of Purchase to the Underwriter for and in the name and on behalf of the District, with such additions, changes or corrections therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District including, without limitation (i) such changes as are necessary to reflect the final terms of the Bonds to the extent such terms differ from those set forth in this Resolution, such approval to be conclusively evidenced by such Authorized Officer's execution thereof and (ii) any other documents required to be executed thereunder. The Authorized Officers are, and each of them acting alone is, hereby authorized to negotiate with the Underwriter the terms, maturities, interest rates and series of the Bonds and the purchase price of the Bonds to be paid by the Underwriter, which purchase price shall reflect an Underwriter's discount of not more than 0.5% (not including original issue discount) of the Principal Amount thereof. The interest rate on the Bonds shall not exceed the maximum allowed under law. Principal of any Current Interest Bonds shall be payable within 30 years, or as otherwise stated in the Contract of Purchase, but in no event shall the Current Interest Bonds have a maturity greater than 40 years. To the extent any of the Current Interest Bonds have a maturity greater than 30 years, the useful life of any facility financed with such bonds will equal or exceed their respective maturity.

(c) The form of the Continuing Disclosure Certificate is hereby approved. The Authorized Officers are, and each of them acting alone is, hereby authorized to execute and deliver the Continuing Disclosure Certificate on behalf of the District, with such changes therein as the Authorized Officer executing the same on behalf of the District may approve, in his or her discretion, as being in the best interests of the District, such approval to be conclusively evidenced by such Authorized Officer's execution thereof, and any other documents required to be executed thereunder, and to deliver the same to the Underwriter. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an event of default as to the Bonds and shall not be deemed to create any monetary liability on the part of the District to any other persons, including Owners of the Bonds.

(d) The form of the Preliminary Official Statement is hereby approved. This Governing Board also hereby authorizes the use and distribution by the Underwriter of: (a) the Preliminary Official Statement with such changes as the Authorized Officer executing the certificate described below may approve, such approval to be conclusively evidenced by such Authorized Officer's execution of such certificate; and (b) an Official Statement in substantially the form of the Preliminary Official Statement with such changes as may be necessary or desirable in connection with the sale of the Bonds as determined by the Authorized Officer executing the Official Statement, such determination to be conclusively evidenced by the execution and delivery of the Official Statement by such Authorized Officer; and (c) any amendments or supplements to the Preliminary Official Statement or the Official Statement which an Authorized Officer may deem necessary or desirable, such determination to be conclusively evidenced by the execution of such amendment or supplement or of a certificate as described below by such Authorized Officer.

The Authorized Officers are, and each of them acting alone hereby is, authorized to approve such additions, deletions or changes to the Preliminary Official Statement and Official Statement, as are necessary or desirable to effect the purposes of this Resolution and to comply with applicable laws and to deliver copies of the Preliminary Official Statement and the Official Statement. The Authorized Officers also are, and each of them acting alone hereby is, authorized to determine whether any Preliminary Official Statement and/or Official Statement, and any amendments or supplements thereto, shall be used in connection with the sale of the Bonds. Upon approval of the Preliminary Official Statement by such Authorized Officer as evidenced by execution of a certificate substantially in the form of Exhibit B attached hereto and by this reference incorporated herein, with such changes as may be necessary or desirable, the Preliminary Official Statement shall be deemed final as of its date except for the omission of certain information as provided in and pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

(e) This Governing Board also hereby authorizes the preparation of a paying agent agreement in connection with the Bonds, in such form as shall be determined by an Authorized Officer, such determination to be conclusively evidenced by the execution and delivery of the paying agent agreement by such Authorized Officer.

SECTION 6. Authorization of Officers. The officers of the District, including but not limited to the Superintendent, the Assistant Superintendent/Vice President, Administrative Services, the Director of Budget/Categoricals, the Chief Accounting Officer and their authorized designees or representatives (each, an “**Authorized Officer**” and together, the “**Authorized Officers**”) are, and each of them acting alone is, hereby authorized to execute any and all certifications and documents and do and perform any and all acts and things, from time to time, consistent with this Resolution and necessary or appropriate to carry the same into effect and to carry out its purposes.

SECTION 7. Use of Bond Proceeds. The proceeds of the Bonds shall be applied to: (a) finance the acquisition, construction, furnishing and equipping of Improvement District facilities for some or all of the Projects authorized at the Election, the bond measure and project list so approved, which shall be incorporated herein by this reference as though fully set forth in this Resolution; (b) pay capitalized interest on the Bonds, if so elected by the District’s Authorized Officer; and (c) pay Costs of Issuance of the Bonds.

SECTION 8. Designation and Form; Payment.

(a) An issue of Bonds in one or more series entitled to the benefit, protection and security of this Resolution is hereby authorized. Such Bonds shall be general obligations of the District issued on behalf of the Improvement District, payable as to Principal of and premium, if any, and interest from *ad valorem* property taxes to be levied upon all of the taxable property in the Improvement District. The Bonds shall be designated the “College of the Sequoias Community College District (Tulare County, California) Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds)” with such insertions as shall be appropriate to describe the series, federally taxable or tax-exempt status, and/or tranches. The Bonds will be issued as Current Interest Bonds. The aggregate principal amount of the Bonds shall not exceed \$95,000,000. The Bonds may be issued as serial bonds or term bonds and shall be subject to redemption as set forth in the Contract of Purchase,

subject to the provisions of this Resolution. The Authorized Officers are, and each of them acting alone is, hereby authorized, upon consultation with the Municipal Advisor, the Underwriter and Bond Counsel, to determine whether the interest on the Bonds, or on any series of Bonds, shall be subject to federal income taxes or exempt from federal income taxes.

(b) The form of the Bonds shall conform substantially with the standard form of registered community college district general obligation bonds, a copy of which is attached hereto as Exhibit A, and incorporated herein by this reference, with such changes as are necessary to reflect the final terms of the Bonds.

(c) The Principal of and premium, if any, and interest on any Bond are payable in lawful money of the United States of America. Principal of the Bonds and premium, if any, is payable upon surrender thereof at maturity or earlier redemption at the office designated by the Paying Agent.

#### SECTION 9. Description of the Bonds.

(a) The Bonds shall be issued in fully registered form, in denominations of \$5,000 or any integral multiple thereof and shall be dated and shall mature on the dates, in the years and in the Principal Amounts, and interest shall be computed at the rates, set forth in the Contract of Purchase.

(b) Interest on each Bond shall accrue from its dated date as set forth in the Contract of Purchase. Interest on Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each Interest Payment Date to the Owner thereof appearing on the Bond Register as of the close of business on the Record Date. Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event interest shall be payable from its dated date; *provided, however*, that if at the time of registration of any Bond, interest thereon is in default, interest with respect thereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by wire transfer to the Owner thereof appearing on the Bond Register on the Record Date, to the account specified by such Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; *provided, however*, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent which shall not be more than fifteen days and not less than ten days prior to the date of the proposed payment of defaulted interest.

SECTION 10. Federal Tax Covenants. This Section 10 shall apply to any Bonds issued as Tax-Exempt Bonds.

(a) Definitions. When used in this Section, the following terms have the following meanings:

“*Bonds*” means the Bonds, and any other tax-exempt obligations sold within 15 days of the Bonds that are part of the same issue pursuant to Section 1.150-1(c) of the Regulations.

“*Closing Date*” means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

“*Code*” means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

“*Computation Date*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Gross Proceeds*” means any proceeds as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Investment*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Nonpurpose Investment*” means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

“*Rebate Amount*” has the meaning set forth in Section 1.148-1(b) of the Regulations.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Yield*” of

(i) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(ii) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The District shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Tax-Exempt Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the District receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Tax-Exempt Bond, the District shall comply with each of the specific covenants in this Section.



(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the District shall at all times prior to the last stated maturity of the Bonds:

(i) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(ii) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the Improvement District or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the District shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take or pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the District shall not at any time prior to the final stated maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the District shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The District shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(i) The District shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the District may commingle Gross Proceeds of the Bonds with other money of the District, provided that the District separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(ii) Not less frequently than each Computation Date, the District shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The District shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(iii) As additional consideration for the purchase of the Bonds by the initial purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to ensure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the District shall pay to the United States out of the Rebate Fund, its general fund, or other appropriate fund, the amount that when added to the future value of previous rebate payments made for the Bonds equals (A) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (B) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(iv) The District shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (ii) and (iii), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148 3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the District shall not, at any time prior to the earlier of the stated maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The District hereby directs and authorizes the Superintendent, the, Assistant Superintendent/Vice President, Administrative Services, either or any combination of them or their respective designees, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Tax Certificate or similar or other appropriate certificate, form or document.

(k) [Reserved]

(l) Reliance on Opinion of Bond Counsel. Notwithstanding any provision of this Section, if the District shall provide to the Treasurer an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds issued as tax-exempt bonds, the Treasurer may conclusively rely on such opinion of Bond Counsel in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

SECTION 11. Reimbursement of Qualified Project Expenditures. It is the intent of the Governing Board to authorize the sale of the Bonds, in a total maximum aggregate principal amount not to exceed \$95,000,000 to finance the Project. The District has paid or expects to pay certain capital expenditures related to the Project (the “**Reimbursable Expenses**”) to which it desires to preserve its ability to reimburse with proceeds of the Bonds, as provided under section 1.150-2 of the Regulations. The reimbursement of the Reimbursable Expenses is consistent with the District’s budgetary and financial circumstances. The District reasonably expects to reimburse capital expenditures with respect to the Project with proceeds of the Bonds, and this resolution shall constitute a declaration of official intent under the Regulations. The District recognizes that reimbursement allocations to which section 1.150-2 of the Regulations applies by reason of this Resolution generally include only reimbursements of payments originally for capital expenditures made no earlier than 60 days prior to the date of adoption of Resolution No. 2024-04, entitled “Resolution of the Board of Trustees of the College of the Sequoias Community College District in Connection with the Financing of Certain Facilities and Declaring its Intent to Reimburse Certain Expenditures from Tax-Exempt Obligations,” adopted on April 8, 2024.

SECTION 12. Book-Entry System.

(a) The Bonds shall be initially issued in the form of a separate single fully registered Bond for each maturity of the Bonds.

Upon initial issuance, the ownership of each such global Bond shall be registered in the Bond Register in the name of the Nominee as nominee of the Depository. Except as provided in subsection (c) hereof, all of the Outstanding Bonds shall be registered in the Bond Register in the name of the Nominee and the Bonds may be transferred, in whole but not in part, only to the Depository, to a successor Depository or to another nominee of the Depository or of a successor Depository. Each Bond shall bear a legend describing restrictions on transfer, as may be prescribed by the Depository.

With respect to Bonds registered in the Bond Register in the name of the Nominee, the District shall have no responsibility or obligation to any Participant or to any person on behalf of

which such a Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the District 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 beneficial ownership interest in the Bonds, (ii) the delivery to any Participant, beneficial owner or any other person, other than the Depository, of any notice with respect to the Bonds, including any Redemption Notice (as defined in Section 28 below), (iii) the selection by the Depository and the Participants of the beneficial interests in the Bonds to be redeemed in part, or (iv) the payment to any Participant, beneficial owner or any other person, other than the Depository, of any amount with respect to Principal of, premium, if any, and interest on the Bonds. The District and the Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute Owner of such Bond for the purpose of payment of Principal of, premium, if any, and interest on such Bond, for the purpose of giving Redemption Notices and other notices with respect to such Bond, and for all other purposes whatsoever, including, without limitation, registering transfers with respect to the Bonds.

The Paying Agent shall pay all Principal of, premium, if any, and interest on the Bonds only to the respective Owners, as shown in the Bond Register, and all such payments shall be valid hereunder with respect to payment of Principal of, premium, if any, and interest on the 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 Bond evidencing the obligation to make payments of Principal of, premium, if any, and interest, pursuant to this Resolution. Upon delivery by the Depository to the Paying Agent and the District 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 hereof with respect to Record Dates, the word Nominee in this Resolution shall refer to such new nominee of the Depository.

(b) In order to qualify the Bonds for the Depository's book-entry system, the District is hereby authorized to execute and deliver or shall have executed and delivered to the Depository a letter from the District representing such matters as shall be necessary to so qualify the Bonds (the "**Representation Letter**"). The execution and delivery of the Representation Letter shall not in any way limit the provisions of subsection (a) hereof or in any other way impose upon the District any obligation whatsoever with respect to persons having beneficial interests in the Bonds other than the Owners, as shown in the Bond Register. In addition to the execution and delivery of the Representation Letter, the District and its Authorized Officers are hereby authorized to take any other actions, not inconsistent with this Resolution, to qualify the Bonds for the Depository's book-entry program.

(c) If at any time the Depository notifies the District that it is unwilling or unable to continue as Depository with respect to the Bonds or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the District within 90 days after the District receives notice or becomes aware of such condition, as the case may be, subsection (a) hereof shall no longer be applicable and the District shall cause the issuance of certificated securities representing the Bonds as provided below. In addition, the District may determine at any time that the Bonds shall no longer be lodged with a Depository and that the provisions of subsection (a) hereof shall no longer apply to the Bonds. In any such event the District shall cause the execution and delivery of certificated securities representing the Bonds as provided below.

Bonds issued in exchange for global Bonds pursuant to this subsection (c) shall be registered in such names and delivered in such denominations as the Depository shall instruct the District. The District shall cause delivery of such certificated securities representing the Bonds to the persons in whose names such Bonds are so registered.

If the District determines to replace the Depository with another qualified securities depository, the District shall prepare or cause to be prepared a new fully registered global Bond for each of the maturities of the Bonds, registered in the name of such successor or substitute securities depository or its nominee, or make such other arrangements as are acceptable to the District and such securities depository and not inconsistent with the terms of this Resolution.

(d) Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to Principal Amount of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the Representation Letter or as otherwise instructed by the Depository.

(e) The initial Depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as nominee of DTC.

#### SECTION 13. Execution of the Bonds.

(a) The Bonds shall be executed in the manner required by the Authorizing Law. In case any one or more of the Authorized Officers who shall have signed any of the Bonds shall cease to be such officer before the Bonds so signed shall have been issued by the District, such Bonds may, nevertheless, be issued, as herein provided, as if the Authorized Officers who signed such Bonds had not ceased to hold such offices. Any of the Bonds may be signed on behalf of the District by such persons as at the time of the execution of such Bonds shall be duly authorized to hold or shall hold the proper offices in the District, although at the date borne by the Bonds such persons may not have been so authorized or have held such offices.

(b) The Bonds shall bear thereon a certificate of authentication executed manually by the Paying Agent. Only such Bonds as shall bear thereon such certificate of authentication duly executed by the Paying Agent shall be entitled to any right or benefit under this Resolution and no Bond shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Paying Agent. Such certificate of the Paying Agent upon any Bond shall be conclusive evidence that the Bond so authorized has been duly authenticated and delivered under this Resolution and that the Owner thereof is entitled to the benefit of this Resolution.

SECTION 14. Transfer and Exchange. The registration of any Bond may be transferred upon the Bond Register upon surrender of such Bond to the Paying Agent. Such Bond shall be endorsed or accompanied by delivery of the written instrument of transfer shown in Exhibit A hereto, duly executed by the Owner or such Owner's duly authorized attorney, and payment of such reasonable transfer fees as the Paying Agent may establish. Upon such registration of transfer, a new Bond or Bonds, of like tenor, series and maturity in the same Principal Amount and in authorized denominations, will be executed and delivered to the transferee in exchange therefor.

The Paying Agent shall deem and treat the person in whose name any Outstanding Bond shall be registered upon the Bond Register as the absolute owner of such Bond, whether the Principal of and premium, if any, or interest on such Bond shall be overdue or not, for the purpose of receiving payment of Principal of and premium, if any, and interest on such Bond and for all other purposes, and any such payments so made to any such Owner or upon such Owner's order shall be valid and effective to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and the District or the Paying Agent shall not be affected by any notice to the contrary.

Bonds may be exchanged at the office of the Paying Agent for Bonds of like series, tenor and maturity of other authorized denominations. All Bonds surrendered in any such exchange shall thereupon be cancelled by the Paying Agent. The Paying Agent may charge the Owner a reasonable sum for each new Bond executed and delivered upon any exchange (except in the case of the first exchange of any Bond in the form in which it is originally delivered, for which no charge shall be imposed) and the Paying Agent may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

SECTION 15. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated, the Paying Agent, at the expense of the Owner, shall deliver a new Bond of like date, interest rate, maturity, Principal Amount and tenor as the Bond so mutilated in exchange and substitution for such mutilated Bond, upon surrender and cancellation thereof. All Bonds so surrendered shall be cancelled. If any Bond shall be destroyed, stolen or lost, evidence of such destruction, theft or loss may be submitted to the Paying Agent and if such evidence is satisfactory to the Paying Agent that such Bond has been destroyed, stolen or lost, and upon furnishing the Paying Agent with indemnity satisfactory to the Paying Agent and complying with such other reasonable regulations as the Paying Agent may prescribe and paying such expenses as the Paying Agent may incur, the Paying Agent shall, at the expense of the Owner, execute and deliver a new Bond of like date, interest rate, maturity, Principal Amount and tenor in lieu of and in substitution for the Bond so destroyed, stolen or lost. Any new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the District, whether or not the Bonds so alleged to be destroyed, stolen or lost are at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Resolution in any moneys or securities held by the Paying Agent for the benefit of the Owners of the Bonds.

SECTION 16. Bond Register. The Paying Agent shall keep or cause to be kept at its office sufficient books for the registration and registration of transfer of the Bonds. Upon presentation for registration of transfer, the Paying Agent shall, as above provided and under such reasonable regulations as it may prescribe subject to the provisions hereof, register or register the

transfer of the Bonds, or cause the same to be registered or cause the registration of the same to be transferred, on such books. While the Bonds are held in the book-entry system, the Paying Agent is not required to keep a separate Bond Register.

SECTION 17. Unclaimed Money. All money which the Paying Agent shall have received from any source and set aside for the purpose of paying or redeeming any of the Bonds shall be held in trust for the respective Owners of such Bonds, but any money which shall be so set aside or deposited by the Paying Agent and which shall remain unclaimed by the Owners of such Bonds for a period of one year after the date on which any payment or redemption price with respect to such Bonds shall have become due and payable shall be transferred to the general fund of the District (the “**General Fund**”); *provided, however*, that the Paying Agent, before making such payment, shall cause notice to be mailed to the Owners of such Bonds, by first-class mail, postage prepaid, not less than 90 days prior to the date of such payment to the effect that said money has not been claimed and that after a date named therein any unclaimed balance of said money then remaining will be transferred to the General Fund. Thereafter, the Owners of such Bonds shall look only to the General Fund for payment of such Bonds.

SECTION 18. Application of Proceeds.

(a) Upon the sale of the Bonds and at the further written instruction of an Authorized Officer, the Treasurer is hereby directed to deposit the designated net proceeds thereof, exclusive of accrued interest and any original issue premium, into the Building Fund and the subaccounts established therein, if any. The District shall, from time to time, disburse or cause to be disbursed amounts from the Building Fund to pay the Project Costs. Amounts in the Building Fund shall be invested so as to be available for the aforementioned disbursements. The District shall keep a written record of disbursements from the Building Fund, as required by State law and the Code. Any amounts that remain in a Building Fund following the completion of the Project shall be transferred to the Debt Service Fund to be used to pay the principal of, and premium, if any, and interest on the G.O. Bonds, subject to any conditions set forth in the Tax Certificate and Section 10 of this Resolution.

(b) Accrued interest, if any, and except as shall otherwise be directed by the District in accordance with applicable law, any original issue premium received by the District from the sale of the Bonds, shall be kept separate and apart in separate fund(s) hereby created and established within the interest and sinking fund of the Improvement District to be designated as the “College of the Sequoias Community College District, Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) Debt Service Fund” (collectively with the interest and sinking fund of the Improvement District, the “**Debt Service Fund**”). Amounts in the Debt Service Fund may be used only for payment of principal of, premium, if any, and interest on the G.O. Bonds. The Treasurer is directed to create any accounts and subaccounts in the Debt Service Fund as provided in the Tax Certificate and Section 10 of this Resolution. Proceeds of the G.O. Bonds (and earnings from the investment thereof) deposited to the Debt Service Fund and available to pay Debt Service, and earnings from the investment of monies held in the Debt Service Fund, shall be used for the payment of the Principal of and interest on the Bonds before any other Pledged Moneys.

(c) All Pledged Taxes (defined below) shall be deposited upon collection by the County into the Debt Service Fund for the G.O. Bonds and used for the payment of the principal of, premium, if any, and interest on the G.O. Bonds.

(d) On or before the Business Day immediately preceding each Interest Payment Date, the District shall transfer, or cause to be transferred, from the Debt Service Fund to the Paying Agent, an amount, in immediately available funds, sufficient to pay all the Principal of, premium, if any, and interest on the Bonds coming due (collectively, “**Debt Service**”) on such payment date. Debt Service on the Bonds shall be paid by the Paying Agent in the manner provided by law for the payment of Debt Service.

(e) The District shall cause moneys to be transferred to the Rebate Fund to the extent needed to comply with the Tax Certificate and Section 10 of this Resolution. Any amounts on deposit in the Debt Service Fund when there are no longer any Bonds Outstanding shall be transferred to the General Fund of the District, subject to any conditions set forth in the Tax Certificate and Section 10 of this Resolution.

(f) Certain proceeds of the Bonds may be applied to pay Costs of Issuance as provided in Section 21 below.

(g) Except as required to satisfy the requirements of Section 148(f) of the Code or to comply with the provisions of the Tax Certificate and Section 10 of this Resolution, earnings from the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay the Principal of and interest on the Bonds when due.

#### SECTION 19. Payment of and Security for the Bonds.

(a) There shall be levied by the County 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, together with moneys on deposit in the Debt Service Fund and available for such purpose, to pay the principal of, premium, if any, and interest on the Bonds as it becomes due and payable, which taxes (the “**Pledged Taxes**”), when collected by the County, shall be placed in the Debt Service Fund of the District.

(b) The District hereby irrevocably pledges and grants a security interest in and lien on all of the Pledged Taxes, all revenues from the *ad valorem* property taxes collected from the levy by the County Board of Supervisors for the payment of the G.O. Bonds, all penalties and interest at any time collected with respect to the Pledged Taxes, and all proceeds derived from any of the foregoing, including all monies, securities or other funds held in or required hereby to be deposited into the Debt Service Fund from time to time (collectively, the “**Pledged Moneys**”), to the payment of the principal of and interest on the G.O. Bonds. This pledge and grant of a security interest and lien shall be valid and binding from the date hereof for the benefit of the registered owners of the G.O. Bonds and successors thereto. The Pledged Moneys shall immediately be subject to the pledge, security interest and lien created hereby, which shall immediately attach to the Pledged Moneys as the District acquires any interest therein, and shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge, security interest or lien, and without the need of any



physical delivery, recordation, filing, or further act. The *ad valorem* property tax levy may include an allowance for a reasonably required reserve in accordance with the Tax Certificate, established for the purpose of ensuring that the tax or assessment actually collected is sufficient to pay the annual debt service requirements on the G.O. Bonds due in such year. The District covenants to cause the County to take all actions necessary to levy such *ad valorem* property tax in accordance with this Section, Section 15140 *et seq.* of the Education Code and Section 53506 *et seq.* of the Government Code. “G.O. Bonds” for purpose of this pledge contained herein means all general obligation bonds of the District heretofore or hereafter issued on behalf of the Improvement District pursuant to voter approved measures of the Improvement District, including Measure C and Measure I, as all such general obligation bonds are required by State law to be paid from the Debt Service Fund.

(c) This pledge and grant of a consensual lien and security interest is an agreement between the District and the registered owners of the G.O. Bonds to provide security for the G.O. Bonds in addition to any statutory lien that may exist, and the G.O. Bonds and each of the other bonds secured by such pledge and grant of a lien and security interest are, will be, or were issued to finance one or more of the projects specified in the applicable voter-approved measure.

SECTION 20. Establishment and Application of Rebate Fund. There is hereby established in trust a special fund designated “College of the Sequoias Community College District General Obligation Bonds (Visalia Area Improvement District No. 2) 2024 Rebate Fund” (the “**Rebate Fund**”) which shall be held by the Treasurer for the account of the District and which shall be kept separate and apart from all other funds and accounts held hereunder. The District shall transfer, or cause to be transferred, moneys to the Rebate Fund in accordance with the provisions of the Tax Certificate and Section 10 of this Resolution. Amounts on deposit in the Rebate Fund shall only be applied to payments made to the United States or otherwise transferred to other accounts or funds established hereunder in accordance with the Tax Certificate and Section 10(h) of this Resolution.

SECTION 21. Payment of Costs of Issuance. The costs of issuance of the Bonds and compensation paid to the Underwriter 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 by 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 in the Building Fund, be deposited in a costs of issuance fund to be held by a paying agent, fiscal agent or cost of issuance custodian (the “**Paying Agent**”) of the District appointed for such purpose. Such premium or proceeds of the sale of the Bonds designated to pay all or a portion of certain costs of issuing the Bonds shall be deposited in the fund of the District known as the “College of the Sequoias Community College District 2024 General Obligation Bonds (Visalia Area Improvement District No. 2) Costs of Issuance Fund” (the “**Costs of Issuance Fund**”), and those proceeds shall be used solely for the purpose of paying Costs of Issuance of the Bonds. Any amounts remaining in the Costs of Issuance Fund following the earlier of the day which is 180 days following the Date of Delivery or the day on which the Paying Agent pays the final invoice for Costs of Issuance, as directed by the District, shall be transferred by the Paying Agent to the County for deposit in the Building Fund, or Debt Service Fund, as appropriate.

SECTION 22. Negotiated Sale/Method of Sale. The Bonds shall be sold by negotiated sale to the Underwriter inasmuch as: (i) such a sale will allow the District to (A) integrate the sale of the Bonds with the District's other outstanding general obligation bonds, issued on behalf of the Improvement District, and other public financings undertaken, or to be undertaken, by the District, on behalf of the Improvement District, in order to fund the Improvement District's public education facilities and (B) manage its tax levy restrictions under the provisions of Proposition 39, codified at Section 15270(b) of the Education Code; (ii) such a sale will allow the District to utilize the services of consultants who are familiar with the financial needs, status and plans of the District; and (iii) such a sale will allow the District to control the timing of the sale of the Bonds to the municipal bond market and, potentially, take advantage of interest rate opportunities for the favorable sale of the Bonds to such market and resulting in lower tax levies of the taxpayers of the Improvement District.

SECTION 23. Engagement of Consultants; Good Faith Estimates.

(a) In accordance with Section 15146(b)(1)(C) of the Education Code, KNN Public Finance LLC, has been selected as the Municipal Advisor to the District, Norton Rose Fulbright US LLP has been selected as the District's Bond Counsel and Disclosure Counsel and Raymond James & Associates, Inc. has been selected to act as the Underwriter with respect to the authorization, sale and issuance of the Bonds.

(b) In accordance with SB 450 and subsection (b) of Section 15146 of the Education Code and 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 4.4781%, (ii) the total finance charge of the Bonds (as defined in Government Code Section 5852.1(a)(1)(B)) is expected to be \$725,200, which includes estimated underwriter's discount, (iii) the total proceeds expected to be received by the District from the sale of the Bonds, less the total finance charge of the Bonds, is \$94,274,800 and (iv) the District estimates 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 \$207,428,861.11. The information presented in this section is included in satisfaction of Government Code Section 5852.1, and shall not abrogate or otherwise limit any other provision of this Resolution. The estimated Costs of Issuance associated with the sale of the Bonds are approximately \$250,200, which includes Bond Counsel and Disclosure Counsel fees, costs of printing the Preliminary Official Statement and Official Statement, rating agency fees, Municipal Advisor fees and expenses, Paying Agent fees and other related costs. Such estimated Costs of Issuance do not include the Underwriter's discount or the premium for bond insurance, if any.

(c) If it appears in the best interests of the District to acquire credit enhancement to secure the payment of all or a portion of the principal and interest with respect to the Bonds, or obtain a legal opinion addressed to the rating agency(ies) from Bond Counsel or special revenue opinion counsel which is necessary to obtain a rating that provides for a lower cost of funds to the District, then an Authorized Officer may so provide in the Contract of Purchase.

SECTION 24. Establishment of Additional Funds and Accounts. If at any time it is deemed necessary or desirable by the District, the Treasurer, the County Office of Education, or

the Paying Agent, the District may establish additional funds under this Resolution and/or accounts within any of the funds or accounts established hereunder.

SECTION 25. Request for Necessary County Actions. The Board of Supervisors, the Auditor-Controller, the Treasurer and other officials of the County, are hereby requested to take and authorize such actions as may be necessary pursuant to law to provide for the levy and collection of an *ad valorem* property tax on all taxable property of the Improvement District sufficient to provide for payment of all principal of, redemption premium, if any, and interest on the Bonds as the same shall become due and payable as necessary for the payment of the Bonds, and the Clerk of the Governing Board is hereby authorized and directed to deliver certified copies of this Resolution to the Clerk of the Board of Supervisors of the County, the Auditor-Controller, and the Treasurer. The Governing Board hereby agrees to reimburse the County for any costs associated with the levy and collection of said *ad valorem* property tax, upon such documentation of said costs as the District shall reasonably request.

SECTION 26. Redemption. The Bonds shall be subject to redemption as provided in the Contract of Purchase.

SECTION 27. Selection of Bonds for Redemption.

(a) Whenever provision is made in this Resolution or in the Contract of Purchase for the redemption of the Bonds and less than all Outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District given as provided herein, shall select Bonds for redemption in the manner directed by the District.

(b) With respect to any Bonds, the Paying Agent shall select such Bonds for redemption as directed by the District, or, in the absence of such direction, in inverse order of maturity and within a maturity, by lot. Within a maturity, the Paying Agent will select Bonds for redemption 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 in part shall be in the Principal Amount of \$5,000 or any integral multiple thereof.

(c) In the event that a Term Bond is optionally redeemed, the Principal amount of each remaining sinking fund payment with respect to such Term Bond will be reduced as directed by the District in the aggregate amount equal to the amount so redeemed.

SECTION 28. Notice of Redemption. When redemption is authorized or required pursuant to this Resolution or the Contract of Purchase, the Paying Agent, upon written instruction from the District, shall give notice (each, 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 and, in the case of any Bond to be redeemed in part only, 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 (i) that on the

specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price, together with the interest accrued to the redemption date, and (ii) that from and after such date, interest with respect thereto shall cease to accrue and be payable.

The Paying Agent shall take the following actions with respect to 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 first-class mail, postage prepaid, at their addresses appearing on the Bond Register and to the MSRB.

(b) In the event that the Bonds shall no longer be held in book-entry-only form, at least 35 but not more than 45 days before the redemption date, such Redemption Notice shall be given by (i) first-class mail, postage prepaid, (ii) telephonically confirmed facsimile transmission, or (iii) overnight delivery service, to each of the Securities Depositories and the MSRB.

(c) Such redemption notice shall be given to such other persons as may be required by the Continuing Disclosure Certificate.

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 check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

A Redemption Notice given hereunder may be conditioned upon the satisfaction of certain conditions and/or the receipt of sufficient moneys to pay the redemption price of the designated Bonds and may be rescinded by the District at any time prior to the scheduled date of redemption by so notifying the Paying Agent (who shall provide notice to the Owners of affected Bonds and the Information Services) in the event such conditions are not met and are not expected to be met and/or such funds are not received or are not expected to be received. A Redemption Notice may be rescinded by written notice given to the Paying Agent by the District and the Paying Agent shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given, but in no event later than the date set for redemption.

SECTION 29. 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.

SECTION 30. Effect of Notice of Redemption. Notice having been given as aforesaid, and the moneys for the redemption (including the interest to the applicable date of redemption) having been set aside in the Debt Service Fund or deposited with a duly appointed escrow agent, in trust, 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 this Resolution and the Contract of Purchase, together with interest to such redemption date, shall be held by the Paying Agent or deposited with a duly appointed escrow agent, in trust, so as to be available therefor on such redemption date, and any conditions to such redemption described in the Redemption Notice shall be met, and if notice of redemption 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 by or on behalf of the Paying Agent for the redemption of Bonds shall be held in trust for the account of the Owners of the Bonds so to be redeemed.

All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of this Resolution and the Contract of Purchase shall be cancelled upon surrender thereof and 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 upon written notice by the District given to the Paying Agent.

SECTION 31. Paying Agent; Appointment and Acceptance of Duties.

(a) U.S. Bank Trust Company, National Association is hereby appointed as the initial authenticating agent, bond registrar, transfer agent and paying agent (the “**Paying Agent**”). All fees and expenses incurred for services of the Paying Agent shall be the responsibility of the District and may be paid from the annual *ad valorem* property tax levy supporting the Bonds. The Paying Agent shall keep accurate records of all funds administered by it and all of the Bonds paid and discharged by it.

(b) Unless otherwise provided, the office of the Paying Agent designated by the Paying Agent shall be the place for the payment of principal of, premium, if any, and interest on the Bonds.

SECTION 32. Liability of Paying Agent. The Paying Agent makes no representations as to the validity or sufficiency of this Resolution or of any Bonds issued hereunder or as to the security afforded by this Resolution, and the Paying Agent shall incur no liability in respect hereof or thereof.

SECTION 33. Evidence on Which Paying Agent May Act. The Paying Agent, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Resolution, shall examine such instrument to determine whether it conforms to the requirements of this Resolution and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Paying Agent may consult with counsel, who may or may not be counsel to the District, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this Resolution in good faith and in accordance therewith.

SECTION 34. Compensation. The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties

under this Resolution, all of which may, pursuant to Education Code Section 15232, be paid from the County's annual levy of *ad valorem* property taxes.

SECTION 35. Ownership of Bonds Permitted. The Paying Agent or the Underwriter may become the Owner of any Bonds.

SECTION 36. Resignation or Removal of Paying Agent and Appointment of Successor.

(a) The initially appointed Paying Agent may resign from service as Paying Agent at any time. Prior to such resignation, a new Paying Agent shall be appointed by the District in accordance with applicable law, which shall be the Treasurer or a bank or trust company doing business in and having a corporate trust office in Los Angeles or San Francisco, California, with at least \$75,000,000 in net assets. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the District a written acceptance thereof. Resignation of the initial or a successor Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(b) Any Paying Agent appointed may resign from service as Paying Agent and may be removed at any time by the District as provided in the Paying Agent's service agreement. If at any time the Paying Agent shall resign or be removed, a new Paying Agent shall be appointed in accordance with applicable law, which shall be either the Treasurer or a bank or trust company doing business in and having a corporate trust office in Los Angeles or San Francisco, California, with at least \$75,000,000 in net assets. Such successor Paying Agent shall signify the acceptance of its duties and obligations hereunder by executing and delivering to the District, a written acceptance thereof. Resignation or removal of the Paying Agent shall be effective upon appointment and acceptance of a successor Paying Agent.

(c) In the event of the resignation or removal of the Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor. The District shall promptly provide notice of the name and principal corporate trust office address of the Paying Agent appointed to replace any resigned or removed Paying Agent to the Owners of the Bonds by first-class mail, postage prepaid, at their addresses appearing on the Bond Register.

SECTION 37. Investment of Certain Funds. Moneys held in all funds and accounts established hereunder shall be invested and reinvested in Authorized Investments to the fullest extent practicable as shall be necessary to provide moneys when needed for payments to be made from such funds and accounts, subject to any conditions in the Tax Certificate and Section 10 of this Resolution. All investment earnings on amounts on deposit in the Debt Service Fund shall remain on deposit in such fund.

SECTION 38. Valuation and Sale of Investments. Obligations purchased as an investment of moneys in any fund or account shall be deemed at all times to be a part of such fund or account. Profits or losses attributable to any fund or account shall be credited or charged to such fund or account. In computing the amount in any fund or account created under the provisions of this Resolution for any purpose provided in this Resolution, obligations purchased as an investment of moneys therein shall be valued at cost, plus, where applicable, accrued interest.

SECTION 39. Supplemental Resolutions with Consent of Owners. This Resolution, and the rights and obligations of the District and of the Owners of the Bonds issued hereunder, may be modified or amended at any time by a Supplemental Resolution adopted by the District with the written consent of Owners owning at least 60% in aggregate Principal Amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District on behalf of the Improvement District. Notwithstanding the foregoing, no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification. No such Supplemental Resolution shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto. Notwithstanding anything herein to the contrary, no such consent shall be required if the Owners are not directly and adversely affected by such amendment or modification.

SECTION 40. Supplemental Resolutions Effective Without Consent of Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, without the requirement of consent of the Owners, shall be fully effective in accordance with its terms:

(a) To add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) To add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) To confirm as further assurance, any pledge, lien or security interest under, and the subjection to any lien, security interest or pledge created or to be created by this Resolution, of any moneys, securities or funds, or to establish any additional funds, or accounts to be held under this Resolution;

(d) To cure any ambiguity, supply any omission, or cure to correct any defect or inconsistent provision in this Resolution; or

(e) To amend or supplement this Resolution in any other respect, *provided* such Supplemental Resolution does not, in the opinion of Bond Counsel, adversely affect the interests of the Owners.

SECTION 41. Effect of Supplemental Resolution. Any act done pursuant to a modification or amendment so consented to shall be binding upon the Owners of all the Bonds and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after consent relating to such specified matters has been given, no Owner shall have any right or interest to object to such action or in any manner to

question the propriety thereof or to enjoin or restrain the District or any officer or agent thereof from taking any action pursuant thereto.

SECTION 42. Defeasance. If any or all Outstanding Bonds shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of, premium, if any, and interest on such Bonds, and when the same become due and payable;

(b) by depositing with the Paying Agent or with a duly appointed escrow agent, in an irrevocable trust, at or before maturity, cash which together with the amounts then on deposit in the Debt Service Fund (and the accounts therein other than amounts that are not available to pay Debt Service) together with the interest to accrue thereon without the need for further investment, is fully sufficient to pay such Bonds at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or

(c) by depositing with an institution that meets the requirements of serving as successor Paying Agent pursuant to Section 36 selected by the District, in trust, lawful money or noncallable direct obligations issued by the United States Treasury (including State and Local Government Series) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge such Bonds at maturity or earlier redemption thereof, for which notice has been given or provided for, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under this Resolution with respect to such Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of such Bonds all sums due thereon, the obligation of the District to pay to the Paying Agent amounts owing to the Paying Agent under Section 34 hereof, and the covenants set forth in Section 10 hereof.

SECTION 43. Approval of Actions; Miscellaneous.

(a) The Authorized Officers of the District are each hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all certificates, statements, disclosures, notices, contracts, or other documents which they may deem necessary or advisable in order to proceed with the sale and issuance of the Bonds or 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 County, the Board of Supervisors, officers, agents, and employees shall not be responsible for any proceedings or the preparation or contents of any resolutions, certificates, statements, disclosures, notices, contracts, or other documents relating to the sale and issuance of the Bonds.



(c) The Principal or redemption price, if any, of and interest on the Bonds shall not constitute a debt or an obligation of the County, the Board of Supervisors, officers, agents, or employees, and the County, the Board of Supervisors, officers, agents, and employees thereof shall not be liable thereon. In no event shall the Principal or redemption price, if any, of and interest on any Bond be payable out of any funds or property of the County.

(d) The Clerk shall send a certified copy of this Resolution, together with the final debt service schedule for the Bonds, to the Treasurer.

SECTION 44. Conflicts. If there is any inconsistency or conflict between any provision of this Resolution and any provision of the Contract of Purchase, the Contract of Purchase prevails to the extent of the inconsistency or conflict. If there is any inconsistency or conflict between any provision of this Resolution and any provision of the Tax Certificate, the Tax Certificate prevails to the extent of the inconsistency or conflict.

SECTION 45. Effective Date. This Resolution shall take effect immediately upon its adoption.

[Remainder of Page Intentionally Left Blank.]

PASSED AND ADOPTED this 10th day of June, 2024, by the Board of Trustees of College of the Sequoias Community College District, at Visalia, California, by the following vote:

AYES: \_\_\_\_\_

NOES: \_\_\_\_\_

ABSTAIN: \_\_\_\_\_

ABSENT: \_\_\_\_\_

**COLLEGE OF THE SEQUOIAS  
COMMUNITY COLLEGE DISTRICT**

By: \_\_\_\_\_  
President, Board of Trustees

Attest:

By: \_\_\_\_\_  
Clerk or Secretary, Board of Trustees

**EXHIBIT A**

**FORM OF BOND**

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE RESOLUTION) TO THE BOND REGISTRAR 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.

UNITED STATES OF AMERICA

STATE OF CALIFORNIA

**COLLEGE OF THE SEQUIOIAS COMMUNITY COLLEGE DISTRICT  
(TULARE COUNTY, CALIFORNIA)  
ELECTION OF 2022 GENERAL OBLIGATION BONDS, SERIES A  
(VISALIA AREA IMPROVEMENT DISTRICT NO. 2)  
(DEDICATED UNLIMITED *AD VALOREM* PROPERTY TAX BONDS)**

\$ \_\_\_\_\_ No. \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP</u>
____%	August 1, 20__	Date of Delivery	

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT:

The College of the Sequoias Community College District (the “District”), a community college district duly organized and existing under the laws of the State of California, located within the County of Tulare (the “County”), State of California (the “State”), for value received, hereby acknowledges, on behalf of the College of the Sequoias Visalia Area Improvement District No. 2 of the District (the “Improvement District”), itself indebted and promises to pay to the Registered Owner named above, or registered assigns, the Principal Amount set forth above, on the Maturity Date set forth above, together with interest thereon from the Dated Date set forth above until the Principal Amount hereof shall have been paid or provided for, in accordance with the Resolution hereinafter referred to, at the Interest Rate set forth above. Interest on this Bond is payable on [February 1, 2025], and semiannually thereafter on the first day of February and August (each, an “Interest Payment Date”) in each year to the registered owner hereof (the “Owner”) from the Interest Payment Date next preceding the date on which this Bond is registered, unless it is registered after the close of business on the fifteenth calendar day of the month next preceding any Interest Payment Date (a “Record Date”) and before the close of business on the immediately

following Interest Payment Date, in which event it shall bear interest from such following Interest Payment Date, or unless this Bond is registered prior to the close of business on [January 15, 2025], in which event it shall bear interest from its date; *provided, however*, that if at the time of registration of this Bond interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. The principal amount hereof is payable at the office of U.S. Bank Trust Company, National Association, as initial paying agent (the “Paying Agent”), in Seattle, Washington. The interest hereon is payable by wire transfer to the Owner appearing on the Bond Register on the Record Date, to the account specified by the Owner in a written request delivered to the Paying Agent on or prior to the Record Date for such Interest Payment Date; *provided, however*, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than fifteen days and not less than ten days prior to the date of the proposed payment of defaulted interest.

The Bonds are being issued in the form of Current Interest Bonds in the aggregate principal amount of [\$95,000,000], all subject to the terms and conditions of the Resolution. This Bond is issued by the District under and in accordance with the provisions of (i) Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State; (ii) applicable provisions of the Education Code of the State; and (iii) Article XIII A of the California Constitution (collectively, the “Act”), and pursuant to a resolution of the Board of Trustees of the District, acting as the governing board of the Improvement District, adopted on June 10, 2024 (the “Resolution”). Reference is hereby made to the Resolution, a copy of which is on file at the District, for a description of the terms on which the Bonds are delivered, and the rights thereunder of the Owners of the Bonds and the rights and duties of the Paying Agent and the District, to all of the provisions of which the Owner of this Bond, by acceptance hereof, assents and agrees. All capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Resolution. The Bonds were authorized by a vote of more than 55% of the qualified electors of the Improvement District voting on the measure at a general election held therein on November 8, 2022, to determine whether such Bonds should be issued.

Reference is made to the Resolution for a more complete description of 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 County, the Paying Agent and the Owners, and the terms and conditions upon which the Bonds are issued and secured. The Owner of this Bond assents, by acceptance hereof, to all of the provisions of the Resolution.

This Bond is a general obligation of the District, issued on behalf of the Improvement District, payable as to both principal and interest from *ad valorem* property taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property in the Improvement District. Neither the payment of the principal of this Bond, or any part thereof, nor any interest or premium hereon constitute a debt, liability or obligation of the County.

The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their respective stated maturity dates. 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, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption. For the purposes of such selection, Bonds will be deemed to consist of \$5,000 portions by principal amount, and any such portion may be separately redeemed.

Bonds maturing on August 1, 20\_\_, are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20\_\_, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Redemption Date (August 1)	<u>Principal Amount to be Redeemed</u>
20__	\$
20__	
20__	
20__	

Whenever provision is made for the 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 in such order as the District may direct. Within a maturity, the Paying Agent shall select Bonds for redemption as directed by the District, or, in the absence of such direction, in inverse order of maturity and within a maturity, 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.

This Bond is issued in fully registered form. Registration of this Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at the aforesaid offices of the Paying Agent, but only in the manner, subject to the limitations, and upon payment of the charges, provided in the Resolution and upon surrender and cancellation of this Bond. Upon such registration of transfer, a new Bond or Bonds of like tenor and maturity in the same Principal Amount and in authorized denominations will be issued to the transferee in exchange herefor. The District and the Paying Agent may treat the Owner hereof as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

The Paying Agent shall not be required to register the transfer or exchange of any Bond (i) during the period beginning at the close of business on any Record Date through the close of business on the immediately following Interest Payment Date, or (ii) that has been called or is subject to being called for redemption, during a period beginning at the opening of business 15 days before any selection of Bonds to be redeemed through the close of business on the applicable redemption date, except for the unredeemed portion of any Bond to be redeemed only in part.

The rights and obligations of the District and of the owners of the Bonds may be modified or amended at any time by a supplemental resolution adopted by the District with the written consent of owners of at least 60% in aggregate Principal Amount of the Outstanding Bonds, exclusive of Bonds, if any, owned by the District, on behalf of the Improvement District; *provided,*

*however*, that no such modification or amendment shall, without the express consent of the Owner of each Bond affected, reduce the Principal Amount of any Bond, reduce the interest rate payable thereon, advance the earliest redemption date thereof, extend its maturity or the times for paying interest thereon or change the monetary medium in which the principal and interest is payable, nor shall any modification or amendment reduce the percentage of consents required for amendment or modification hereof.

A supplemental resolution of the District may be adopted, which, without the requirement of consent of the registered owners, shall be fully effective in accordance with its terms: (1) to add to the covenants and agreements of the District in the Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (2) to add to the limitations and restrictions in the Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with the Resolution as theretofore in effect; (3) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under the Resolution; (4) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution; or (5) to amend or supplement the Resolution in any other respect, *provided* such supplemental resolution does not, in the opinion of nationally recognized bond counsel, adversely affect the interests of the owners.

If this Bond is called for redemption and the principal amount of this Bond plus premium, if any, and accrued interest due with respect hereto are duly provided therefor as specified in the Resolution, then interest shall cease to accrue with respect hereto from and after the date fixed for redemption.

This Bond shall not become valid or obligatory for any purpose until the Certificate of Authentication hereon endorsed shall have been dated and executed manually by the Paying Agent.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED, that an election was duly and legally called, held and conducted, and the notices thereof duly given, and the results thereof canvassed and declared in accordance with the provisions of the Act and that all of the proceedings of the Board of Trustees of the District, acting as the governing board of the Improvement District, in the matter of the issuance of this Bond were regular and in strict accordance with the provisions of the Act, including the Constitution of the State, that the total bonded indebtedness of the Improvement District, including the issue of which this Bond is a part, does not exceed any limit prescribed by said Act, 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 and interest when due.

IN WITNESS WHEREOF, the College of the Sequoias Community College District, acting on behalf and in the name of the College of the Sequoias Visalia Area Improvement District No. 2 of the College of the Sequoias Community College District, has caused this Bond to be executed in their official capacities by the manual or facsimile signature of the President of the Board of Trustees of the District and countersigned by the manual or facsimile signature of the Clerk of the Board of Trustees of the District as of the date stated above.

COLLEGE OF THE SEQUOIAS COMMUNITY  
COLLEGE DISTRICT

By:   [Form Document]    
  President of the Board of Trustees

Countersigned:

By:   [Form Document]    
  Clerk of the Board of Trustees

The following Certificate of Authentication shall be printed on each Bond:

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution of the Board of Trustees of the College of the Sequoias Community College District.

DATED: \_\_\_\_\_, 2024

U.S. BANK TRUST COMPANY NATIONAL  
ASSOCIATION, as Paying Agent

By: \_\_\_\_\_  
[Form Document]  
Authorized Officer



FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto

Name of Transferee: \_\_\_\_\_

Address for Payment of Interest: \_\_\_\_\_

\_\_\_\_\_  
Social Security Number or other Tax Identification No.:

\_\_\_\_\_

the within-mentioned Bond and hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer the same on the books of the Paying Agent with full power of substitution in the premises.

Registered Owner

\_\_\_\_\_

Dated: \_\_\_\_\_

NOTICE: The signature on this Assignment must correspond with the name as written on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature \_\_\_\_\_  
guaranteed

[Bank, Trust Company or Firm]

By: \_\_\_\_\_

Authorized Officer

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

**EXHIBIT B**

**FORM OF 15C2-12 CERTIFICATE**

With respect to the proposed sale of the College of the Sequoias Community College District (Tulare County, California) Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds), in an aggregate principal amount of not to exceed \$95,000,000, the College of the Sequoias Community College District (the “**District**”) has delivered to you a Preliminary Official Statement, dated as of the date hereof (the “**Preliminary Official Statement**”). The District, for purposes of compliance with Rule 15c2-12 of the Securities Exchange Commission (“**Rule 15c2-12**”), deems the Preliminary Official Statement to be final as of its date, except for the omission of no more than the information permitted under Rule 15c2-12.

COLLEGE OF THE SEQUOIAS COMMUNITY  
COLLEGE DISTRICT

Dated: \_\_\_\_\_, 2024

By:     [Form Document]    

\_\_\_\_\_  
Authorized Officer

§ \_\_\_\_\_  
**COLLEGE OF THE SEQUIOIAS COMMUNITY COLLEGE DISTRICT**  
**(Tulare County, California)**  
**Election of 2022 General Obligation Bonds, Series A**  
**(Visalia Area Improvement District No. 2)**  
**(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)**

**CONTRACT OF PURCHASE**

[July \_\_\_\_], 2024

College of the Sequoias Community College District  
915 S. Mooney Blvd.  
Visalia, California 93277

The undersigned, Raymond James & Associates, Inc. (the “Underwriter”), hereby offers to enter into this Contract of Purchase (the “Purchase Contract”) with the College of the Sequoias Community College District (the “District”) which, upon the acceptance hereof, will be binding upon the District and the Underwriter. By execution of this Purchase Contract, the District acknowledges the terms hereof and recognizes that it will be bound by certain of the provisions hereof, and to the extent binding on the District, acknowledges and agrees to such terms. 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., California time, on the date hereof.

**Section 1. Purchase and Sale of the Bonds.** (a) Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, 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 the \$ \_\_\_\_\_ aggregate principal amount of the District’s Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Bonds”).

(b) The Underwriter shall purchase the Bonds at a price of \$ \_\_\_\_\_ (the “Purchase Price”) (which represents the aggregate principal amount of the Bonds, plus net original issue premium of \$ \_\_\_\_\_, and less Underwriter’s discount in the amount of \$ \_\_\_\_\_). From the Purchase Price, the Underwriter shall withhold and hereby agrees to wire on the Closing (as defined below), in immediately available funds, to U.S. Bank Trust Company, National Association, as fiscal agent (the “Fiscal Agent”), the amount of \$ \_\_\_\_\_ to pay the costs of issuance of the Bonds as provided in Section 11 hereof. The remaining amount of the Purchase Price (\$ \_\_\_\_\_), shall be paid by wire transfer to Tulare County (the “County”) on behalf of the District on the Closing.

(c) The District acknowledges and agrees that: (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm’s-length commercial transaction between the District

and the Underwriter; (ii) the Underwriter is acting solely as underwriter in connection with the matters contemplated by and with respect to all communications under this Purchase Contract, including the process leading thereto, and is not acting as the agent or fiduciary of the District or as municipal advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) to the District and its advisors in connection with the matters contemplated by this Purchase Contract regardless of whether the Underwriter or any affiliates thereof have provided or are providing other services to the District; (iii) the Underwriter has financial and other interests that differ from those of the District; (iv) the Underwriter has neither assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the District on other matters) nor have they assumed any other obligation to the District except the obligations expressly set forth in this Purchase Contract; and (v) in connection with the purchase and sale of the Bonds, the District has consulted its own financial, legal and other advisors to the extent it has deemed appropriate. The District also acknowledges that it previously received from the Underwriter a letter regarding the Municipal Securities Rulemaking Board (“MSRB”) Rule G-17 Disclosures, and that it has provided to the Underwriter an acknowledgement of such letter.

**Section 2. The Bonds.** (a) The Bonds shall be dated their date of delivery. The Bonds shall be issued in the principal amounts, shall bear interest at the rates, with the yield to maturity or redemption (as applicable), shall be subject to redemption, and shall mature on the dates and in the years all as set forth in Exhibit A hereto, which is incorporated herein by this reference. The Bonds shall be issued in authorized denominations of \$5,000 or any integral multiple thereof. The Bonds shall be in definitive form, shall bear CUSIP numbers, and shall be in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). U.S. Bank Trust Company, National Association, is serving as initial paying agent for the Bonds (the “Paying Agent”). The Bonds will be issued as current interest bonds and shall bear interest from the date thereof payable semiannually on February 1 and August 1 of each year, commencing February 1, 2025.

(b) The Bonds shall be issued and secured pursuant to the provisions of the Resolution of the Board of Trustees of the District (the “Board of Trustees”) adopted on June 10, 2024 (the “Resolution”), this Purchase Contract and Article 4.5 of Chapter 3, of Part 1 of Division 2 of Title 5 of the California Government Code (the “Act”). The Bonds are secured by the levy and collection of voter-approved *ad valorem* taxes on all taxable property within the College of the Sequoias Visalia Area Improvement District No. 2 of the College of the Sequoias Community College District (“Improvement District No. 2”), unlimited as to rate or amount. The Bonds were authorized under and pursuant to a bond authorization approved by more than 55% of the voters of Improvement District No. 2 voting at an election held on November 8, 2022 (the “Election”) approving an amount not more than \$95,000,000 of general obligation bonds of the District. The Bonds are being issued to (i) finance the construction, acquisition, furnishing and equipping of District sites and facilities within Improvement District No. 2, (ii) pay capitalized interest and (iii) pay the costs of issuing the Bonds. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Resolution.

(c) In order to assist the Underwriter with compliance with Rule 15c2-12 of the Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended

(the “Rule”), the District will enter into the Continuing Disclosure Certificate, dated the date of Closing (the “Continuing Disclosure Certificate”).

(d) The Bonds shall be executed and delivered under and in accordance with the provisions of this Purchase Contract and the Resolution.

**Section 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 (defined below), the Official Statement (defined below), the Resolution and the Continuing Disclosure Certificate, 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.

**Section 4. Public Offering of the Bonds.** The Underwriter agrees to make a *bona fide* initial public offering of all the Bonds at prices no higher than, or yields not lower than, those set forth on Exhibit A hereto. Subsequent to such initial public offering but subject to the provisions set forth in Section 5 below, the Underwriter reserves the right to lower such initial offering prices as the Underwriter deems necessary in connection with the marketing of the Bonds; provided, however, that the Underwriter shall not change the interest rates set forth in Exhibit A. Subject to the provisions set forth in Section 5 below, the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial public offering price or prices set forth on Exhibit A hereto. The Underwriter also reserves the right to: (i) over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

**Section 5. Establishment of Issue Price.** (a) The Underwriter agrees to assist the District in establishing the issue price of the 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 Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District, and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds. As applicable, all actions to be taken by the District under this Section to establish the issue price of the Bonds may be taken on behalf of the District by the District’s municipal advisor (the “Municipal Advisor”) and any notice or report to be provided to the District shall be provided to the Municipal Advisor.

(b) Except as otherwise set forth in Exhibit A attached hereto, the District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as of the sale date as the issue price of that maturity. 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 Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Bonds of that maturity to the public. That reporting obligation shall continue, whether or not the date of the Closing has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriter’s reporting obligation after the date of the Closing may be at reasonable periodic

intervals or otherwise upon request of the District or Bond Counsel. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) The Underwriter confirms that it has offered the 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 Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Bonds for which the 10% test has not been satisfied (the “unsold maturities”). The District and the Underwriter agree that the restrictions set forth in the next sentence shall apply to the unsold maturities, 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 Bonds, the Underwriter will neither offer nor sell unsold 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:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the District promptly after the close of the fifth (5<sup>th</sup>) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that: (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the 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 third-party distribution agreement, as applicable:

- (1) (i) to report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the date of the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter and as set forth in the related pricing wires,
- (2) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below), and

(3) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the date of the Closing has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The District acknowledges that, in making the representations set forth in this Section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.

(f) The Underwriter acknowledges that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(1) “public” means any person other than an underwriter or a related party,

(2) “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 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 Bonds to the public (including a member of a selling

group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (a) more than 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

(4) “sale date” means the date of execution of this Purchase Contract by all parties.

**Section 6. Official Statement.** (a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Bonds, dated [June 21], 2024 (as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Preliminary Official Statement”). The District represents that it deems the Preliminary Official Statement to be final as of its date, except for either revisions or additions to the offering price(s), interest rate(s), yield(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to the Rule. By the execution of this Purchase Contract, the District ratifies the use by the Underwriter of the Preliminary Official Statement.

(b) 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 a final 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, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto, and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, being herein called the “Official Statement”) in such quantities as may be requested by the Underwriter in order to permit the Underwriter to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB; provided, however, that the failure of the District to comply with this requirement due solely to the acts of the Underwriter, its counsel or agents, shall not be considered cause for the Underwriter to refuse to accept delivery of and pay the Purchase Price for the Bonds. The Underwriter agrees that prior to the time the final 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 other equally prompt means) not later than the first business day following the date upon which each such request is received.



(c) The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access system.

(d) Each party hereto agrees that it will notify the other party hereto if, within the period from the date of this Purchase Contract to and including the date which is 25 days following the End of the Underwriting Period (as hereinafter defined), such party discovers any pre-existing or subsequent fact or becomes aware of the occurrence of any event, in any such case which might cause the Official Statement (as the same may have been theretofore supplemented or amended) to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. If, in the written opinion of the District or the Underwriter, the preparation and publication of a supplement or amendment to the Official Statement is, as a result of such fact or event (or any other event which becomes known to the District or the Underwriter during such period), necessary so that the Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall, at its expense, supplement or amend the Official Statement in such a manner so that the Official Statement, as so supplemented or amended, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and furnish copies of such supplement or amendment to the Underwriter in such numbers as the Underwriter may reasonably request. The District and the Underwriter agree that they will cooperate in the preparation of any such amendment or supplement. As used herein, the term “End of the Underwriting Period” means the later of such time as (i) the District delivers the Bonds to the Underwriter, or (ii) the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Bonds for sale to the public. Unless the Underwriter gives notice to the contrary, the “End of the Underwriting Period” shall be deemed to be the date of Closing. Any notice delivered pursuant to this provision shall be written notice delivered to the District at or prior to the date of Closing, and shall specify a date (other than the date of Closing) to be deemed the End of the Underwriting Period.

**Section 7. Closing.** At 9:00 a.m., California time, on [July 24], 2024, or at such other time or on such other date as shall have been mutually agreed upon by the parties hereto (the “Closing”), the District will deliver to the Underwriter, through the facilities of DTC, or at such other place as the District and the Underwriter may mutually agree upon, the Bonds in fully registered book-entry form, duly executed, and shall cause the other documents hereinafter mentioned to be delivered at the offices of Norton Rose Fulbright US LLP (“Bond Counsel”) in Los Angeles, California. Upon fulfillment of all conditions to Closing herein, the Underwriter will accept such delivery and pay the Purchase Price thereof in immediately available funds (by wire transfer or such other manner of payment as the Underwriter and the District shall reasonably agree upon) to the account of the District.

**Section 8. Representations, Warranties and Agreements of the District.** The District hereby represents, warrants and agrees with the Underwriter that:

(a) The District is a community college district duly organized and validly existing under the laws of the State of California (the “State”), with the power to issue the Bonds under the laws of the State and pursuant to the Act;

(b) Improvement District No. 2 is a school facilities improvement district duly organized and validly existing under the laws of the State;

(c) (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 Resolution was duly adopted at a meeting of the Board of Trustees, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption, and the Resolution has not been amended, modified or rescinded, (iii) 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 issue and to deliver the Bonds to the Underwriter, to perform its obligations under each such document or instrument and to carry out and effectuate the transactions contemplated by this Purchase Contract and the Resolution; (iv) the execution and delivery or adoption of, and the performance by the District of the obligations represented by, the Bonds, the Resolution, the Continuing Disclosure Certificate and this Purchase Contract have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (v) this Purchase Contract constitutes, and, when executed and delivered, the Continuing Disclosure Certificate will constitute, valid and legally binding obligations of the District, enforceable against the District in accordance with their respective terms subject to laws relating to bankruptcy, insolvency, reorganization, moratorium or creditors' rights generally and to the application of equitable principles and to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against community college districts and counties in the State; and (vi) the District has duly authorized the consummation by it of all transactions contemplated by this Purchase Contract;

(d) No consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds 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, or which have not been taken or obtained;

(e) The District has complied with the Internal Revenue Code of 1986, as amended, with respect to the Bonds;

(f) As of the time of acceptance hereof and as of the time of the Closing, the District is not and will not be, in any manner which would adversely affect the transactions contemplated hereby and by the Resolution, in breach of or in default under any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute, in any manner which would adversely affect the transactions contemplated hereby and by the Resolution, a default or event of default under any such instrument; and, as of such times, to the best knowledge of the District, the issuance of the Bonds, the execution, delivery and performance of this Purchase Contract, the Resolution, the Continuing Disclosure Certificate and the Bonds and the compliance with the provisions hereof and thereof

and of the Resolution do not conflict with or constitute on the part of the District a violation of, or material default under, any applicable constitutional provision, law or administrative rule or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement or other instrument to which the District is a party or is otherwise subject and do not conflict with or result in a violation or breach of, or constitute a material 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;

(g) Except as described in the Preliminary Official Statement and the Official Statement, as of the time of acceptance hereof, no action, suit, proceeding, hearing or investigation is pending (in which service of process has been completed against the District) or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or Improvement District No. 2 or in any way challenging the respective powers of the several offices of the District or the titles of the officials of the District to such offices; (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, or the levy of any taxes contemplated by the Resolution or the pledge thereof to the payment of the Bonds, 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 Continuing Disclosure Certificate, the Resolution or this Purchase Contract; (iii) contesting the completeness or accuracy of the Preliminary Official Statement; or (iv) except as disclosed in the Preliminary Official Statement and the Official Statement, in which a final adverse decision could (A) result in any material adverse impact on the financial condition of the District, (B) materially adversely affect the finances or operations of the District or the consummation of the transactions contemplated by this Purchase Contract, the Continuing Disclosure Certificate or the Resolution, (C) declare this Purchase Contract to be invalid or unenforceable in whole or in material part, or (D) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes or the exemption of such interest on the Bonds from State personal income taxation;

(h) Preparation and distribution of the Preliminary Official Statement and the Official Statement have been duly authorized by the Board of Trustees, and the information contained therein (excluding the statements and information relating to the book entry system, and any information provided by the Underwriter, and so identified as source thereof, for inclusion in the Preliminary Official Statement and the Official Statement) is true and correct in all material respects and such information does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation and warranty is made concerning statements and information relating to the book entry system or any information provided by the Underwriter, and so identified as source thereof, for inclusion in the final Official Statement;

(i) The Preliminary Official Statement was as of its date, and the Official Statement is as of its date and will be as of the date of the Closing, true and correct in all material respects, and the Preliminary Official Statement as of its date and the Official Statement as of its date and as of the date of the Closing did not and will not contain an untrue statement of a material fact and did not and will not omit any statement necessary to make the statements contained therein, in the light

of the circumstances in which such statements were made, not misleading. At the time of the Closing, there shall not have been any material adverse changes in the financial condition of the District since the date of the Official Statement;

(j) The District agrees that if at any time before the Closing any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall promptly prepare an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter;

(k) 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 they are not so subject as of the date hereof;

(l) To assist the Underwriter in complying with the Rule, the District will undertake, pursuant to the Resolution and the Continuing Disclosure Certificate, to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement;

(m) Except as disclosed in the Preliminary Official Statement and the Official Statement, in the preceding five years, the District has not failed to comply in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of enumerated events required by such undertakings;

(n) Between the date hereof and the Closing, without the prior written consent of the Underwriter, neither the District nor any other entity or person on behalf of and at the request of the District or Improvement District No. 2 will have issued any bonds, notes or other obligations for borrowed money except for such borrowings as may be described in or contemplated by the Official Statement;

(o) The District agrees to take all steps required by law and by the County to ensure that the Board of Supervisors of the County annually levies a tax upon all taxable property in Improvement District No. 2 sufficient to pay the principal of and interest on the Bonds as and when the same become due;

(p) The audited financial statements of the District for the fiscal year ended June 30, 2023, were prepared in accordance with generally accepted accounting principles consistently applied and fairly present the financial position and results of operation of the District for the period and at the date set forth therein, and there has been no material adverse change in the business, affairs, financial position, results of operations or condition, financial or otherwise, of the District since the date of such financial statements, except as otherwise disclosed in the Official Statement, and no further consent is required to be obtained for the inclusion of such audited

financial statements, including the accompanying accountant's letter, in the Preliminary Official Statement and the Official Statement;

(q) The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution and as described in the Official Statement; and

(r) 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.

**Section 9. Conditions to Closing.** (a) The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties 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 Closing. The Underwriter's obligations under this Purchase Contract are and shall be subject at the option of the Underwriter, to the following further conditions at the Closing:

(1) 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 Closing; and the District shall be in compliance with each of the agreements made by it in this Purchase Contract;

(2) At the time of the Closing, (A) 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 parties hereto; (B) 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 (C) the District shall perform or has performed all of its obligations required under or specified in the Resolution, this Purchase Contract or the Official Statement to be performed at or prior to the Closing;

(3) 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), and no action, suit, proceeding, hearing or investigation shall be pending (in which service of process has been completed against the District) or, to the best knowledge of the District, threatened (either in state or federal courts) (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Continuing Disclosure Certificate or this Purchase Contract, or (C) in any way contesting the existence or powers of the District or Improvement District No. 2, or contesting in any way the completeness or accuracy of the Official Statement;

(4) Between the date hereof and the Closing, the market price for the Bonds, or the market for or marketability or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the initial offering prices set forth in the Official Statement, shall not

have been materially adversely affected, in the reasonable judgment of the Underwriter, by reason of any of the following:

(i) legislation enacted by the Congress of the United States, or by the legislature of the State, or introduced in the Congress or recommended for passage by the President of the United States (by press release, other form of notice or otherwise), or a decision rendered by a court of the United States or the State or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(A) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service or other federal or State authority, which would have the purpose or effect of changing, directly or indirectly, the federal income tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof or State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof; or

(B) by or on behalf of the Securities and Exchange Commission, 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, or that the Resolution is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(ii) the declaration of war or engagement in or escalation of major military hostilities by the United States or the occurrence or escalation of any other national or international emergency or calamity or crisis relating to the effective operation of the government or the financial markets in the United States;

(iii) the declaration of a general banking moratorium by federal, New York or State authorities having jurisdiction, or the general suspension of trading on any national securities exchange or fixing of minimum or maximum prices for trading or maximum ranges for prices for securities on any national securities exchange, whether by virtue or a determination by that exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction;

(iv) 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 a change to the net capital requirements of, the Underwriter;

(v) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, 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;

(vi) there shall have occurred or any notice shall have been given of any intended downgrading, suspension, withdrawal or negative change of any underlying rating or credit watch status or outlook of the District's outstanding indebtedness by a national rating agency;

(vii) the occurrence of any adverse change of a material nature of the financial condition, operation or properties of the District;

(viii) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information set forth 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 light of the circumstances under which they were made, not misleading;

(ix) a material disruption in securities settlement, payment or clearance services or the marketability of the Bonds or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by disruptive events, occurrences or conditions in the securities or debt markets; or

(x) the purchase of and payment for the Bonds by the Underwriter, or the resale of the Bonds by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission.

(5) At or prior to the Closing, the Underwriter shall have received the following documents, in each case dated as of the date of Closing and satisfactory in form and substance to the Underwriter:

(i) An approving opinion of Norton Rose Fulbright US LLP, as Bond Counsel, substantially in the form attached as Appendix B to the Official Statement, relating to the Bonds, and addressed to the District;

(ii) A reliance letter from Bond Counsel to the effect that the Underwriter may rely upon the approving opinion described in (5)(i) above;

(iii) A supplemental opinion of Bond Counsel, addressed to the District and the Underwriter, dated as of the Closing, substantially to the following effect:

(A) the description of the Bonds and statements in the Preliminary Official Statement and the Official Statement on the cover page thereof and under the captions “INTRODUCTION”, “THE BONDS”, “TAX MATTERS” and “LEGAL AND OTHER MATTERS - Continuing Disclosure,” to the extent they purport to summarize certain provisions of the Resolution, the Continuing Disclosure Certificate, and Bond Counsel’s opinion regarding 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 (a) any information contained in Appendices A, C, E, F or G to the Preliminary Official Statement or the Official Statement, (b) financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion contained in the Preliminary Official Statement or the Official Statement, including in any of the appendices thereto, (c) information with respect to DTC or its book-entry only system included therein, (d) any CUSIP numbers or information relating thereto, (e) the District’s compliance with its obligations to file annual reports or provide notice of the events described in the Rule, (f) any information with respect to the Underwriter or underwriting matters with respect to the Bonds, including but not limited to information under the caption “UNDERWRITING”; and (g) 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 “RATING”;

(B) this Purchase Contract and the Continuing Disclosure Certificate have 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 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

(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.

(iv) A certificate signed by an appropriate official of the District, to the effect that (A) such official is authorized to execute this Purchase Contract and the Continuing Disclosure Certificate, (B) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the Closing, (C) the District has complied with all the terms of the Resolution and this Purchase Contract to be complied with by the District prior to or concurrently



with the Closing and such documents are in full force and effect, (D) no litigation is pending or, to the best of such official's knowledge, threatened (either in state or federal courts) (1) seeking to restrain or enjoin the execution, sale or delivery of any of the Bonds, (2) in any way contesting or affecting the authority for the execution, sale or delivery of the Bonds, the Continuing Disclosure Certificate or this Purchase Contract, or (3) in any way contesting the existence or powers of the District or Improvement District No. 2, (E) such official has reviewed the Preliminary Official Statement and the Official Statement and on such basis certifies that the Preliminary Official Statement and the Official Statement do 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 light of the circumstances in which they were made, not misleading, (F) each of the conditions listed in Section 9(a)(5) of this Purchase Contract has been satisfied as of the Closing and the District is not aware of any other condition of this Purchase Contract that has not been satisfied as of the Closing, and (G) the Bonds being delivered on the Closing to the Underwriter under this Purchase Contract substantially conform to the descriptions thereof contained in the Resolution and this Purchase Contract;

(v) A letter of Norton Rose Fulbright US LLP, as disclosure counsel to the District ("Disclosure Counsel"), addressed to the District and the Underwriter, to the effect that, in its capacity as Disclosure Counsel, it has rendered certain legal advice and assistance to the District in connection with the preparation of the Preliminary Official Statement and the Official Statement. Rendering such legal advice and assistance involved, among other things, discussions and inquiries concerning various legal matters, review of certain records, documents and proceedings, and participation in conferences with, among others, representatives of the District, the Municipal Advisor, the Underwriter, and others, at which conferences the contents of the Preliminary Official Statement and the Official Statement and related matters were discussed. On the basis of the information made available to such firm in the course of the foregoing (but without having undertaken to determine or verify independently, or assuming any responsibility for, the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement and the Official Statement), no facts have come to the attention of the personnel in the firm directly involved in rendering legal advice and assistance to the District in connection with the preparation of the Preliminary Official Statement and the Official Statement which cause them to believe that the Preliminary Official Statement, as of its date and as of the date hereof, and the Official Statement as of its date and as of the date of the Closing (excluding therefrom financial, demographic and statistical data; forecasts, projections, estimates, assumptions and expressions of opinions; Appendices A, C, E, F and G thereto; information relating to DTC, its book entry only system, the treatment of the Bonds or the interest, discount or premium related thereto for tax purposes under the laws of any jurisdiction; the statements contained in the Preliminary Official Statement and the Official Statement under the caption "TAX MATTERS," and, with respect to the Preliminary Official Statement, information permitted to be omitted therefrom pursuant to the Rule, as to all of which it

expresses no view) contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(vi) The Continuing Disclosure Certificate signed by an appropriate official of the District and in form and substance reasonably satisfactory to the Underwriter;

(vii) A non-arbitrage/ tax certificate of the District with respect to the Bonds in form satisfactory to Bond Counsel;

(viii) Evidence satisfactory to the Underwriter that the rating on the Bonds described in the Official Statement is in full force and effect as of the date of Closing;

(ix) A certificate, together with a fully executed copy of the Resolution, of the Secretary or Clerk of the Board of Trustees to the effect that:

(A) such copy is a true and correct copy of the Resolution; and

(B) 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 Closing;

(x) A certificate of the appropriate official of the District evidencing his or her determination respecting the Preliminary Official Statement in accordance with the Rule;

(xi) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter may reasonably request to evidence (A) compliance by the District with legal requirements, (B) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, and (C) 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.

(b) If the District shall be 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 canceled 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.

**Section 10. Conditions to Obligations of the District.** The performance by the District of its obligations is conditioned upon (a) the performance by the Underwriter of its obligations

hereunder; and (b) the receipt by the District and the Underwriter of the opinions and certificates being delivered at the Closing by persons and entities other than the District.

**Section 11. Expenses.** (a) The District shall to the extent permitted by applicable law pay all expenses incident to the performance of its obligations hereunder from proceeds of the Bonds. On the Closing, the Underwriter will wire \$ \_\_\_\_\_ from the proceeds of the Bonds and as a portion of the Purchase Price of the Bonds as provided in Section 1 hereof to the Fiscal Agent, to be used to pay costs of issuance of the Bonds, including, but not limited to the following: (i) the fees and disbursements of Bond Counsel and Disclosure Counsel, and any other consultants to the District, including the Municipal Advisor; (ii) the cost of the preparation, printing and delivery of the Bonds; (iii) the fees for the Bond rating, including all necessary expenses for travel relating to such rating; (iv) the cost of the printing and distribution of the Preliminary Official Statement and the Official Statement; (v) the initial fees of the Paying Agent and Fiscal Agent and related fees and expenses; and (vi) all other fees and expenses incident to the issuance and sale of the Bonds.

(b) All out-of-pocket expenses of the Underwriter, including the California Debt and Investment Advisory Commission fee, CUSIP fees, fees of Underwriter's Counsel, if applicable, expenses for travel (except in connection with securing a rating on the Bonds or sale of the Bonds) and other expenses (except as provided above) shall be paid by the Underwriter.

(c) The District acknowledges that it has had an opportunity, in consultation with such advisors as it has deemed appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

**Section 12. 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, to the College of the Sequoias Community College District, 915 S. Mooney Boulevard, Visalia, California 93277, Attention: Ron Ballesteros-Perez, or if to the Underwriter, to Raymond James & Associates, Inc., 209 Avenida Del Mar, Suite 207, San Clemente, California 92672; Attention: Trennis Wright.

**Section 13. Severability.** In the event any provision of this Purchase Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 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.

**Section 15. Electronic Signature.** Each of the parties hereto agrees that the transaction consisting of this Purchase Contract may be conducted by electronic means. Each party agrees and acknowledges that it is such party's intent, that if such party signs this Purchase Contract using an electronic signature, it is signing, adopting and accepting this Purchase Contract and that signing this Purchase Contract using an electronic signature is the legal equivalent of having placed the undersigned officer's handwritten signature on this Purchase Contract on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Purchase Contract in a usable format.

**Section 16. 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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

**Section 17. 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,

**RAYMOND JAMES & ASSOCIATES,  
INC.**

By: \_\_\_\_\_  
Authorized Representative

The foregoing is hereby agreed to  
and accepted:

**COLLEGE OF THE SEQUOIAS  
COMMUNITY COLLEGE DISTRICT**

By: \_\_\_\_\_  
Ron Ballesteros-Perez  
Vice President, Administrative Services

Date: [July 10], 2024

Time: \_\_\_\_\_ : \_\_\_\_\_ A.M./P.M.

**EXHIBIT A**

**MATURITY SCHEDULE**

\$ \_\_\_\_\_  
**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**  
**(Tulare County, California)**  
**Election of 2022 General Obligation Bonds, Series A**  
**(Visalia Area Improvement District No. 2)**  
**(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)**

\$ \_\_\_\_\_ **Serial Bonds**

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold- The-Offering- Price Rule</u>
	\$	%	%	%			

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_\_ %<sup>C</sup> - Price \_\_\_\_\_ %  
 [10% Test Satisfied\*]

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_\_ % - Price \_\_\_\_\_ %  
 [10% Test Satisfied\*]

\* At the time of the execution of this Purchase Contract and assuming orders are confirmed by the end of the day immediately following the day of execution of this Purchase Contract.

<sup>C</sup> Yield to call at par on August 1, 20\_\_.

## TERMS OF REDEMPTION

### *Optional Redemption.*

The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their respective stated maturity dates. 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, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

### *Mandatory Sinking Fund Redemption*

The Term Bonds maturing on August 1, 20\_\_ (the "20\_\_ Term Bonds"), are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20\_\_, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Redemption Date (August 1)	Principal Amount to be Redeemed
	\$
*	
Total	\$

\*Maturity.

The Term Bonds maturing on August 1, 20\_\_ (the "20\_\_ Term Bonds"), are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20\_\_, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

Redemption Date (August 1)	Principal Amount to be Redeemed
	\$
*	
Total	\$

\*Maturity.

In the event that a portion of the 20\_\_ Term Bonds and 20\_\_ Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, with respect to the portion of such Term Bonds optionally redeemed.

**EXHIBIT B**

§ \_\_\_\_\_  
**COLLEGE OF THE SEQUIOIAS COMMUNITY COLLEGE DISTRICT**  
**(Tulare County, California)**  
**Election of 2022 General Obligation Bonds, Series A**  
**(Visalia Area Improvement District No. 2)**  
**(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)**

**ISSUE PRICE CERTIFICATE**

The undersigned, on behalf of Raymond James & Associates, Inc. (“Raymond James”), as underwriter, hereby certifies based upon the information available to it as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the College of the Sequoias Community College District (the “Issuer”).

**1. *Sale of the [Bonds][10% Test Maturities].*** As of the date of this certificate, for each Maturity of the [Bonds][10% Test Maturities], 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 Maturity.***

(a) Raymond James offered the Hold-the-Offering-Price Maturity to the Public for purchase at the initial offering price listed in Schedule A (the “Initial Offering Price”) 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 B.

(b) As set forth in the Contract of Purchase, Raymond James agreed in writing on or prior to the Sale Date that, (i) for the Hold-the-Offering-Price Maturity, it 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 third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold the Hold-the-Offering-Price Maturity at a price that is higher than the Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

**3. *Defined Terms.***

[(a) *10% Test Maturities* means those Maturities of the Bonds listed in Schedule A hereto as having satisfied the 10% test.

(b) *Hold-the-Offering-Price Maturity* means that Maturity of the Bonds listed in Schedule A hereto as subject to the hold-the-offering-price rule.

(c) *Holding Period* means, with respect to the 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, or (ii) the date on which Raymond James sold at least 10% of the Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for the Hold-the-Offering-Price Maturity.]

(d) *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.

(e) *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.

(f) [*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 [July 10], 2024.]

(g) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (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 third-party distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Raymond James' 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 Issuer with respect to certain of the representations set forth in the tax certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Norton Rose Fulbright US LLP, as Bond Counsel to the Issuer, 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 Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

**RAYMOND JAMES & ASSOCIATES,  
INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: Managing Director

\_\_\_\_\_

Dated: \_\_\_\_\_, 2024

**SCHEDULE A**

\$ \_\_\_\_\_  
**COLLEGE OF THE SEQUIOIAS COMMUNITY COLLEGE DISTRICT**  
**(Tulare County, California)**  
**Election of 2022 General Obligation Bonds, Series A**  
**(Visalia Area Improvement District No. 2)**  
**(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)**

\$ \_\_\_\_\_ Serial Bonds

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold- The-Offering- Price Rule</u>
	\$	%	%	%			

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_\_ %<sup>C</sup> - Price \_\_\_\_\_ %  
 [10% Test Satisfied\*]

\$ \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ – Yield \_\_\_\_\_ % - Price \_\_\_\_\_ %  
 [10% Test Satisfied\*]

---

\* At the time of the execution of this Purchase Contract and assuming orders are confirmed by the end of the day immediately following the day of execution of this Purchase Contract.

<sup>C</sup> Yield to call at par on August 1, 20\_\_.

**SCHEDULE B**  
**PRICING WIRE OR EQUIVALENT COMMUNICATION FOR THE BONDS**

## PRELIMINARY OFFICIAL STATEMENT DATED AS OF JUNE [21], 2024

NEW ISSUE – FULL BOOK-ENTRY

**RATING:**  
**Moody's: “\_\_\_”**  
 (See “RATING” herein)

*In the opinion of Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, under existing statutes, regulations, rulings and court decisions, and subject to the matters described in “TAX MATTERS” herein, interest on the Bonds is excluded pursuant to section 103(a) of the Internal Revenue Code of 1986 from the gross income for the owners thereof for federal income tax purposes and is not included in computing the federal alternative minimum taxable income of the owners thereof who are individuals. See “TAX MATTERS” herein. It is also the opinion of Bond Counsel that under existing law interest on the Bonds is exempt from personal income taxes of the State of California.*

§ \_\_\_\_\_\*

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**  
**(Tulare County, California)**  
**Election of 2022 General Obligation Bonds, Series A**  
**(Visalia Area Improvement District No. 2)**  
**(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)**

Dated: Date of Delivery

Due: August 1, as shown on the inside cover

**This cover page contains certain information for 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.**

The College of the Sequoias Community College District (Tulare County, California) Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Bonds”) were authorized at an election of the registered voters of the College of the Sequoias Visalia Area Improvement District No. 2 of the College of the Sequoias Community College District (“Improvement District No. 2”) held on November 8, 2022 at which the requisite 55% of the persons voting on the measure voted to authorize the issuance and sale of \$95,000,000 principal amount of general obligation bonds. The Bonds are being issued by the College of the Sequoias Community College District (the “District”) to (i) finance the construction, acquisition, furnishing and equipping of District sites and facilities within Improvement District No. 2, (ii) pay capitalized interest and (iii) pay the costs of issuing the Bonds.

The Bonds are being issued under the laws of the State of California (the “State”) and pursuant to a resolution of the Board of Trustees of the District, adopted on [June 10, 2024]. The Bonds are dated the date of delivery. The Bonds will mature on the dates and in the amounts and bear interest at the rates shown on the inside cover herein. The Bonds will be issued as current interest bonds payable semiannually on February 1 and August 1 of each year, commencing February 1, 2025.\*

The Bonds will be issued in book-entry form only, in denominations of \$5,000 principal amounts, or any integral multiple thereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository of the Bonds as described herein under the caption “THE BONDS – Book-Entry Only System.” Purchasers will not receive certificates representing their interests in the Bonds. Payments on the Bonds will be made by U.S. Bank Trust Company, National Association, as paying agent (the “Paying Agent”), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM” herein.

**The Bonds are subject to redemption as described herein.\*** See “THE BONDS – Redemption” herein.

**THE BONDS ARE GENERAL OBLIGATIONS OF THE DISTRICT, ISSUED ON BEHALF OF IMPROVEMENT DISTRICT NO. 2, SECURED AND PAYABLE SOLELY FROM *AD VALOREM* PROPERTY TAXES COLLECTED AGAINST TAXABLE PROPERTIES WITHIN THE BOUNDARIES OF IMPROVEMENT DISTRICT NO. 2. THE BONDS ARE GENERAL OBLIGATIONS OF THE DISTRICT ONLY AND ARE NOT OBLIGATIONS OF TULARE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS OTHER POLITICAL SUBDIVISIONS. THE BOARD OF SUPERVISORS OF TULARE COUNTY HAS THE POWER AND IS OBLIGATED TO LEVY AND COLLECT *AD VALOREM* PROPERTY TAXES FOR EACH FISCAL YEAR UPON THE TAXABLE PROPERTY WITHIN IMPROVEMENT DISTRICT NO. 2 IN AN AMOUNT AT LEAST SUFFICIENT, TOGETHER WITH OTHER MONEYS AVAILABLE FOR SUCH PURPOSE, TO PAY THE PRINCIPAL OF, AND PREMIUM, IF ANY, AND INTEREST ON EACH BOND AS THE SAME BECOMES DUE AND PAYABLE.**

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**MATURITY SCHEDULE**  
 (see inside front cover pages)

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*The Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Norton Rose Fulbright US LLP, Los Angeles, California, Bond Counsel, and certain other conditions. Norton Rose Fulbright US LLP, Los Angeles, California is also acting as Disclosure Counsel for the issue. It is anticipated that the Bonds will be available through the facilities of DTC on or about [July 24, 2024].*

Dated: \_\_\_\_\_, 2024

\* Preliminary; subject to change.

**MATURITY SCHEDULE<sup>(1)</sup>**

\$ \_\_\_\_\_<sup>(1)</sup>

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT  
(Tulare County, California)  
Election of 2022 General Obligation Bonds, Series A  
(Visalia Area Improvement District No. 2)  
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)**

**Base CUSIP<sup>(3)</sup>: 19428T**

\$ \_\_\_\_\_ **Serial Bonds**

<b><u>Maturity</u></b> <b><u>(August 1)</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b> \$	<b><u>Interest</u></b> <b><u>Rate</u></b> %	<b><u>Yield</u></b> %	<b><u>CUSIP<sup>(3)</sup></u></b> <b><u>Suffix</u></b>
--	---	---	--------------------------	---

(2)

\$ \_\_\_\_\_ - \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ ; Yield: \_\_\_\_%<sup>(2)</sup>; CUSIP<sup>(3)</sup> Suffix: \_\_\_\_

\$ \_\_\_\_\_ - \_\_\_\_\_ % Term Bonds due August 1, 20\_\_ ; Yield: \_\_\_\_%<sup>(2)</sup>; CUSIP<sup>(3)</sup> Suffix: \_\_\_\_

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<sup>(1)</sup> Preliminary; subject to change.

<sup>(2)</sup> Yield to call at par on August 1, 20\_\_.

<sup>(3)</sup> CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. 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 CUSIP Services. Neither the District nor the Underwriter take any responsibility for the accuracy of the CUSIP numbers, which are being provided for reference only. The CUSIP number for a specific maturity is subject to being changed after the issuance 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.

No dealer, broker, salesperson or other person has been authorized by the College of the Sequoias Community College District (the "District") to provide any information or to make any representations other than as contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by this Official Statement does not constitute an offer to sell, 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 described herein, are intended solely as such and are not to be construed as a representation of facts.

The District maintains a website and certain social media accounts. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites and social media accounts is not incorporated herein by reference and does not constitute part of this Official Statement.

The information set forth herein has been obtained from official sources that 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 Underwriter. The information and expression 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, unless authorized in writing by the District.

The Bonds have not been registered under the Securities Act of 1933, in reliance upon an exemption contained in such Act. The Bonds have not been registered under the securities laws of any state.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibility 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 the completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL 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 DEALERS, INSTITUTIONAL INVESTORS, BANKS OR OTHERS AT PRICES LOWER OR HIGHER 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.

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 (the "Exchange Act"), and Section 27A of the United States Securities Act of 1933, as amended (the "Securities Act"). Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

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 THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT**

**Board of Trustees**

Raymond Macareno, *President, Ward 3*  
Kenneth Nunes, *Vice President, Ward 2*  
Lori Cardoza, *Clerk, Ward 4*  
John Lehn, *Trustee, Ward 5*  
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*  
Rainbow Park-Moore, *Chief Accounting Officer*

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**PROFESSIONAL SERVICES**

**Bond Counsel and Disclosure Counsel**

Norton Rose Fulbright US LLP  
*Los Angeles, California*

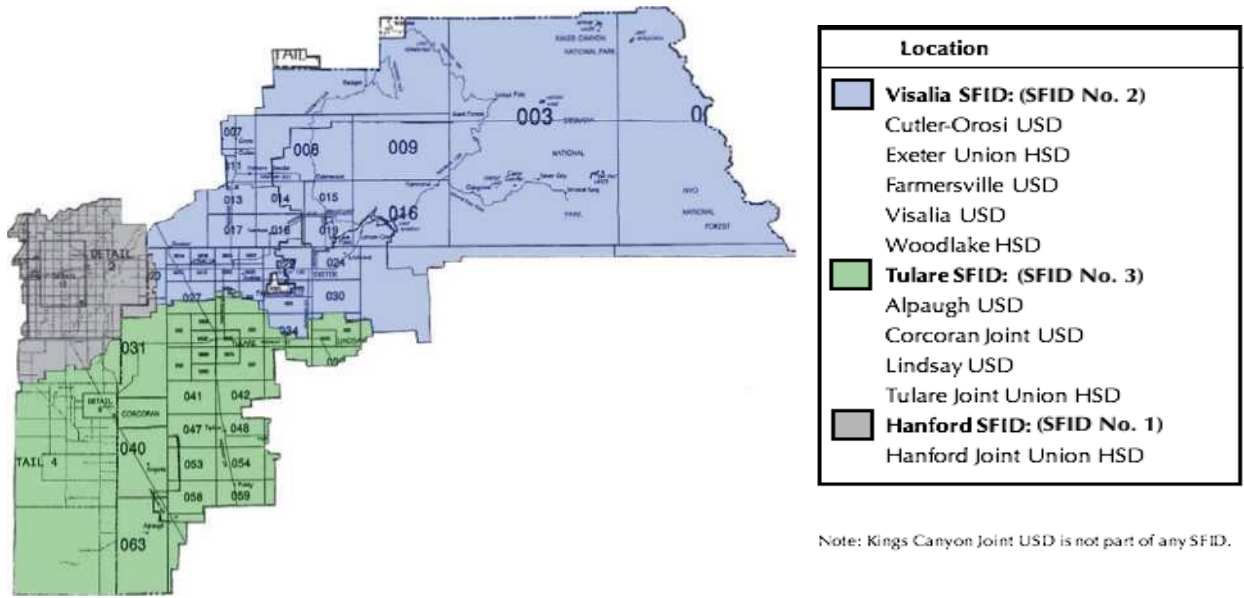
**Municipal Advisor**

KNN Public Finance LLC  
*Berkeley, California*

**Paying Agent, Registrar, and Transfer Agent**

U.S. Bank Trust Company, National Association  
*Seattle, Washington*





Source: The District

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§ \_\_\_\_\_ \*

**COLLEGE OF THE SEQUOIAS COMMUNITY COLLEGE DISTRICT  
(Tulare County, California)  
Election of 2022 General Obligation Bonds, Series A  
(Visalia Area Improvement District No. 2)  
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)**

**INTRODUCTION**

*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 BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT, ISSUED ON BEHALF OF IMPROVEMENT DISTRICT NO. 2, SECURED AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES ASSESSED ON ALL TAXABLE PROPERTIES WITHIN IMPROVEMENT DISTRICT NO. 2 OF THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT FOR CERTAIN PERSONAL PROPERTY WHICH IS TAXABLE AT LIMITED RATES). THE BONDS ARE NOT AN OBLIGATION OF TULARE COUNTY OR OF THE GENERAL FUND OF THE DISTRICT. SEE “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” HEREIN.**

**General**

The College of the Sequoias Community College District (the “District”) will issue \$ \_\_\_\_\_\* aggregate principal amount of the College of the Sequoias Community College District (Tulare County, California) Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Bonds”).

The 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 California Government Code (commencing with Section 53506) (the “Act”), and other applicable laws and regulations of the State of California (the “State”) and a resolution adopted by the Board of Trustees of the District (the “Board”) on [June 10, 2024] (the “Resolution”).

The Bonds were authorized at an election of the registered voters of the College of the Sequoias Visalia Area Improvement District No. 2 of the College of the Sequoias Community College District (“Improvement District No. 2”) held on November 8, 2022, at which the requisite 55% or more of the persons voting on the bond measure (“Measure C”) voted to authorize the issuance and sale of \$95 million principal amount of general obligation bonds for Improvement District No. 2 (the “Election”). The proceeds of the Bonds will be used to (i) finance the acquisition, construction and improvement of District sites and facilities within Improvement District No. 2, (ii) pay capitalized interest and (iii) pay the costs of issuing the Bonds. See “PLAN OF FINANCE.”

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\* Preliminary; subject to change.

## **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 City of Hanford and one in the City of Tulare. The College of the Sequoias is fully accredited by the ACCJC. For fiscal year 2022-23, the District’s actual full-time equivalent student (“FTES”) count was 9,677.80 students. For fiscal year 2023-24, the District’s estimated FTES count is 10,447 students.

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 APPENDIX A - “FINANCIAL AND DEMOGRAPHIC INFORMATION OF THE DISTRICT” attached hereto. The District’s audited financial statements for fiscal year ended June 30, 2023 are attached hereto as APPENDIX C and should be read in their entirety.

## **Improvement District No. 2**

Improvement District No. 2 is located within the County, and includes the City of Visalia. Improvement District No. 2 encompasses about 1,783 square miles, representing about fifty-nine percent of the territory of the District. The boundaries of Improvement District No. 2 include the boundaries of Visalia Unified School District, the Exeter Union High School District, the Farmersville Unified School District, the Woodlake Union High School District, and those portions of the Cutler-Orosi Joint Unified School District which lie within the County, excluding portions of such district lying in Fresno County. Taxable property within Improvement District No. 2 has a fiscal year 2023-24 assessed valuation of \$22,867,893,481. See APPENDIX A - “IMPROVEMENT DISTRICT NO. 2” hereto.

For more information regarding Improvement District No. 2’s tax base, see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein. See APPENDIX A – “FINANCIAL AND DEMOGRAPHIC INFORMATION OF THE DISTRICT” and - “FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA” hereto for more general information regarding the District and its finances.

## **THE BONDS**

### **Authority for Issuance and Security for the Bonds**

The Bonds are being issued under the provisions of the Act and other applicable laws and regulations of the State, and pursuant to the Resolution. The District received authorization under Measure C to issue general obligation bonds in an amount not to exceed \$95 million at the Election. The Bonds are the first and final issuance of general obligation bonds of the District authorized at the Election.

The Board of Supervisors of the County has the power and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District within the boundaries of Improvement District No. 2, without limitation as to rate or amount (except certain personal property, which is taxable at limited rates), for the payment of principal of and interest on the Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”

### **Description of the Bonds**

The Bonds will be dated their date of delivery and will be issued in initial denominations of \$5,000 or any integral multiple thereof. The Bonds will have principal payable at the maturity dates of the respective Bonds or their earlier redemption. Interest on each Bond shall accrue from its dated date. Interest on the Bonds shall be computed using a year of 360 days comprised of twelve 30-day months and shall be payable on each August 1 and February 1 of each year (each, an “Interest Payment Date”), commencing February 1, 2025,\* to the registered owners (each, an “Owner”) thereof as of the close of business on the fifteenth calendar day of the month preceding any Interest Payment Date (a “Record Date”). Interest on each Bond will be payable from the Interest Payment Date next preceding the date of registration thereof, unless (i) it is registered after the close of business on any Record Date and before the close of business on the immediately following Interest Payment Date, in which event interest thereon shall be payable from such following Interest Payment Date; or (ii) it is registered prior to the close of business on the first Record Date, in which event, interest shall be payable from its dated date; provided, however, that if at the time of registration of any Bond interest thereon is in default, interest thereon shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment. Payments of interest on the Bonds will be made on each Interest Payment Date by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date, to the Owner thereof on the Record Date; provided, however, that payments of defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date fixed therefor by the Paying Agent, which shall not be more than 15 days and not less than ten days prior to the date of the proposed payment of defaulted interest.

Principal of the Bonds shall be due and payable on August 1 in each of the years as set forth on the inside cover of this Official Statement.

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the actual purchasers of the Bonds (the “Beneficial Owners”).

So long as Cede & Co. is the registered owner of the Bonds, principal of and interest, or premium, if any, on the Bonds are payable by wire transfer of New York Clearing House or equivalent next-day funds or by wire transfer of same day funds by U.S. Bank Trust Company, National Association, as paying agent (the “Paying Agent”), to Cede & Co., as nominee for DTC. DTC is obligated, in turn, to remit such amounts to the DTC Participants (“DTC Participants”) for subsequent disbursement to the Beneficial Owners. Payments of principal, and premium, if any, for any Bonds shall be made only upon the surrender of such Bonds to the Paying Agent. See APPENDIX G – “BOOK-ENTRY ONLY SYSTEM” herein.

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\* Preliminary; subject to change.

## Redemption\*

### *Optional Redemption\**

The Bonds maturing on or before August 1, 20\_\_ are not subject to redemption prior to their respective stated maturity dates. 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, as a whole or in part on any date on or after August 1, 20\_\_, at a redemption price equal to 100% of the principal amount of such Bonds to be redeemed, without premium, together with accrued interest thereon to the date fixed for redemption.

### *Mandatory Sinking Fund Redemption\**

The Term Bonds maturing on August 1, 20\_\_ (the "20\_\_ Term Bonds"), are subject to mandatory sinking fund redemption on August 1 of each year, commencing August 1, 20\_\_, at a redemption price equal to 100% of their principal amount, together with accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the aggregate principal amounts listed below:

<b>Redemption Date (August 1)</b>	<b>Principal Amount to be Redeemed</b>
20__	\$
20__	
20__	
20__	
20__ <sup>(1)</sup>	
Total	\$

<sup>(1)</sup> Maturity.

In the event that a portion of the 20\_\_ Term Bonds are optionally redeemed prior to maturity, the remaining mandatory sinking fund payments shown above shall be reduced proportionately or as otherwise directed by the District, in integral multiples of \$5,000 principal amount, with respect to the portion of such 20\_\_ Term Bonds optionally redeemed.

### **Selection of Bonds for Redemption**

Whenever provision is made for the 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 in such manner as the District shall direct, or, in the absence of such direction, in inverse order of maturity and within a maturity, 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 in part will be in the principal amount of \$5,000 or any integral multiple thereof.

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\* Preliminary; subject to change.

## **Notice of Redemption**

When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, shall give notice (each, 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 any Bond to be redeemed 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 and, in the case of any Bond to be redeemed in part only, 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 the redemption price thereof, and that from and after such date, interest on Bonds shall cease to accrue.

The Paying Agent shall take the following actions with respect to each such Redemption Notice: (i) at least 20 days but not more than 45 days prior to the redemption date, such Redemption Notice shall be given to the respective Owners of the Bonds designated for redemption by first-class mail, postage prepaid, at their addresses appearing on the bond register; (ii) in the event the Bonds shall no longer be held in book-entry form, at least 35 but not more than 45 days prior to the redemption date, such Redemption Notice shall be given by (1) first-class mail, postage prepaid, (2) telephonically confirmed facsimile transmission, or (3) overnight delivery service, to each of the Securities Depositories and the Municipal Securities Rulemaking Board (“MSRB”). Such Redemption Notice shall be given to such other persons as may be required by the Continuing Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, through its Electronic Municipal Market Access (“EMMA”) website located at <http://emma.msrb.org>, or any other entity designated or authorized by the Commission.

The “Securities Depositories” shall mean DTC and, in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depositories as the District may designate in a certificate delivered to the Paying Agent.

A Redemption Notice may be rescinded by written notice given to the Paying Agent by the District and the Paying Agent shall provide notice of such rescission as soon thereafter as practicable in the same manner, and to the same recipients, as notice of such redemption was given, but in no event later than the date set for redemption.

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 check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

## **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 Transfer Amount 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.



“Transfer Amount” shall mean, with respect to any Bonds, the aggregate principal amount of thereof.

### **Effect of Notice of Redemption**

Notice having been given as required in the Resolution, and the moneys for redemption (including the interest to the applicable date of redemption) having been set aside in the District’s Debt Service Fund (as defined herein) or deposited with a duly appointed escrow agent, 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, together with interest to such redemption date, shall be held by the Paying Agent or deposited with a duly appointed escrow agent, so as to be available therefor on such redemption date, and if notice of redemption thereof shall have been given, then from and after such redemption date, interest on the Bonds to be redeemed shall cease to accrue and become payable.

### **Transfer and Exchange**

Any Bond may be exchanged for Bonds of like tenor, maturity and principal amount thereof, as applicable, and transferred upon the bond registrar upon presentation and surrender of such Bond at the principal office of the Paying Agent, together with an assignment executed by the Owner or 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 principal amount of the Bond surrendered and bearing interest at the same rate and maturing on the same date.

### **Discharge and Defeasance**

All or any portion of the outstanding Bonds shall be paid and discharged in any one of the following ways:

1. by paying or causing to be paid the principal of, premium, if any, and interest on such Bonds outstanding, and when the same become due and payable;
2. by depositing with the Paying Agent, or with a duly appointed escrow agent in an irrevocable trust, at or before maturity, cash which, together with the amounts then on deposit in the Debt Service Fund (as defined herein) plus the interest to accrue thereon without the need for further investment, is fully sufficient to pay all Bonds outstanding at maturity thereof, including any premium and all interest thereon, notwithstanding that any Bonds shall not have been surrendered for payment; or
3. by depositing with an institution which meets the requirements for acting as a successor Paying Agent pursuant to the Resolution selected by the District, in trust, lawful money or non-callable direct obligations issued by the United States Treasury (including State and Local Government Series Obligations) or obligations which are unconditionally guaranteed by the United States of America and permitted under Section 149(b) of the Code and Regulations which, in the opinion of nationally recognized bond counsel, will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds, in such amount as will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay and discharge all Bonds outstanding at maturity thereof, including any premium and all interest

thereon, for which notice has been given or provided for, notwithstanding that any Bonds shall not have been surrendered for payment;

then all obligations of the District and the Paying Agent under the Resolution with respect to the affected Bonds shall cease and terminate, except only the obligation of the Paying Agent to pay or cause to be paid to the Owners of the Bonds all sums due thereon, and the obligation of the District to pay the Paying Agent amounts owing to the Paying Agent under the Resolution.

### **Book-Entry Only System**

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee of DTC. DTC will act as securities depository for the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the Owners or registered owners shall mean Cede & Co. as aforesaid, and shall not mean the Beneficial Owners of the Bonds. For further information regarding DTC and the book-entry system, see APPENDIX G – “BOOK-ENTRY ONLY SYSTEM” hereto.

### **PLAN OF FINANCE**

The proceeds of the Bonds are being applied to: (i) finance the construction, acquisition, furnishing and equipping of District sites and facilities within Improvement District No. 2, all as included in the Project List (defined below) approved at the Election, (ii) pay capitalized interest and (iii) pay the costs of issuing the Bonds.

Accrued interest and premium, if any, received by the District from the sale of the Bonds will be deposited into the Debt Service Fund (as defined herein) with respect to the Bonds and will be applied to the payment of interest on the Bonds.

### **The Project**

The “Strict Accountability in Local School Construction Bonds Act of 2000,” comprising Section 15264 *et seq.* of the California Education Code, controls the method by which the District will expend amounts derived from the sale of the Bonds on its capital improvements. Prior to the Election, the District prepared and submitted to the Board for approval a master list of capital improvement projects to be built, acquired, constructed or installed with the proceeds of the general obligation bonds being approved at the Election (the “Project List”). On November 8, 2022, the District received authorization under Measure C to issue general obligation bonds in an amount not to exceed \$95 million when it asked voters the following question:

***“To expand COS’s University Center providing local, affordable university degrees/career training including nursing, public safety, teaching/education, agriculture/water technology, business, partnering with regional universities; acquire, construct, repair classrooms, facilities, sites/equipment, including student/veteran/mental health center; shall College of the Sequoias Visalia Area Improvement District No. 2 of the College of the Sequoias Community College District’s measure authorizing \$95,000,000 in bonds at legal rates, levying \$13 per \$100,000 assessed valuation, generating \$5,400,000 annually while bonds are outstanding, be adopted, requiring audits, oversight?”***

The District has planned several projects to be funded by the proceeds from the Bonds. Actual expenditures will depend on the progress of specific projects, and it is possible that opportunities will arise with respect to other projects authorized by Measure C not contemplated below that will call for an allocation of proceeds from the Bonds.

Several key projects include the acquisition, construction and improvement of certain real property and improvements within Improvement District No. 2 required for the District’s public education purposes, including but not limited to the design and construction of the:

- University Center;
- Student Union;
- Amphitheatre; and
- Tulare/Crowe Intersection.

The net proceeds from the sale of the Bonds will be paid to the County to the credit of the “College of the Sequoias Community College District, Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) Building Fund” (the “Building Fund”), and will be applied solely for the purposes for which the Bonds are being issued. Interest earnings in the Building Fund will be retained therein. Any excess proceeds of the Bonds not needed for the authorized purposes for which such Bonds are being issued, upon written notice from the District, will be transferred to the Debt Service Fund (as defined herein) and applied to the payment of the principal of and interest on the Bonds.

Accrued interest, if any, and except as shall otherwise be directed by the District in accordance with applicable law, any original issue premium received by the District from the sale of the Bonds, shall be kept separate and apart in a separate fund designated as the “College of the Sequoias Community College District, Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) Debt Service Fund” (the “Debt Service Fund”). Amounts in the Debt Service Fund may be used only for payment of principal of and interest on the Bonds. The Treasurer-Tax Collector of the County (the “Treasurer”) is directed to create any accounts and subaccounts in the Debt Service Fund as provided in the Tax Certificate (as defined herein) and the Resolution. Except as required to satisfy the requirements of Section 148(f) of the Code or to comply with the provisions of the Tax Certificate or the Resolution, interest earned on the investment of monies held in the Debt Service Fund shall be retained in the Debt Service Fund and used to pay the principal of and interest on the Bonds when due.

**Investment of Proceeds**

Moneys in the Building Fund and Debt Service Fund will be invested through the County’s pooled investment fund. See APPENDIX F – “TULARE COUNTY INVESTMENT POOL” attached hereto.

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**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**

Principal Amount of the Bonds	\$
Original Issue Premium	
Total Sources	

**Uses of Funds**

Building Fund	
Debt Service Fund <sup>(1)</sup>	
Costs of Issuance <sup>(2)</sup>	
Total Uses	\$

<sup>(1)</sup> Includes capitalized interest through [\_\_\_\_\_] 1, 20\_\_.

<sup>(2)</sup> 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 agency fees, and the costs and fees of the Paying Agent.

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## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

### General

The Bonds are general obligations of the District, and the Board of Supervisors of the County has the power and is obligated to levy and collect *ad valorem* taxes upon all property within Improvement District No. 2 subject to taxation by the County, without limitation as to rate or amount (except certain personal property which is taxable at limited rates) for payment of both principal of and interest on the Bonds. See “ – Assessed Valuations” herein for further information regarding the assessed valuation and property tax collection information within Improvement District No. 2.

### Assessed Valuations – Constitutional and Statutory Initiatives

**Article XIII A of the California Constitution.** Article XIII A of the California Constitution limits the amount of any *ad valorem* tax on real property, to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness or 55% of voters voting on the proposition. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” The full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Other amendments to the California Constitution have implemented and modified limits on reassessment of property value upon transfers. Most recently, Proposition 19 limits people who inherit family properties from keeping a low property tax base resulting from the 2% restriction on increases, unless they use the home as their primary residence, but it also allows homeowners who are over 55 years of age, disabled, or victims of a wildfire or natural disaster to transfer their assessed value of their primary home to a newly purchased or newly constructed replacement primary residence up to three times.

**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 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 2% annual adjustment 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 is shown at full market value on the tax rolls, with tax rates expressed as \$1 per \$100 of taxable value. All taxable property value included in this Official Statement is shown at 100% of market value (unless noted differently) and all general tax rates reflect the \$1 per \$100 of taxable value.

## **Assessed Valuations**

The assessed valuation of property in Improvement District No. 2 is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the full value of the property, as defined in Article XIII A of the California Constitution.

The State-reimbursed exemption currently provides a credit of \$7,000 of the full value of an owner-occupied dwelling for which application has been made to the County Assessor. The revenue estimated to be lost to local taxing agencies due to the exemption is reimbursed from State sources. Reimbursement is based upon total taxes due upon such exempt value and is not reduced by any amount for estimated or actual delinquencies.

In addition, certain classes of property such as churches, colleges, not-for-profit hospitals and charitable institutions are exempt from property taxation and do not appear on the tax rolls. No reimbursement is made by the State for such exemptions.

For fiscal year 2023-24, Improvement District No. 2's total assessed valuation is \$22,867,893,481. Shown in the following tables is information relating to the assessed valuation of property in Improvement District No. 2, assessed valuation by jurisdiction, assessed valuation and parcels by land use, and per parcel assessed valuation of single-family homes.

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*Assessed Valuations of Improvement District No. 2.* The table below shows the assessed valuations for Improvement District No. 2 for fiscal years 2014-15 through 2023-24.

**ASSESSED VALUATIONS**  
**College of the Sequoias Community College District**  
**(Visalia Area Improvement District No. 2)**  
**Fiscal Years 2014-15 through 2023-24**

	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>	<u>Total</u>
2014-15	\$13,213,795,060	\$3,349,059	\$813,654,582	\$14,030,798,701
2015-16	13,916,919,969	3,349,059	833,502,935	14,753,771,963
2016-17	14,574,695,003	3,349,059	844,088,706	15,422,132,768
2017-18	15,216,977,181	3,157,916	899,152,019	16,119,287,116
2018-19	16,048,198,291	3,157,916	946,713,090	16,998,069,297
2019-20	16,871,645,607	3,145,436	964,957,319	17,839,748,362
2020-21	17,773,227,846	3,145,436	1,006,967,908	18,783,341,190
2021-22	18,694,382,539	3,366,042	1,164,740,391	19,862,488,972
2022-23	19,995,706,290	3,366,042	1,382,702,335	21,381,774,667
2023-24	21,260,397,535	3,350,312	1,604,145,634	22,867,893,481

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Source: California Municipal Statistics, Inc.

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**Assessed Valuation of Single Family Homes.** The following table shows the distribution of single family homes within Improvement District No. 2 among various fiscal year 2023-24 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within Improvement District No. 2.

**ASSESSED VALUATION OF SINGLE FAMILY HOMES  
Fiscal Year 2023-24  
College of the Sequoias Community College District  
(Visalia Area Improvement District No. 2)**

	<u>No. of Parcels</u>	<u>2023-24 Assessed Valuation</u>	<u>Average Assessed Valuation</u>	<u>Median Assessed Valuation</u>
Single Family Residential	53,277	\$13,169,092,869	\$247,182	\$218,333

<u>2023-24 Assessed Valuation</u>	<u>No. of Parcels<sup>(1)</sup></u>	<u>% of Total</u>	<u>Cumulative % of Total</u>	<u>Total Valuation</u>	<u>% of Total</u>	<u>Cumulative % of Total</u>
\$0 - \$49,999	2,030	3.810%	3.810%	\$ 71,418,874	0.542%	0.542%
\$50,000 - \$99,999	5,498	10.320	14.130	422,504,950	3.208	3.751
\$100,000 - \$149,999	8,026	15.065	29.195	1,006,800,574	7.645	11.396
\$150,000 - \$199,999	8,174	15.342	44.537	1,431,321,580	10.869	22.265
\$200,000 - \$249,999	7,362	13.818	58.355	1,649,432,723	12.525	34.790
\$250,000 - \$299,999	6,389	11.992	70.347	1,751,842,458	13.303	48.092
\$300,000 - \$349,999	5,224	9.805	80.153	1,690,868,557	12.840	60.932
\$350,000 - \$399,999	3,609	6.774	86.927	1,346,172,216	10.222	71.154
\$400,000 - \$449,999	2,393	4.492	91.418	1,010,908,095	7.676	78.831
\$450,000 - \$499,999	1,533	2.877	94.296	725,381,828	5.508	84.339
\$500,000 - \$549,999	867	1.627	95.923	453,446,774	3.443	87.782
\$550,000 - \$599,999	600	1.126	97.049	343,769,663	2.610	90.392
\$600,000 - \$649,999	388	0.728	97.778	241,470,881	1.834	92.226
\$650,000 - \$699,999	301	0.565	98.343	202,554,678	1.538	93.764
\$700,000 - \$749,999	217	0.407	98.750	157,000,622	1.192	94.956
\$750,000 - \$799,999	159	0.298	99.048	122,984,408	0.934	95.890
\$800,000 - \$849,999	93	0.175	99.223	76,640,781	0.582	96.472
\$850,000 - \$899,999	97	0.182	99.405	84,901,151	0.645	97.117
\$900,000 - \$949,999	64	0.120	99.525	59,376,365	0.451	97.568
\$950,000 - \$999,999	42	0.079	99.604	41,139,960	0.312	97.880
\$1,000,000 and greater	<u>211</u>	<u>0.396</u>	100.000	<u>279,155,731</u>	<u>2.120</u>	100.000
	53,277	100.000%		\$13,169,092,869	100.000%	

<sup>(1)</sup> 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. 2 by principal use, as measured by assessed valuation and parcels in fiscal year 2023-24.

**ASSESSED VALUATION AND PARCELS BY LAND USE**  
**Fiscal Year 2023-24**  
**College of the Sequoias Community College District**  
**(Visalia Area Improvement District No. 2)**

	<b>2023-24</b>	<b>% of</b>	<b>No. of</b>	<b>% of</b>
	<b><u>Assessed Valuation</u><sup>(1)</sup></b>	<b><u>Total</u></b>	<b><u>Parcels</u></b>	<b><u>Total</u></b>
<b><u>Non-Residential:</u></b>				
Agricultural/Rural	\$1,793,711,571	8.44%	5,625	7.64%
Commercial/Office	3,164,528,186	14.88	2,976	4.04
Vacant Commercial	143,039,942	0.67	461	0.63
Industrial	989,990,307	4.66	264	0.36
Vacant Industrial	154,056,302	0.72	233	0.32
Recreational	52,423,553	0.25	28	0.04
Government/Social/Institutional	119,434,620	0.56	366	0.50
Miscellaneous/Water Companies	<u>110,019,951</u>	<u>0.52</u>	<u>1,309</u>	<u>1.78</u>
Subtotal Non-Residential	\$6,527,204,432	30.70%	11,262	15.30%
<b><u>Residential:</u></b>				
Single Family Residence	\$13,169,092,869	61.94%	53,277	72.36%
Condominium	307,771,411	1.45	1,896	2.58
Mobile Home	128,876,404	0.61	2,040	2.77
Mobile Home Park	60,671,218	0.29	23	0.03
2-4 Residential Units	432,068,863	2.03	1,647	2.24
5+ Residential Units/Apartments	418,599,818	1.97	427	0.58
Miscellaneous Residential	27,110,987	0.13	230	0.31
Vacant Residential	<u>189,001,533</u>	<u>0.89</u>	<u>2,823</u>	<u>3.83</u>
Subtotal Residential	\$14,733,193,103	69.30%	62,363	84.70%
<b>Total</b>	<b>\$21,260,397,535</b>	<b>100.00%</b>	<b>73,625</b>	<b>100.00%</b>

<sup>(1)</sup> Local Secured Assessed Valuation, 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. 2 by jurisdiction, in terms of its fiscal year 2023-24 assessed valuation.

**ASSESSED VALUATION BY JURISDICTION**  
**Fiscal Year 2023-24**  
**College of the Sequoias Community College District**  
**(Visalia Area Improvement District No. 2)**

<b>Jurisdiction:</b>	<b>Assessed Valuation in Improvement District No. 2</b>	<b>% of Improvement District No. 2</b>	<b>Assessed Valuation of Jurisdiction</b>	<b>% of Jurisdiction in Improvement District No. 2</b>
City of Exeter	\$ 760,614,416	3.33%	\$760,614,416	100.00%
City of Farmersville	409,206,941	1.79	409,206,941	100.00
City of Visalia	15,775,611,758	68.99	15,844,466,823	99.57
City of Woodlake	338,423,347	1.48	338,423,347	100.00
Unincorporated Tulare County	<u>5,584,037,019</u>	<u>24.42</u>	17,141,745,381	32.58
Total District	\$22,867,893,481	100.00%		
Tulare County	\$22,867,893,481	100.00%	\$46,327,764,887	49.36%

Source: California Municipal Statistics, Inc.

**Tax Rates, Levies, Collections and Delinquencies**

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). 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 property and locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts and community college districts. In addition, the County levies and collects additional voter-approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee’s fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee’s fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer’s enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such

property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and ½% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of 1 ½% per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

Certain counties in the State 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. **The County has discontinued the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as Improvement District No. 2 and the District. Therefore, the District’s receipt of property taxes from properties within Improvement District No. 2 is therefore subject to delinquencies.**

The following table shows the secured tax charges and delinquencies for all taxes collected in Improvement District No. 2 by the County for fiscal years 2013-14 through 2022-23.

**SECURED PROPERTY TAX CHARGES AND DELINQUENCIES**  
**College of the Sequoias Community College District**  
**(Visalia Area Improvement District No. 2)**  
**Fiscal Years 2013-14 to 2022-23**

<u>Fiscal Year</u>	<u>Secured Tax Charge<sup>(1)</sup></u>	<u>Amt. Del. June 30</u>	<u>% Del. June 30</u>
2013-14	\$1,818,198.84	\$35,728.73	1.97%
2014-15	1,929,723.87	51,183.23	2.65
2015-16	2,000,311.29	36,004.94	1.80
2016-17	1,743,065.55	29,264.36	1.68
2017-18	2,009,680.41	32,319.58	1.61
2018-19	1,296,130.68	27,484.48	2.12
2019-20	1,233,284.16	23,496.44	1.91
2020-21	882,868.26	11,702.99	1.33
2021-22	558,281.27	8,468.89	1.52
2022-23	608,213.06	13,700.10	2.25

<sup>(1)</sup> Reflects only the debt service levy on bonds within Improvement District No. 2.  
Source: California Municipal Statistics, Inc.

The following table sets forth typical tax rates levied in Tax Rate Area 6-003 for fiscal years 2019-20 through 2023-24:

**SUMMARY OF *AD VALOREM* TAX RATES**  
**College of the Sequoias Community College District**  
**(Visalia Area Improvement District No. 2)**  
**Fiscal Years 2019-20 through 2023-24**

Typical Tax Rate Per \$100 Assessed Valuation (TRA 6-003)<sup>(1)</sup>

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
General Tax Rate	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
College of the Sequoias - Visalia SFID	.007300	.005000	.003000	.003000	.005000
Visalia Unified School District	.022500	.042500	.035000	.030000	.040000
Kaweah Delta Hospital District	<u>.018136</u>	<u>.016874</u>	<u>.018020</u>	<u>.016057</u>	<u>.016044</u>
Total Tax Rate	1.047936%	1.064374%	1.056020%	1.049057%	1.061044%
 Kaweah Delta Water District	<u>.000300%</u>	<u>.000400%</u>	<u>.000400%</u>	<u>.000300%</u>	<u>.000300%</u>
Total Land and Improvement Only	.000300%	.000400%	.000400%	.000300%	.000300%

<sup>(1)</sup> 2023-24 assessed valuation of TRA 6-003 is \$1,746,201,037 which is 7.64% of Improvement District No. 2's total assessed valuation.  
Source: California Municipal Statistics, Inc.

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**Largest Property Owners**

The 20 largest local secured taxpayers in Improvement District No. 2 and their assessed valuations for fiscal year 2023-24 are shown in the following table.

**LARGEST LOCAL SECURED TAXPAYERS  
Fiscal Year 2023-24  
College of the Sequoias Community College District  
(Visalia Area Improvement District No. 2)**

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2023-24 Assessed Valuation</u>	<u>% of Total <sup>(1)</sup></u>
1.	California Dairies Inc.	Industrial	\$ 172,872,495	0.81%
2.	3315 Kelsey LLC	Warehouse	130,788,439	0.62
3.	Pac West Diversified LP	Warehouse	95,370,000	0.45
4.	Ventura Coastal LLC	Industrial	68,407,128	0.32
5.	Perfection Pet Foods LLC	Industrial	64,835,834	0.30
6.	J Beast LP	Warehouse	63,725,525	0.30
7.	BT-OH LLC	Warehouse	62,055,555	0.29
8.	California Water Service Company	Water Company	61,485,851	0.29
9.	Visalia Mall LP	Shopping Center	61,306,653	0.29
10.	Wawona Packing Co. LLC	Industrial	56,655,174	0.27
11.	Western Milling LLC	Industrial	55,841,951	0.26
12.	7227 W Doe Ave LLC	Warehouse	54,982,689	0.26
13.	4700 Caldwell Owner LLC	Apartments	50,241,340	0.24
14.	Wonderful Citrus II LLC	Agricultural	49,957,531	0.23
15.	Target Corporation	Shopping Center	48,430,145	0.23
16.	G4 Enterprises Ltd.	Warehouse	45,027,972	0.21
17.	VWR International LLC	Industrial	39,641,369	0.19
18.	Darlene & Jay Te Velde, Jr.	Dairy	38,452,053	0.18
19.	Robert J. & Sharon J. Hilarides	Dairy	38,143,302	0.18
20.	Blam Jade LP	Auto Dealership	<u>34,280,372</u>	<u>0.16</u>
			\$1,292,501,378	6.08%

<sup>(1)</sup> 2023-24 Local Secured Assessed Valuation: \$21,260,397,535.  
Source: California Municipal Statistics, Inc.

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**Debt Service Schedule**

The following table summarizes the debt service requirements of Improvement District No. 2 for all its outstanding general obligation bonds and the Bonds, assuming no optional redemptions:

<u>Bond Year</u> <u>Ending August 1</u>	<u>Debt Service for</u> <u>Existing Bonds<sup>(1)</sup></u>	<u>The Bonds<sup>(2)</sup></u>		<u>Total Debt Service</u>
		<u>Principal</u>	<u>Interest</u>	
2024	\$ 2,327,218.76			
2025	2,268,968.76			
2026	2,364,468.76			
2027	2,468,718.76			
2028	2,580,968.76			
2029	2,695,718.76			
2030	2,812,468.76			
2031	2,594,068.76			
2032	2,725,768.76			
2033	2,571,618.76			
2034	2,850,018.76			
2035	2,980,800.00			
2036	3,120,912.50			
2037	1,456,800.00			
2038	2,106,800.00			
2039	2,319,200.00			
2040	-			
2041	-			
2042	-			
2043	-			
2044	-			
2045	-			
2046	-			
2047	-			
2048	-			
2049	-			
2050	-			
2051	-			
2052	-			
2053	-			
2054	-			
Total	<u>\$40,244,518.86</u>			

<sup>(1)</sup> Represents all outstanding general obligation bonds of Improvement District No. 2.

<sup>(2)</sup> Interest payments on the Bonds will be made semiannually on February 1 and August 1 of each year, commencing \_\_\_\_\_ 1, 2025.

## **District Debt**

Set forth below is a direct and overlapping debt report for Improvement District No. 2 prepared by California Municipal Statistics, Inc. on May 8, 2024 for debt outstanding as of June 1, 2024. 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 Improvement District No. 2 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. 2. 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.

Column 1 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. 2 in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of Improvement District No. 2. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in Column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in Improvement District No. 2.

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**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT**  
**College of the Sequoias Community College District**  
**(Visalia Area Improvement District No. 2)**

**2023-24 Assessed Valuation: \$22,867,893,481**

<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b><u>% Applicable</u></b>	<b><u>Debt 6/1/24</u></b>
<b>College of Sequoias Visalia School Facilities Improvement District No. 2</b>	<b>100.000%</b>	<b>\$ 24,038,934<sup>(1)</sup></b>
Cutler-Orosi Unified School District	93.840	8,836,432
Farmersville Unified School District	100.000	7,835,686
Visalia Unified School District	100.000	82,120,000
Exeter Unified High School District (High School Purposes)	100.000	4,990,000
Woodlake Unified School District (former High School District)	100.000	1,928,686
Exeter Unified School District and SFID No. 1 (Elementary School Purposes)	100.000	21,444,900
Stone Corral School District	100.000	1,054,956
Three Rivers Union School District	100.000	3,529,776
Kaweah Delta Hospital District	99.121	35,088,834
City of Visalia 1915 Act Bonds	100.000	<u>253,977</u>
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<b>\$191,122,181</b>

<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>		
Tulare County General Fund Obligations	49.361%	\$ 18,458,099
Tulare County Pension Obligation Bonds	49.361	93,581,052
Tulare County Office of Education Certificates of Participation	49.361	16,328,619
Cutler-Orosi Joint Unified School District General Fund Obligations	93.840	7,657,344
Farmersville Unified School District General Fund Obligations	100.000	3,946,000
Visalia Unified School District Certificates of Participation	100.000	28,270,000
Woodlake Unified School District General Fund Obligations	100.000	1,509,148
City of Visalia General Fund Obligations	99.565	10,036,152
City of Woodlake General Fund Obligations	100.000	<u>2,693,000</u>
<b>TOTAL OVERLAPPING GENERAL FUND DEBT</b>		<b>\$182,479,414</b>

<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u></b>	<b>\$2,276,719</b>
<b>COMBINED TOTAL DEBT</b>	<b>\$375,878,314<sup>(2)</sup></b>

**Ratios to 2023-24 Assessed Valuation:**

Direct Debt (\$24,038,934) .....	0.11%
Total Direct and Overlapping Tax and Assessment Debt ..	0.84%
Combined Total Debt.....	1.64%

**Ratio to Redevelopment Incremental Valuation (\$2,110,464,367):**

Total Overlapping Tax Increment Debt .....	0.11%
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<sup>(1)</sup> Excludes the Bonds as described herein.

<sup>(2)</sup> Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.



## **Pledge of Tax Revenues**

Pursuant to the Resolution, the District pledges all revenues from the property taxes collected from the levy by the County Board of Supervisors for the payment of the Bonds and amounts on deposit in the Debt Service Fund of the District to the payment of the principal or redemption price of and interest on the Bonds.

This pledge is valid and binding from the date of adoption of the Resolution for the benefit of the owners of the Bonds and successors thereto. The Resolution provides that the property taxes and amounts held in the Debt Service Fund of the District are immediately subject to this pledge, and the pledge constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in the Debt Service Fund of the District to secure the payment of the Bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. “Bonds” for purpose of this pledge means all bonds of the District heretofore or hereafter issued pursuant to voter approved measures of the District, including any refunding bonds thereof, as all such Bonds are required by State law to be paid from the respective debt service fund of the District.

The Resolution provides that the pledge is an agreement between the District and the bondholders to provide security for the Bonds in addition to any statutory lien that may exist, and the Bonds and each of the other bonds secured by the pledge are or were issued to finance one or more of the projects specified in the applicable voter-approved measure or to refinance outstanding general obligation bonds.

## **Statutory Lien for General Obligation Bonds**

Pursuant to Senate Bill 222 (2015) (“SB 222”) codified at California Government Code Section 53515 provides that all general obligation bonds issued by local agencies on or after January 1, 2016, including the Bonds, will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* taxes. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the District or its governing board, and will be valid and binding from the time the bonds are executed and delivered. See also “LEGAL AND OTHER MATTERS – Possible Limitations on Remedies; Bankruptcy – *Statutory Lien*” herein.

## **Dedicated Unlimited *Ad Valorem* Property Tax Collection**

***Factors Affecting Assessed Valuation.*** The annual tax rate will be based on the assessed value of taxable property in Improvement District No. 2. Changes in the annual debt service on the District’s outstanding general obligation bonds and the assessed value of taxable property in Improvement District No. 2 may cause the annual tax rate to fluctuate. Economic and other factors beyond the District’s control, such as economic recession, deflation of land values, global pandemics, such as COVID-19 (defined herein), relocation of businesses out of the District or Improvement District No. 2, financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, drought, fire, debris flow or other natural disaster, could cause a reduction in the assessed value of taxable property in Improvement District No. 2 and, all other factors being equal, necessitate a corresponding increase in the annual tax rate. Conversely, factors such as increased assessed value of taxable property and/or an increase in the numbers of property taxpayers within Improvement District No. 2 could, all other factors being equal, cause a corresponding decrease in the annual tax rate.

***Drought.*** In recent years, the State has experienced severe drought conditions. In January of 2014, the Governor declared a Statewide Drought State of Emergency. As of such date, the State faced water

shortfalls due to the driest year in recorded State history, the State's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (largely in the Sierra Nevada mountain range) at around 20% of normal average for the winter season. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a Statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor declared emergency drought declarations in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021, the Governor expanded the declaration further to include an additional 9 counties in the State. On October 19, 2021, the Governor expanded the declaration to include the remaining counties in the State, including the County. On March 28, 2022, the Governor issued Executive Order N-7-22, which directed the Water Board to issue drought regulations, including a recommendation to have urban water suppliers initiate water shortage contingency plans.

More recently, many parts of the State have experienced more rain and snowfall. In March 2023, the Governor eased drought restrictions, in part, by terminating various provisions contained in the aforementioned emergency declarations of April 2021, May 2021, July 2021 and October 2021 and in Executive Order N-7-22, including those related to recommending contingency plans for urban water suppliers. Other measures, such as those needed to support regions and communities still facing water supply challenges, remain in place.

The District cannot predict the extent to which drought conditions within the County or any of the adjoining counties could cause reduced economic activity within the boundaries of the District or Improvement District No. 2 or the extent to which drought conditions may impact Improvement District No. 2 facilities or the assessed value of taxable property within Improvement District No. 2.

**Wildfire.** In recent years, portions of California, including the County, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Property damage due to wildfire could result in a significant decrease in the assessed value of Improvement District No. 2. It is not possible for the District to make any representation regarding the extent to which wildfires could cause reduced economic activity within the boundaries of the District or Improvement District No. 2 or the extent to which wildfires may impact the value of taxable property within Improvement District No. 2.

**Earthquake.** The District is located in a seismically active region of the State. Property values could be reduced by the complete or partial destruction of taxable property as a result of an earthquake.

**Climate Change.** The change in the Earth's average atmospheric temperature, generally referred to as "climate change," is expected to, among other things, increase the frequency of extreme weather events. The direct risks posed by climate change currently include or are expected to include more extreme heat events, increased incidence of wildfire and drought, rising sea levels, changes in precipitation levels, and more intense storms. As greenhouse gas emissions continue to accumulate, climate change will intensify and increase the frequency of such extreme weather events. One or more of such extreme weather events could negatively impact the assessed value of the property within Improvement District No. 2. The District cannot predict the timing, extent, or severity of climate change and its impact on property values in Improvement District No. 2.

**Prospective purchasers of the Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Bonds. The consequence of any decrease in assessed valuation is a concomitant**

**increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to cover debt service on the Bonds in full.**

***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.

Inter-county transfers under Proposition 171 are more restrictive than intra-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.

## TAX MATTERS

**General.** The delivery of the Bonds is subject to delivery of the opinion of Bond Counsel, to the effect that interest on the Bonds for federal income tax purposes under existing statutes, regulations, published rulings, and court decisions (1) will be excludable from the gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Bonds (the “Code”), of the owners thereof pursuant to section 103 of the Code, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The delivery of the Bonds is also subject to the delivery of the opinion of Bond Counsel, based upon existing provisions of the laws of the State of California that interest on the Bonds is exempt from personal income taxes of the State of California. Form of Bond Counsel’s anticipated opinion regarding the Bonds is included as APPENDIX B. The statutes, regulations, rulings, and court decisions on which such opinions will be based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate of even date with the initial delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Resolution by the District subsequent to the issuance of the Bonds. The Resolution and the federal tax certificate with respect to the Bonds contain covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities and equipment financed or refinanced therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the calculation and payment to the United States Treasury of any “arbitrage profits” and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, State or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, corporations subject to the alternative minimum tax on adjusted financial statement income, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust (“FASIT”), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) or the State of California with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel’s opinion is not binding on the IRS or the State of California. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures, the IRS is likely to treat the District as the “taxpayer,” and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely

affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

#### **Tax Accounting Treatment of Discount and Premium on Certain Bonds.**

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above. Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, corporations subject to the alternative minimum tax on adjusted financial statement income, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the “Premium Bonds”) paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser’s yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

## **LEGAL OPINION**

The validity of the Bonds and certain other legal matters are subject to the approving opinions of Norton Rose Fulbright US LLP, Bond Counsel to the District. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX B herein. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Compensation to be paid to Bond Counsel, Disclosure Counsel, Municipal Advisor and the Underwriter is contingent upon the issuance of the Bonds.

## **LEGALITY FOR INVESTMENT**

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

## **RATING**

Moody’s has assigned the Bonds the rating of “\_\_\_\_\_”. The rating reflects only the views of the rating agency, and any explanation of the significance of such rating should be obtained from the rating agency. There is no assurance that the rating will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. The District undertakes no responsibility to oppose any such revision or withdrawal. Any such downward revision or withdrawal of such rating 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 AND OTHER MATTERS - Continuing Disclosure” herein and APPENDIX D – “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 agency 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 agency and its website and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

## LEGAL AND OTHER MATTERS

### Continuing Disclosure

**Current Undertakings.** 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 Improvement District No. 2 (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 2023-24 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 D. 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 link certain timely filed Annual Reports with all outstanding CUSIPs. Such failures to link have since been corrected.

### Risks Related to COVID-19

**Background.** The outbreak of the respiratory disease caused by a new strain of coronavirus (“COVID-19”) was declared a Pandemic by the World Health Organization, a National Emergency by then-President Trump and a State of Emergency by California State Governor Newsom (hereinafter, the “Governor”). The emergency resulted in tremendous volatility in the financial markets in the United States and globally, and the onset of a U.S. and global recession.

**Federal Response.** In response to COVID-19 in March 2020, the U.S. Congress passed the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”). The CARES Act appropriated over \$2 trillion dedicated to various areas of the national economy, including 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.

On December 27, 2020, then President Trump signed into law the Coronavirus Response and Relief Supplemental Appropriations (“CRRSA”) Act. The Higher Education Emergency Relief Fund (“HEERF”), implemented in the CARES Act, received an additional \$22.7 billion (“HEERF II funds”) under CRRSA, \$20.2 billion of which was to be allocated to public and private non-profit institutions of higher education, including those institutions that serve students enrolled exclusively in distance education, to be distributed

by an allocation formula which considers head count in addition to full-time equivalent enrollment. The allocation formula is a change from the CARES Act, which only used full-time equivalent enrollment.

On March 11, 2021, President Biden signed into law the American Rescue Plan Act of 2021 (the “American Rescue Plan”). The American Rescue Plan included \$39.6 billion in HEERF III funds. The HEERF III funds were allocated using essentially the same methodology as the previous two iterations and required institutions to allocate at least 50% of the funds to students in the form of emergency grants.

**State Response.** Beginning in March 2020, the State began taking a variety of measures to stop the spread of COVID-19, including the Governor’s blanket shelter-in-place order, ordering all California residents to stay home except for certain necessities and other essential purposes.

California fully reopened the economy on June 15, 2021. As of February 28, 2023, the Governor terminated the State of Emergency. The Governor also phased out the executive actions put in place since March 2020 as part of the pandemic response.

**Impacts on the District.** The District received, or is scheduled to receive approximately \$66,062,511 in total State and federal funding, related to COVID-19 funds. As of April 30, 2024, the District has expended approximately \$65,505,705 of such State and federal COVID-19 funds.

While the California State of Emergency and the National Emergency have now both been terminated, the District cannot predict the extent or duration of the outbreak or what impact it may have on the District’s financial condition or operations. The District is also unable to predict at this time whether any new requirements related to reducing the spread of COVID-19 will arise and materially impact its finances or operations. 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 Improvement District No. 2, or adversely impact enrollment or average daily attendance within the District and materially adversely impact the financial condition or operations of the District. **However, the Bonds are general obligations of the District payable solely from unlimited *ad valorem* property taxes and are not payable from the general fund of the District.**

### **Possible Limitations on Remedies; Bankruptcy**

**General.** Following is a discussion of certain considerations in the event that the District should become a debtor in a bankruptcy proceeding. It is not an exhaustive discussion of the potential application of bankruptcy law to the District. The discussion is based on the United States Bankruptcy Code (the “Bankruptcy Code”) as now in effect and the few relevant judicial decisions to date. The Bankruptcy Code could be amended or construed differently in future judicial decisions (including as a result of possible future decisions in the pending analogous insolvency proceedings for the Commonwealth of Puerto Rico). Any such action could affect the possible application of bankruptcy law to the District.

State law contains a number of safeguards to protect the financial solvency of community college districts. See APPENDIX A – “FINANCIAL AND DEMOGRAPHIC INFORMATION OF THE DISTRICT.” If the safeguards are not successful in preventing a community college district from becoming insolvent, the Chancellor of the California Community Colleges (the “State Chancellor”), 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 District for the adjustment of its debts, assuming that the District meets certain other requirements contained in the Bankruptcy Code necessary for filing such a petition. Under current State law, the District is not itself



authorized to file a bankruptcy proceeding, and it is not subject to an involuntary bankruptcy proceeding under federal or state law.

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, bondholders may be prohibited from taking any action to collect any amount from the District (including *ad valorem* tax revenues) or to enforce any obligation of the District, without the bankruptcy court's permission, except possibly as described below in the case of pledged "special revenues." In such a proceeding, as part of its plan of adjustment in bankruptcy, 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, including the obligation of the County and the District to raise taxes if necessary to pay the Bonds, if the bankruptcy court determines that the plan is fair, equitable, not unfairly discriminatory to creditors as a whole, is in the best interests of creditors and otherwise complies with the Bankruptcy Code. There also may be other possible effects of a District bankruptcy proceeding that could result in delays or reductions in payments on the Bonds. 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.

**Limitations on Plans of Adjustments.** Chapter 9 of the Bankruptcy Code does not limit or impair the power of a state to control, by legislation or otherwise, a political subdivision of the state in the exercise of its political or governmental powers, including expenditures for the exercise. In addition, Chapter 9 prevents a bankruptcy court from interfering with the political or governmental powers of a political subdivision debtor, any of its property or revenues or the use or enjoyment of its income producing property, unless the political subdivision debtor confirms a plan of adjustment to that effect or consents to that action. State law provides that *ad valorem* taxes may be levied to pay the principal of and interest on the Bonds and other voted general obligation bonds of the District in an unlimited amount, and that proceeds of such a levy must be used for the payment of principal of and interest on the District's general obligation bonds, including the Bonds, and for no other purpose. Under State law, the District's share of the 1% limited tax imposed by the County is the only *ad valorem* tax revenue that may be raised and expended to pay liabilities and expenses of the District other than its voter-approved debt, such as its general obligation bonds. If the District should become a debtor in a Chapter 9 proceeding, then it must propose a plan of adjustment of its debts. The plan may not become effective until confirmed by the bankruptcy court.

The court may not confirm a plan unless it finds, among other conditions, that the District is not prohibited by law from taking any action necessary to carry out the plan, and that the plan is fair, equitable, does not unfairly discriminate among creditors as a whole, is in the best interests of creditors, and is feasible. If the State law restriction on the levy and expenditure of *ad valorem* taxes is respected in a bankruptcy case, then *ad valorem* taxes could be levied by the County only for payment of the Bonds and its other voted general obligation bonds, or securities issued in their stead, and could not be used by the District for any other purpose under its plan.

**Statutory Lien.** Pursuant to Senate Bill 222 (2015) ("SB 222"), all general obligation bonds issued by local agencies, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* taxes levied to pay the bonds. SB 222 provides that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are issued. As a result, the lien on debt service taxes will continue to be valid with respect to post-petition receipts of debt service taxes, should the District become a Chapter 9 debtor. (Unlike most security interests created by agreement, statutory liens on post-petition revenues remain effective under the Bankruptcy Code.) The automatic stay provisions of the Bankruptcy Code would apply, however, thereby preventing bondholders from enforcing their rights to

payment from such taxes (with the result that any payments becoming due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed), except as described under “– Special Revenues” below. It is also possible that the bankruptcy court could approve an alternate use of such taxes, if the bondholders are afforded protection that the court determines to be adequate.

**Special Revenues.** If the *ad valorem* 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 by the County (or others with possession) of pledged *ad valorem* tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay, and bondholders may be able to compel their immediate use to pay debt service, subject to the matters discussed below, including a recent decision by the United States Court of Appeals for the First Circuit.

“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. The District has specifically levied and pledged *ad valorem* taxes for payment of the Bonds. The Bonds and the District’s other general obligation bonds were approved at elections held on propositions that described the projects for which such bonds may be issued. As noted above, State law prohibits the use of the proceeds of the District’s debt service tax for any purpose other than payment of its general obligation bonds, and the bond proceeds may 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* tax revenues collected for the payment of general obligation bonds in California, so no assurance can be given that a bankruptcy court would not hold otherwise.

Even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues” within the meaning of the Bankruptcy Code, bondholders may not be able to compel that they be used to pay debt service during the pendency of a Chapter 9 proceeding. While the application of special revenues is exempt from the automatic stay by Section 922(d) of the Bankruptcy Code, the United States Court of Appeals for the First Circuit has interpreted that section to exempt only voluntary applications by the debtor and voluntary applications by creditors or others of property in their possession, and not to exempt actions by creditors to compel an application by others, and has held that a bankruptcy court lacks authority to compel the application of special revenues. *In re: The Financial Oversight and Management Board for Puerto Rico*, 919 F.3d 121 (1<sup>st</sup> Cir. 2019). The U.S. Supreme Court declined to review the First Circuit decision. If the First Circuit’s interpretation is upheld and applied by courts in the Ninth Circuit and the State Superintendent (or State-appointed administrator) were to file a petition to initiate a Chapter 9 proceeding in respect of the District, bondholders would be stayed from seeking to compel the application of pledged *ad valorem* taxes to pay debt service on the Bonds during the pendency of the proceeding (in either federal or state court), if the County failed to do so as required by State law or was instructed not to do so by the District. Accordingly, even if the *ad valorem* tax revenues that are pledged to the payment of the Bonds are determined to be “special revenues,” a Chapter 9 proceeding could result in a substantial delay in the payment of debt service, if the County failed to apply pledged *ad valorem* taxes to pay debt service on the Bonds.

**Possession of Tax Revenues; Remedies.** If the County or the District goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County or the District, as applicable, does not voluntarily pay such tax revenues to the owners of the Bonds, it is not 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.

**Amounts Held in County Treasury Pool.** 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 Treasury Pool, as described in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” and APPENDIX F – “TULARE COUNTY INVESTMENT POOL.” Should those investments suffer losses, there may be delays or reductions in payments on the Bonds.

**Opinion of Bond Counsel Qualified.** The proposed form of opinion of Bond Counsel, attached hereto as APPENDIX B, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor’s rights.

### **Cybersecurity Risks**

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District’s systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District’s current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of *ad valorem* property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

### **UNDERWRITING**

Raymond James & Associates, Inc. (the “Underwriter”) has agreed, pursuant to a purchase contract by and between the District and the Underwriter, to purchase all of the Bonds for a purchase price of \$\_\_\_\_\_ (consisting of the aggregate principal amount of the Bonds of \$\_\_\_\_\_, plus [net] original issue premium of \$\_\_\_\_\_ and less Underwriter’s discount of \$\_\_\_\_\_).

The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such purchase contract, the approval of certain legal matters by Bond Counsel and certain other conditions. The initial offering prices stated on the inside cover page 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.

### **MUNICIPAL ADVISOR**

KNN Public Finance, LLC is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor’s compensation for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. KNN Public Finance, LLC, in its capacity as Municipal Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income status of the

Bond, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Municipal Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstance of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

#### **NO LITIGATION**

No litigation is pending or threatened concerning the validity of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or Improvement District No. 2 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 the Bonds.

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**OTHER INFORMATION**

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Resolution are available upon request from the offices of the Assistant Superintendent/Vice President, Administrative Services, College of the Sequoias Community College District, 915 S. Mooney Blvd., Visalia, California 93277. A fee may be charged for copying and handling.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended 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 of any of the Bonds.

The execution and delivery of this Official Statement has been duly authorized by the District.

**COLLEGE OF THE SEQUOIAS COMMUNITY  
COLLEGE DISTRICT**

By: \_\_\_\_\_  
Superintendent/President

**APPENDIX A**  
**FINANCIAL AND DEMOGRAPHIC INFORMATION**  
**OF THE DISTRICT**

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## APPENDIX A

### FINANCIAL AND DEMOGRAPHIC INFORMATION OF THE DISTRICT

*This Appendix A provides information concerning the operations and finances of the College of the Sequoias Community College District (the “District”). The Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the College of the Sequoias Visalia Area Improvement District No. 2 of the District (“Improvement District No. 2.”) The Bonds are not an obligation of Tulare County, the State of California or any of its other political subdivisions or of the general fund of the District. Prospective purchasers of the Bonds should be aware that the following discussion of the financial condition of the District, its fund balances, budgets and obligations, is intended as general information only, and no implication is made that the payment of principal of or interest on the Bonds is dependent in any way upon the District’s financial condition. The District neither receives nor accounts for ad valorem tax revenues collected Tulare County to pay debt service on the Bonds (or its other general obligation bonds) in the following tables or in its annual financial statements. Pursuant to Section 15251 of the California Education Code, all tax revenues collected for payment of debt service on the Bonds must be deposited into the County treasury to the credit of the applicable debt service fund of the District. The Bonds are and will continue to be payable solely from ad valorem taxes levied and collected by Tulare County within the boundaries of Improvement District No. 2. See the body of this Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.”*

### THE DISTRICT

#### 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 (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 City of Hanford and one in the City of Tulare. The College of the Sequoias is fully accredited by the ACCJC. For fiscal year 2022-23, the District’s actual full-time equivalent student (“FTES”) count was 9,677.80 students. For fiscal year 2023-24, the District’s estimated FTES count is 10,447 students.

#### Administration

The District is governed by a five-member Board of Trustees (the “Board”), 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:

<b>Board Member</b>	<b>Office</b>	<b>Term Expires</b>
Raymond Macareno	President	2024
Kenneth Nunes	Vice President	2026
Lori Cardoza	Clerk	2024
John Lehn	Trustee	2026
Greg Sherman	Trustee	2026

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 Ballesteros-Perez, is the Vice President, Administrative Services of the District. Leangela Miller-Hernandez is the Director, Budget and Categorical Accounting and Rainbow Park-Moore 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 San Diego Mesa College 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.

***Rainbow Park-Moore, Chief Accounting Officer.*** Rainbow Park-Moore has served as the District’s Chief Accounting Officer since June 2023. Prior to that, she worked as Director of Finance for the City of Exeter. Ms. Park-Moore also has 17 years of prior experience working for the County of Tulare as Staff Accountant, Administrative Services Officer and Fiscal Manager.

**Labor Relations**

The District employs 206 full-time certificated, 296 part-time certificated and 305 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>	Number of Employees In Organization	Contract Expiration Date
College of the Sequoias Teachers Association (COSTA)	198	June 30, 2024
California School Employees Association (CSEA)	217	June 30, 2024
College of the Sequoias Adjunct Faculty Association (COSAFA)	173	June 30, 2024

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Source: The 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, 2023, the Foundation had net assets valued at \$17,316,967. See APPENDIX C – “2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT” attached hereto.

## Retirement Programs

**General.** The following information on STRS and PERS (as defined below) has been obtained from publicly available sources and has not been independently verified by the District, is not guaranteed as to the accuracy or completeness of the information and is not to be construed as a representation by the District, the Underwriter or the Municipal Advisor. Furthermore, the summary data below should not be read as current or definitive, as recent losses on investments made by the retirement systems generally may have increased the unfunded actuarial accrued liabilities stated below.

The assets and liabilities of the funds administered by STRS and PERS, as well as certain other retirement funds administered by the State, are included in the financial statements of the State for the year ended June 30, 2023 as fiduciary funds. Both STRS and PERS have unfunded actuarial accrued liabilities in the tens of billions of dollars. The amount of unfunded actuarially accrued liability will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution.

STRS and PERS each issue separate comprehensive annual financial reports that include financial statements and required supplementary information. Copies of the STRS annual financial report may be obtained from STRS, P.O. Box 15275, Sacramento, California 95851-0275 and copies of the PERS annual financial report and actuarial valuations may be obtained from the PERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information presented in these reports is not incorporated by reference in this Official Statement.

The amounts of the District’s contributions to STRS and PERS are subject to, among other things, modifications to or approvals of collective bargaining agreements. See APPENDIX C – “2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT” for additional information.

**STRS.** The District participates in the California State Teachers’ Retirement System (“STRS”). STRS is a defined benefit plan that covers all full-time certificated employees and some classified employees, which are employees employed in a position that does not require a teaching credential from the State. 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 are established by State legislation in accordance with the State Teachers’ Retirement Law. STRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.

As part of the 2014-15 State Budget, the Legislature enacted AB 1469 (Chapter 47, Statutes of 2014) (“AB 1469”), a comprehensive funding solution intended to eliminate the projected STRS unfunded liability on the STRS Defined Benefit Program by 2046. Under AB 1469, the funding plan began in fiscal year 2014-15 and will be phased in over several years. The employer contribution rate increased by 1.85% of covered payroll annually beginning July 1, 2015 and will continue to increase until the employer contribution rate is 19.10% of covered payroll. Beginning in fiscal year 2021-22 through fiscal year 2045-46, AB 1469 authorizes the STRS Board to adjust the employer contribution up or down 1 percentage point each year, but no higher than 20.25% total and no lower than 8.25%, to eliminate the remaining unfunded obligation that existed on July 1, 2014.

In addition, the STRS Board is authorized to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter in order to eliminate STRS’ unfunded liability by June 30, 2046 based upon actuarial recommendations. The STRS Board would also have the authority to reduce employer and State contributions if they are no longer necessary.

The actuarial assumptions and methods adopted by the STRS Board for funding the STRS Defined Benefit Program include: the “Entry Age Normal Cost Method”, with the actuarial gains/losses and the unfunded actuarial obligation amortized over a closed period ending June 30, 2046, an assumed 7.25% investment rate of return (net of investment and administrative expenses) for fiscal year 2015-16 and a 7.00% investment rate of return (net of investment and administrative expenses) for fiscal year 2016-17, an assumed 3.00% interest on member accounts (based on the STRS Board’s short-term interest crediting policy), projected 3.50% general wage growth, of which 2.75% is due to inflation and 0.75% is due to expected gains in productivity, and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases.

Based on the multi-year STRS 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 Study, 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 employees hired both before the Implementation Date and after the Implementation Date to better reflect the anticipated impact of years of service on retirements. The 2022 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2022 (the “2022 STRS Actuarial Valuation”) reports that the unfunded actuarial obligation decreased by approximately \$1.17 billion since the STRS Defined Benefit Program Actuarial Valuation as of June 30, 2021 (the “2021 STRS Actuarial Valuation”) and the funded ratio increased by 1.4% to 74.4% over such time period. The increase in the funded ratio is primarily due to the recognition of deferred investment gains from prior years, primarily the investment gain from fiscal year 2020-21.

According to the 2022 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 and the unfunded actuarial obligation is projected to be amortized by June 30, 2046, with a projected ending funded ratio of 100.3%. This finding assumes adjustments to contribution rates in line with the funding plan and policies adopted by the STRS Board, a 7.00% investment rate of return and the future recognition of the currently deferred asset gains.

The actuary for the STRS Defined Benefit Program notes in the 2022 STRS Actuarial Valuation that the decrease in unfunded actuarial obligation represents a net actuarial gain of \$1.273 billion since the unfunded actuarial obligation was expected to be \$89.825 billion based on the 2021 STRS Actuarial Valuation. Although the 2022 STRS Actuarial Valuation notes that the current assumptions underlying the results of the actuarial valuation provide a reasonable estimate of future expectations, future experience can differ from such assumptions to some extent. There are a number of factors that affect future valuation results, and differences between actual experience and assumption for these factors will likely cause increases or decreases in the plan's future funding level and calculated supplemental contribution rates. Of such factors, the one with the greatest potential risk is future investment returns, while payroll variation can also have a significant impact on valuation results.

On July 29, 2022, after the release of the 2021 STRS Actuarial Valuation, STRS reported a negative 1.3% net return on investments for fiscal year 2021-22, which is STRS' first negative return on investments since fiscal year 2008-09. The negative 1.3% net return on investments is less than the assumed annual rate of return on investments of 7.00%. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the District will be required to pay for pension related costs. Accordingly, there can be no assurances that the District's required contributions to STRS will not significantly increase in the future.

The STRS Board established the employer contribution rates applicable for the period July 1, 2023 to June 30, 2024, based on the 2022 STRS Actuarial Valuation and STRS Employer Directive 2023-03, dated June 2, 2023. The contribution rate for fiscal year 2023-24 will remain at the fiscal year 2022-23 rate of 19.10%.

The District's contributions to STRS were \$4,327,326 in fiscal year 2018-19, \$4,904,130 in fiscal year 2019-20, \$4,821,613 in fiscal year 2020-21, \$5,205,968 in fiscal year 2021-22 and \$6,398,303 in fiscal year 2022-23. The District has estimated \$7,225,263 for its contribution to STRS for fiscal year 2023-24.

**PERS.** The District also participates in the State Public Employees' Retirement System ("PERS"). PERS is a defined benefit plan that covers classified personnel who work four or more hours per day. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law. The contribution requirements of the plan members are established by State statute. The actuarial methods and assumptions used for determining the rates are based on those adopted by Board of Administration of PERS (the "PERS Board").

Active plan miscellaneous members hired on or before December 31, 2012 are required to contribute 7.0% of their monthly salary and those hired on or after January 1, 2013 are required to contribute 8.0% of their monthly salary (effective July 1, 2022). The required contribution rate is the difference between the actuarially determined rate and the contribution rate of employees. The actuarial methods and assumptions used for determining the rates are based on those adopted by the PERS Board. School districts are currently required to contribute to PERS at an actuarially determined rate, which was 11.847%, 13.888% and 15.531% of eligible salary expenditures for fiscal years 2015-16, 2016-17 and 2017-18 respectively, 18.062% of eligible salary expenditures for fiscal year 2018-19 and 19.721% of eligible salary for fiscal year 2019-20. The fiscal year 2020-21 State Budget redirected State funding paid to PERS in fiscal year 2019-20 towards long-term unfunded liabilities to reduce employer contribution rates in fiscal years 2020-21 and 2021-22. As a result, the PERS employer contribution rate was 20.7% in fiscal year 2020-21 and 22.91% in fiscal year 2021-22. The State's supplanting payments made under this redirection of funding expired at the end of fiscal year 2021-22. The PERS employer contribution rate was 25.37% for fiscal year 2022-23. The PERS employer contribution rate is 26.68% for fiscal year 2023-24 and will be 27.05% for fiscal year 2024-25.

According to the PERS Schools Pool Actuarial Valuation as of June 30, 2022 (the “2022 PERS Schools Pool Actuarial Valuation”) for the PERS Schools Pool Plan, the actuarial funding method used is the “Entry Age Actuarial Cost Method.” The 2022 PERS Schools Pool Actuarial Valuation assumes, among other things, 2.30% inflation and payroll growth of 2.80% compounded annually. The 2022 PERS Schools Pool Actuarial Valuation reflects a discount rate of 6.80% compounded annually (net of investment and administrative expenses) as of June 30, 2022.

According to the 2022 PERS Schools Pool Actuarial Valuation, the funded ratio is 67.9% on a market value of assets basis, demonstrating a decrease of 10.4% from the funded ratio of 78.3% reported in the PERS Schools Pool Actuarial Valuation as of June 30, 2021. This decrease is mainly due to investment return in fiscal year 2021-22 being lower than expected. In the 2022 PERS Schools Pool Actuarial Valuation, the contribution rate for fiscal year 2025-26 is projected to be 28.5%, the contribution rate for fiscal year 2026-27 is projected to be 28.9%, the contribution rate for fiscal year 2027-28 is projected to be 30.3%, and the contribution rate for fiscal year 2028-29 is projected to be 30.1%. The projected contribution rates in the 2022 PERS Schools Pool Actuarial Valuation assume an investment return of 6.80% each year, net of investment and administrative expenses. The projections assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur during the projection period.

The 2022 PERS Schools Pool Actuarial Valuation notes that the investment return for fiscal year 2021-22 was approximately negative 6.1% reduced for administrative expenses, which is lower than the assumed annual rate of return on investments of 6.8% and is PERS’ first negative return on investments since fiscal year 2008-09. This negative return led to an investment loss, in part generating new unfunded liability and increasing the unfunded liability component of the required employer contribution rate to be amortized over the next 20 years. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases reflected in the 2022 PERS Schools Pool Actuarial Valuation. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District’s required contributions to PERS will not significantly increase in the future. On July 19, 2023, PERS reported a 5.8% preliminary net return on investments for fiscal year 2022-23.

The District’s contributions to PERS were \$2,957,843 in fiscal year 2018-19, \$3,518,523 in fiscal year 2019-20, \$3,775,400 in fiscal year 2020-21, \$4,455,384 in fiscal year 2021-22 and \$5,510,797 in fiscal year 2022-23. The District has estimated \$6,787,414 for its contribution to PERS for fiscal year 2023-24.

Both PERS and STRS are operated on a Statewide basis and, based on available information, both PERS and STRS have unfunded actuarial accrued liabilities. (Additional funding of STRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282.) The amounts of the pension/award benefit obligation (PERS) or actuarially accrued liability (STRS) will vary from time to time depending upon actuarial assumptions, rates of return on investments, salary scales, and levels of contribution. The District is unable to predict what the amount of liabilities will be in the future, or the amount of the contributions which the District may be required to make.

**California Public Employees’ Pension Reform Act of 2013.** The Governor signed the California Public Employee’s Pension Reform Act of 2013 (the “Reform Act”) into law on September 12, 2012. The Reform Act affects both STRS and PERS, most substantially as they relate to new employees hired after January 1, 2013 (the “Implementation Date”). As it pertains to STRS participants hired after the Implementation Date, the Reform Act changes the normal retirement age, increasing the eligibility for the 2% “age factor” (the percent of final compensation to which an employee is entitled to 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. 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 also increases the eligibility requirement for the maximum age factor of 2.5% to age 67.

The Reform Act also implements certain other changes to PERS and STRS including the following: (a) all new participants enrolled in PERS and STRS after the Implementation Date are required to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (b) STRS and PERS are both required 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 (currently 12 months for STRS members who retire with 25 years of service), and (c) “pensionable compensation” is capped for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution and benefit base for members participating in Social Security or 120% for STRS and PERS members not participating in social security.

***GASB Statement Nos. 67 and 68.*** On June 25, 2012, the Governmental Accounting Standards Board (“GASB”) approved two new standards (“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, 2023, the District reported its shares of the net pension liabilities for the STRS and PERS plans as \$34,464,014 and \$43,513,083, respectively. See APPENDIX C – “2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT - Note 16” for information on the District’s proportionate shares of the net pension liabilities for STRS and PERS as of June 30, 2023.

***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 the Accumulation Program for Part-time and Limited-service Employees (“APPLE”) Plan. 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 years ending June 30, 2023, 2022, 2021, 2020 and 2019 were \$70,578, \$66,446, \$62,845, \$67,996 and \$62,638, respectively, and equal 100% of the required contributions for each year. The District projects its contribution to APPLE for fiscal year 2023-24 will be \$71,610.

### **Other Post-Employment Benefits**

In June 2004, GASB pronounced Statement No. 45, Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions. The pronouncement required public agency employers providing other postemployment benefits ("OPEB") to retirees to recognize and account for the costs for providing these benefits on an accrual basis and provide footnote disclosure on the progress toward funding the benefits ("GASB Statement No. 45"). In June 2015, GASB issued Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("GASB Statement No. 74"), and Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions ("GASB Statement No. 75"). The objectives of these statements are to (i) improve the usefulness of information related to postemployment benefits other than pensions (other postemployment benefits or "OPEB") included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability and (ii) improve accounting and financial reporting by State and local governments for OPEB, respectively. GASB Statement No. 74 replaces Statements No. 43 and 57 and GASB Statement No. 75 replaces GASB Statement No. 45. The District first recognized GASB Statement No. 74 and GASB Statement No. 75 in its financial statements for fiscal year 2017-18.

**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 (the "Benefits") to eligible retirees and their spouses. As of June 30, 2023, membership of the Plan consisted of 62 retirees and beneficiaries currently receiving benefits and 440 active plan members. See APPENDIX C – "2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT - Note 14" attached hereto.

**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 2018-19, the District contributed \$1,778,888 to the Plan, of which \$745,835 was used for current premiums. For fiscal year 2019-20, the District contributed \$1,192,710 to the Plan, of which \$852,710 was used for current premiums. For fiscal year 2020-21, the District contributed \$787,474 to the Plan, all of which was used for current premiums. For fiscal year 2021-22, the District contributed \$569,924 to the Plan, all of which was used for current premiums. For fiscal year 2022-23, the District contributed \$703,886 to the Plan, all of which was used for current premiums. For fiscal year 2023-24, the District estimates a contribution of \$709,529 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 April 30, 2024, the value of assets in the OPEB Trust was \$13,467,017. The District has not budgeted a contribution to the OPEB Trust for fiscal year 2023-24.

**Actuarial Study.** The District has implemented GASB Statement No. 74 and 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 Statement No. 74 and GASB Statement No. 75 require biennial actuarial valuations for all plans. The most recent actuarial study for the Plan was dated June 30, 2023 (the "Study"), and had a valuation date of June 30, 2022 and a measurement date of June 30, 2023. The Study concluded that, as of a June 30, 2023 measurement date, using a roll-forward technique for the Total OPEB Liability

(the “TOL”), the TOL with respect to such Benefits was \$11,919,163, the fiduciary net position was \$12,563,307, and the net OPEB liability was \$(644,144). For more information regarding the District’s other post-employment benefit liability, see APPENDIX C – “2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT - Note 14” attached hereto.

## **Risk Management**

***Health and Welfare.*** During fiscal year ending June 30, 2023, 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 Joint Powers Agency, 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, 2023, the District contracted with the Statewide Association of Community Colleges (“SWACC”) joint powers agency 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, 2023, the District participated in the Tulare County Schools Insurance Group (“TCSIG”), an insurance purchasing pool. The intent of this joint powers agency (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 ensures 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 C – “2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT - Note 15” 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 2022-23, the District made payments of \$1,246,447, \$579,971 and \$9,016,403 to TCSIG, SWACC and SISC, respectively. The District has budgeted to make payments of \$1,333,988, \$627,838 and \$10,709,316 to TCSIG, SWACC and SISC, respectively, for fiscal year 2023-24.

The District has appointed no Board members to the Governing Board of the SWACC, TCSIG or SISC.

For more information, see APPENDIX C – “2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT - Note 17” attached hereto.

## **District Investments**

The Treasurer and Tax Collector (the “Treasurer”) of the County manages, in accordance with California Government Code Section 53600 *et seq.*, funds deposited with the Treasurer by County school and community college districts, various special districts, and some cities within the State. State law generally requires that all moneys of the County, school and community college districts and certain special districts be held in the County’s Treasury Pool.

The composition and value of investments under management in the Treasury Pool vary from time to time depending on cash flow needs of the County and public agencies invested in the pool, maturity or sale of investments, purchase of new securities, and due to fluctuations in interest rates generally.

For a further discussion of the Pooled Investment Fund, see APPENDIX F - “TULARE COUNTY INVESTMENT POOL” hereto.

## **Financial Statements of the District**

The District’s General Fund finances the legally authorized activities of the District. General Fund revenues are derived from such sources as State fund apportionments, taxes, use of money and property, charges for current services, aid from other governmental agencies and other revenue. The General Fund of the District is a combined fund comprised of moneys which are unrestricted and available to finance the legally authorized activities of the District and restricted funds and moneys which are restricted to specific types of programs or purposes. Certain information from the District’s financial statements follows. The District’s audited financial statements for fiscal year ended June 30, 2023 are attached hereto as Appendix C. The District has not requested and its auditor has not provided any review or update of such statements in connection with the inclusion thereof in this Official Statement.

The financial statements included herein were prepared by the District using information from the Annual Financial Reports which are prepared by the District and audited by independent certified public accountants each year. The data included in this Official Statement for the District beyond fiscal year 2022-23 is unaudited and has not been reviewed by the District’s independent certified public accountants.

## **Accounting Practices**

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community Colleges Budget and Accounting Manual. 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.

The financial resources of the District are divided into separate funds for which separate accounts are maintained for recording cash, other resources and all related liabilities, obligations and equities. The major fund classification is the general fund, which accounts for all financial resources not required to be accounted for in another fund. The District’s fiscal year begins on July 1 and ends on June 30. All governmental funds and fiduciary funds are maintained on the accrual basis of accounting, and so revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. For more information on the District’s accounting method, see APPENDIX C – “2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT” hereto.

The Governmental Accounting Standards Board (“GASB”) published its Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, on



June 30, 1999. GASB No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts, community college districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting; (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting; and (iv) required supplementary information.

The District's Audited Financial Statements for fiscal year ended June 30, 2023 were prepared by CWDL, Certified Public Accountants and are attached as APPENDIX C.

The District considers its audited financial statements to be public information, and accordingly, no consent has been sought or obtained from the auditor in connection with the inclusion of such statements in this Official Statement. The auditor has made no representation in connection with inclusion of the audit in this Official Statement.

### **Budgets of District; State Chancellor Oversight**

The fiscal year of the District begins on the first day of July of each year and ends on the 30th day of June of the following year. On or before July 1 of each year the District adopts a fiscal line-item budget setting forth expenditures in priority sequence so that appropriations during the fiscal year can be adjusted if revenues do not meet projections.

The District is required by provisions of the California Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed the revenues plus the carry-over fund balance from the previous year. The State Chancellor imposes a uniform budgeting format for each community college district in the State.

State law grants to the Board of Governors of the California Community Colleges and to the State Chancellor certain oversight with respect to the budget development process and financial reporting of community college districts. Pursuant to California Education Code Section 84040 *et seq.* and the California Code of Regulations Section 58310 *et seq.*, the chief executive officer or other designee of the governing board of each community college district is required to regularly report the financial condition of such community college district to the governing board thereof. Further, the chief executive officer or other designee is required to submit reports showing the financial and budgetary conditions of its community college district, including outstanding obligations, to the governing board at least once every three months. Each community college district is also required to submit a copy of a certified quarterly report to the appropriate county office of education and the State Chancellor no later than forty-five days following the completion of such quarter. The State Chancellor is required to develop and maintain procedures for the administration of fiscal monitoring of community colleges districts pursuant to the California Education Code Section 84040 *et seq.*

In the event that a community college district's financial information indicates to the State Chancellor a high probability that, absent corrective actions, the district will need an emergency apportionment within three years or that the district is not in compliance with the principles of sound fiscal management as set forth in the California Code of Regulations, the State Chancellor has the authority to further intervene in the affairs of the district. The State Chancellor may, among other things, require additional reports from a community college district, require such community college district to respond to specific concerns or direct the community college district to adopt a detailed plan for fiscal stability and an

educational plan which shows the impact of the fiscal plan on such community college district's educational program.

The California Code of Regulations grants the State Chancellor the authority to take certain actions if the State Chancellor determines that a community college district's plans are inadequate to solve the financial problems or to implement the principles of sound fiscal management, such community college district substantially fails to implement the plans, or if a college operated by such community college district is in imminent jeopardy of losing its accreditation which would create severe fiscal problems. The State Chancellor may, among other thing, (i) conduct a comprehensive management review of a community college district and its educational programs and an audit of the financial condition of such community college district; (ii) direct a community college district to amend and readopt the fiscal and educational plans based on the findings of the comprehensive audits; (iii) review and monitor the implementation of the plans and direct a community college district to make any further modifications to the fiscal and educational plans he or she deems necessary for such community college district's achievement of fiscal stability; and (iv) appoint or assign a special trustee (a "Special Trustee"). The Special Trustee, if appointed, may review and monitor plans, reports, and other financial material, and may modify the fiscal and educational plans, review and prioritize expenditures in order to further the community college district's achievement of fiscal stability, approve or disapprove actions of such community college district which affect or relate to the implementation of the fiscal and educational plans. The Special Trustee may assume management and control of a community college district if authorized by the Board of Governors based on the recommendation of the State Chancellor. The State Chancellor may authorize the Special Trustee to exercise such powers as are approved by the Board of Governors for a period of no more than one year, unless the Board of Governors approves one or more one-year extensions.

In the event the State Chancellor deems that the aforementioned procedures have not stabilized the financial condition of a community college district, the State Chancellor may seek an appropriation for an emergency apportionment to be repaid over a period of three years. However, the State Chancellor is not authorized to approve any diversion of revenue from *ad valorem* taxes levied to pay debt service on district general obligation bonds.

In the event the State elects to provide an emergency appropriation to a community district, such appropriation may be accomplished through the issuance of "State School Fund Apportionment Lease Revenue Bonds" to be issued by the California Infrastructure and Economic Development Bank, on behalf of the community college district. State law provides that so long as such bonds are outstanding, the recipient community college district cannot file for bankruptcy.

### **District Budgeting**

The table on the following page shows the District's general fund budgets for fiscal years 2019-20 through 2023-24, ending results for fiscal years 2019-20 through 2022-23, and projected ending results for fiscal years 2023-24.

**COMPARISON OF GENERAL FUND BUDGETS, ACTUAL AND PROJECTED RESULTS**  
**Fiscal Years 2019-20 through 2023-24**  
**College of the Sequoias Community College District**

	Fiscal Year 2019-20		Fiscal Year 2020-21		Fiscal Year 2021-22		Fiscal Year 2022-23		Fiscal Year 2023-24	
	<u>Budget<sup>(1)</sup></u>	<u>Actual<sup>(1)</sup></u>	<u>Budget<sup>(1)</sup></u>	<u>Actual<sup>(1)</sup></u>	<u>Budget<sup>(1)</sup></u>	<u>Actual<sup>(1)</sup></u>	<u>Budget<sup>(1)</sup></u>	<u>Actual<sup>(1)</sup></u>	<u>Budget<sup>(1)</sup></u>	<u>Projected<sup>(2)</sup></u>
<b>REVENUES</b>										
Federal	\$2,741,396	\$3,593,493	\$5,446,807	\$13,691,702	\$27,170,747	\$24,080,595	\$4,112,928	\$3,733,629	\$3,842,808	\$4,010,299
State	66,453,724	68,601,111	70,585,906	69,952,035	79,247,800	75,869,554	103,231,164	96,640,657	111,540,127	126,013,362
Local	20,882,885	23,325,388	22,621,994	23,323,377	23,910,969	24,616,346	25,146,726	28,510,530	24,660,767	25,448,509
<b>TOTAL REVENUES</b>	<b>90,078,005</b>	<b>95,519,992</b>	<b>98,654,707</b>	<b>106,967,114</b>	<b>130,329,516</b>	<b>124,566,495</b>	<b>132,490,818</b>	<b>128,884,816</b>	<b>140,043,702</b>	<b>155,472,170</b>
<b>EXPENDITURES:</b>										
Academic Salaries	32,567,312	32,970,110	33,099,150	34,826,501	35,614,265	35,282,416	37,703,238	38,419,440	42,981,556	44,698,779
Classified Salaries	19,729,136	18,832,484	20,305,992	18,751,885	22,121,419	20,406,270	23,800,241	22,796,815	31,135,822	31,664,062
Employee Benefits	21,382,250	19,246,349	21,646,497	19,445,511	24,251,815	21,367,700	25,218,057	24,108,403	29,269,312	28,292,254
Supplies and Materials	2,044,930	1,805,056	3,313,861	5,335,046	8,675,966	6,372,793	5,314,223	3,065,180	3,247,571	9,152,662
Other Operating Expenses and Services	8,415,075	7,524,184	9,406,852	9,185,836	15,819,354	16,342,957	14,945,410	10,968,243	13,901,306	18,220,885
Capital Outlay	2,463,715	1,980,175	2,558,760	2,050,507	9,144,673	4,720,631	6,958,788	5,003,582	5,154,539	6,930,173
<b>TOTAL EXPENDITURES</b>	<b>86,602,418</b>	<b>82,358,358</b>	<b>90,331,112</b>	<b>89,595,286</b>	<b>115,627,492</b>	<b>104,492,767</b>	<b>113,939,957</b>	<b>104,361,663</b>	<b>125,690,106</b>	<b>138,958,815</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>3,475,587</b>	<b>13,161,634</b>	<b>8,323,595</b>	<b>17,371,828</b>	<b>14,702,024</b>	<b>20,073,728</b>	<b>18,550,861</b>	<b>24,523,153</b>	<b>14,353,596</b>	<b>16,513,355</b>
<b>OTHER FINANCING SOURCES (USES)</b>	<b>61,457</b>	<b>219,260</b>	<b>106,911</b>	<b>3,963,793</b>	<b>906,911</b>	<b>3,807,105</b>	<b>72,321</b>	<b>801,403</b>	<b>67,821</b>	<b>67,821</b>
<b>OTHER OUTGO</b>	<b>(2,361,897)</b>	<b>(16,352,005)</b>	<b>(2,718,848)</b>	<b>(19,833,635)</b>	<b>(8,999,716)</b>	<b>(20,129,009)</b>	<b>(6,430,626)</b>	<b>(20,853,493)</b>	<b>(5,109,092)</b>	<b>(14,336,669)</b>
<b>NET INCREASE (DECREASE) IN FUND BALANCE</b>	<b>1,175,147</b>	<b>(2,971,111)</b>	<b>5,711,658</b>	<b>1,501,986</b>	<b>6,609,219</b>	<b>3,751,824</b>	<b>12,192,556</b>	<b>4,471,063</b>	<b>9,312,325</b>	<b>2,244,507</b>
<b>BEGINNING FUND BALANCE:</b>										
Net Beginning Balance, July 1	21,857,616	21,857,616	21,870,666	21,870,666	23,691,660	23,691,660	27,976,074	27,976,074	32,740,374	32,740,374
Prior Year Adjustments	--	2,984,161	--	319,008	--	532,590	--	293,237	--	906,335
Adjusted Beginning Balance	--	24,841,777	--	22,189,674	--	24,224,250	--	28,269,311	--	33,646,709
<b>ENDING FUND BALANCE, June 30</b>	<b>\$23,032,763</b>	<b>\$21,870,666</b>	<b>\$27,582,324</b>	<b>\$23,691,660</b>	<b>\$30,300,879</b>	<b>\$27,976,074</b>	<b>\$40,168,630</b>	<b>\$32,740,374</b>	<b>\$42,052,699</b>	<b>\$35,891,216</b>

<sup>(1)</sup> From the District's CCFS-311 Reports filed with the California Community Colleges Chancellor's Office.

<sup>(2)</sup> As of May 15, 2024.

Source: California Community Colleges Chancellor's Office CCFS-311 Reports and the 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 2018-19 through 2022-23.

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**STATEMENT OF TOTAL REVENUES AND EXPENDITURES AND  
CHANGES IN NET POSITION  
Fiscal Years 2018-19 through 2022-23  
College of the Sequoias Community College District**

	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23
<b>OPERATING REVENUES</b>					
Net tuition and fees	\$4,541,165	\$4,380,340	\$4,272,561	\$4,030,687	\$5,307,341
Auxiliary enterprise sales and charges:					
Cafeteria	981,372	816,753	35,326	768,608	950,585
Farm	619,264	842,195	1,024,252	1,275,337	1,261,477
<b>TOTAL OPERATING REVENUES</b>	<b>6,141,801</b>	<b>6,039,288</b>	<b>5,332,139</b>	<b>6,074,632</b>	<b>7,519,403</b>
<b>OPERATING EXPENSES</b>					
Salaries	48,769,072	52,593,313	54,158,931	56,780,680	62,425,933
Employee benefits	31,336,239	28,877,589	31,653,707	18,678,505	24,585,585
Supplies, materials and other operating expenses and services	14,275,501	14,055,605	19,685,898	29,017,160	25,916,470
Student aid	29,209,767	33,859,896	32,836,035	50,319,537	34,439,611
Depreciation/amortization	6,749,706	6,834,588	6,881,833	7,213,401	7,546,964
<b>TOTAL OPERATING EXPENSES</b>	<b>130,340,285</b>	<b>136,220,991</b>	<b>145,216,404</b>	<b>162,009,283</b>	<b>154,914,563</b>
<b>OPERATING LOSS</b>	<b>(124,198,484)</b>	<b>(130,181,703)</b>	<b>(139,884,265)</b>	<b>(155,934,651)</b>	<b>(147,395,160)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
State apportionments, noncapital	47,238,160	52,804,473	53,506,538	56,439,966	66,011,118
Local property taxes	16,675,794	17,528,433	18,280,254	19,455,333	21,165,845
Taxes levied for other specific purposes	6,583,967	7,275,042	6,613,851	5,032,711	7,151,965
State taxes and other revenues	12,914,281	7,198,546	10,491,754	5,242,263	14,190,859
Grants and contracts, noncapital:					
Federal	24,693,920	29,307,847	36,332,550	62,009,154	26,294,667
State	19,398,243	18,767,812	19,507,898	21,308,231	25,762,251
Investment income, noncapital	574,981	804,281	736,802	566,755	(3,033,873)
Transfer to/from agency funds	6,815	8,000	10,000	10,000	4,500
Other transfers	--	(99,473)	(225,812)	(401,938)	816,449
Interest expense on capital asset-related debt	(8,340,813)	(3,323,263)	(4,552,714)	(4,873,862)	(8,271,942)
Local grants and other non-operating income	3,932,916	1,834,489	1,450,164	2,613,934	3,479,408
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>123,678,264</b>	<b>132,106,187</b>	<b>142,151,285</b>	<b>167,402,547</b>	<b>153,571,247</b>
<b>INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES</b>					
	(520,220)	1,924,484	2,267,020	11,467,896	6,176,087
State revenues, capital	565,595	926,877	553,256	5,714,374	12,262,245
Gain (loss) on disposal of fixed assets	--	--	--	3,886	(623)
Local revenues, capital	450,732	577,129	365,889	279,404	509,401
<b>TOTAL OTHER REVENUES</b>	<b>1,016,327</b>	<b>1,504,006</b>	<b>919,145</b>	<b>5,997,664</b>	<b>12,771,023</b>
<b>CHANGE IN NET POSITION</b>	<b>496,107</b>	<b>3,428,490</b>	<b>3,186,165</b>	<b>17,465,560</b>	<b>18,947,110</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>82,328,319</b>	<b>82,800,211</b>	<b>91,486,255</b>	<b>95,600,323</b>	<b>113,584,979</b>
<b>PRIOR YEAR ADJUSTMENT</b>	<b>(24,215)<sup>(1)</sup></b>	<b>5,257,554<sup>(2)</sup></b>	<b>927,903<sup>(3)</sup></b>	<b>519,096<sup>(4)</sup></b>	<b>293,237<sup>(5)</sup></b>
<b>NET POSITION, END OF YEAR</b>	<b>\$82,800,211</b>	<b>\$91,486,255</b>	<b>\$95,600,323</b>	<b>\$113,584,979</b>	<b>\$132,825,326</b>

<sup>(1)</sup> Reflects a District identified \$24,215 adjustment in the fund financial statements.

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

<sup>(3)</sup> Beginning net position increased by \$927,903 due to the implementation of GASB Statement No. 84, Fiduciary Activities for implementation of a change in accounting principal of \$602,861 and District identified adjustments in the fund financial statements of \$325,042.

<sup>(4)</sup> Beginning net position increased by \$519,096 due to the implementation of GASB Statement No. 87, Leases for implementation of a change in accounting principal of \$8,786 and District identified adjustments in the fund financial statements of \$510,310.

<sup>(5)</sup> Reflects the District's identified adjustments in the fund financial statements.

Source: The District's Audited Financial Statements for fiscal years 2018-19 through 2022-23.

## District Debt Structure

**Long-Term Debt.** A schedule of changes in long-term debt for fiscal year ending June 30, 2023 is shown below:

	<u>Restated Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within One</u> <u>Year</u>
<b>General Obligation Bonds:</b>					
2008 Series B, General obligation bonds (Hanford)					
Current interest	\$1,105,000	--	\$535,000	\$570,000	\$570,000
Capital appreciation	6,400,683	\$652,683	--	7,053,366	--
2008 Series C, General obligation bonds (Hanford)					
Current interest - refunding	11,810,000	--	500,000	11,310,000	590,000
2008 Series A, General obligation bonds (Tulare)					
Capital appreciation	4,230,905	1,380,070	1,120,000	4,490,975	1,195,000
2008 Series B, General obligation bonds (Tulare)					
Capital appreciation	7,810,092	1,260,346	--	9,070,438	--
2008 Series C, General obligation bonds (Tulare)					
Current interest	105,000	--	55,000	50,000	50,000
Capital appreciation	3,605,724	249,718	--	3,855,442	--
2008 Series D, General obligation bonds (Tulare)					
Current interest	3,360,000	--	80,000	3,280,000	85,000
2008 Series E, General obligation bonds (Tulare)					
Current interest - refunding	13,545,000	--	45,000	13,500,000	45,000
Current interest	22,885,000	--	670,000	22,215,000	600,000
2021 Series A, General obligation refunding bonds (Tulare)					
Current interest - refunding	2,245,000	--	40,000	2,205,000	80,000
2021 Series B, General obligation refunding bonds (Tulare)					
Current interest - refunding	8,575,000	--	195,000	8,380,000	195,000
2008 Series A, General obligation bonds (Visalia)					
Capital appreciation	3,059,229	1,228,463	1,065,000	3,222,692	1,140,000
2008 Series B, General obligation bonds (Visalia)					
Capital appreciation	1,360,392	160,933	--	1,521,325	--
2008 Series C, General obligation bonds (Visalia)					
Capital appreciation	1,515,887	252,606	110,000	1,658,493	125,000
2008 Series D, General obligation bonds (Visalia)					
Current interest - refunding	19,100,000	--	60,000	19,040,000	60,000
2020 General obligation refunding bonds (Visalia):					
Current interest - refunding	4,170,000	--	--	4,170,000	--
Unamortized premium	8,127,653	--	602,356	7,525,297	--
Total General Obligation Bonds	<u>123,010,565</u>	<u>5,184,819</u>	<u>5,077,356</u>	<u>123,118,028</u>	<u>4,735,000</u>
<b>Other Long-Term Liabilities:</b>					
Lease liability	719,552	399,989	310,874	808,667	320,095
Compensated absences	3,250,849	373,550	--	3,624,399	--
Net OPEB liability (asset)	(2,170,869)	1,781,571	--	(389,298)	--
Net pension liability	46,949,204	31,027,893	--	77,977,097	--
Total Other Long-Term Liabilities	<u>48,748,736</u>	<u>33,583,003</u>	<u>310,874</u>	<u>82,020,865</u>	<u>320,095</u>
Total Long-Term Obligations	<u>\$171,759,301</u>	<u>\$38,767,822</u>	<u>\$5,388,230</u>	<u>\$205,138,893</u>	<u>\$5,055,095</u>

Source: The District's Audited Financial Statements for fiscal year 2022-23.

**Improvement District No. 1 General Obligation Bonds.** On November 7, 2006, the voters of the College of the Sequoias Hanford Campus Improvement District No. 1 of the College of the Sequoias Community College District (“Improvement District No. 1”) authorized not-to-exceed \$22,000,000 of general obligation bonds of 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) in an aggregate principal amount of \$12,175,000 (the “2017 Refunding Series C Bonds”), to refund a portion of the then outstanding Improvement District No. 1 Series A Bonds. The Improvement District No. 1 Series A Bonds are no longer outstanding.

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

<u>Year Ending (August 1)</u>	<u>Improvement District No. 1 Series B Bonds</u>	<u>2017 Refunding Series C Bonds</u>	<u>Total Annual Debt Service</u>
2024	\$ 614,994.60	\$ 1,148,000.00	\$ 1,762,994.60
2025	623,238.65	1,224,000.00	1,847,238.65
2026	633,756.25	1,299,500.00	1,933,256.25
2027	647,107.80	1,374,250.00	2,021,357.80
2028	654,591.00	1,458,000.00	2,112,591.00
2029	670,000.00	1,540,000.00	2,210,000.00
2030	676,017.00	1,635,000.00	2,311,017.00
2031	686,460.60	1,727,000.00	2,413,460.60
2032	695,000.00	1,828,250.00	2,523,250.00
2033	2,870,000.00	--	2,870,000.00
2034	<u>2,985,000.00<sup>(1)</sup></u>	<u>--</u>	<u>2,985,000.00</u>
Total	\$11,756,165.90	\$13,234,000.00	\$24,990,165.90

<sup>(1)</sup> Final principal maturity and interest payment at February 1, 2034.  
Source: The Underwriter.

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**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 (Bank Qualified) (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 (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) (the “2017 Refunding Series D Bonds”) in an aggregate principal amount of \$19,695,000, to refund a portion of the then outstanding Improvement District No. 2 Series A Bonds and Improvement District 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) (the “2020 Refunding Bonds”) in an aggregate principal amount of \$4,260,000, to refund a portion of the then outstanding Improvement District 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	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
<u>August 1</u>						
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	--	\$1,000,000.00	--	1,404,818.76	166,800.00	2,571,618.76
2034	--	1,120,000.00	--	1,563,218.76	166,800.00	2,850,018.76
2035	--	1,175,000.00	--	1,639,000.00	166,800.00	2,980,800.00
2036	--	1,235,000.00	--	1,719,112.50	166,800.00	3,120,912.50
2037	--	1,290,000.00	--	--	166,800.00	1,456,800.00
2038	--	--	--	--	2,106,800.00	2,106,800.00
2039	--	--	--	--	2,319,200.00	2,319,200.00
Total	\$1,215,000.00	\$5,820,000.00	\$2,230,000.00	\$24,218,318.86	\$6,761,200.00	\$40,244,518.86

Source: The Underwriter.

**Improvement District No. 3 General Obligation Bonds.** On November 4, 2008, the voters of the College of the Sequoias Tulare Area Improvement District No. 3 of the College of the Sequoias Community College District (“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 (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 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 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 Election of 2008 General Obligation Bonds, Series D (Tulare Area Improvement District No. 3) 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) (the “2017 Refunding Series E Bonds”) in an aggregate principal amount of \$14,015,000, to refund a portion of the then outstanding Improvement District No. 3 Series A Bonds. On May 11, 2021, the District issued its Election of 2008 General Obligation Bonds, Series E (Tulare Area Improvement District No. 3) (the “Improvement District No. 3 Series E Bonds”) in the aggregate principal amount of \$22,885,000. The Improvement District No. 3 Series E Bonds represented the fifth and final series of bonds issued under the Improvement District No. 3 Authorization. On May 11, 2021, the District issued its 2021 General Obligation Refunding Bonds, Series A (Tulare Area Improvement District No. 3.) (the “2021 Refunding Series A Bonds”) in the aggregate principal amount of \$2,245,000, to refund a portion of the then outstanding Improvement District No. 3 Series B Bonds. On May 11, 2021, the District issued its 2021 General Obligation Refunding Bonds, Series B (Tulare Area Improvement District No. 3.) (Federally Taxable) (the “2021 Refunding Series B Bonds”) in the aggregate principal amount of \$8,575,000, to refund a portion of the then outstanding Improvement District No. 3 Series C Bonds.

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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	2021 Refunding Series A Bonds	2021 Refunding Series B Bonds	Improvement District No. 3 Series E Bonds	Total Annual Debt Service
2024	\$1,270,000.00	--	--	\$ 203,650.00	\$ 606,100.00	\$ 195,000.00	\$ 460,977.10	\$ 1,137,250.00	\$ 3,872,977.10
2025	1,355,000.00	--	--	213,900.00	603,850.00	230,600.00	454,522.70	721,250.00	3,579,122.70
2026	--	--	--	213,400.00	2,046,600.00	259,600.00	451,984.70	721,250.00	3,692,834.70
2027	--	--	--	222,650.00	2,082,100.00	302,200.00	448,788.70	721,250.00	3,776,988.70
2028	--	--	--	231,150.00	2,132,100.00	337,800.00	435,094.50	886,250.00	4,022,394.50
2029	--	--	--	240,350.00	2,225,600.00	376,600.00	431,085.00	869,650.00	4,143,285.00
2030	--	--	--	248,950.00	2,325,100.00	418,400.00	421,495.00	853,450.00	4,267,395.00
2031	--	--	--	258,700.00	2,445,900.00	468,000.00	406,677.00	817,650.00	4,396,927.00
2032	--	\$ 645,000.00	--	268,000.00	2,286,600.00	--	406,847.00	933,050.00	4,539,497.00
2033	--	2,465,000.00	\$ 755,795.00	181,850.00	--	--	411,106.50	868,650.00	4,682,401.50
2034	--	2,770,000.00	732,232.50	248,100.00	--	--	340,099.00	681,450.00	4,771,881.50
2035	--	2,920,000.00	764,007.50	252,250.00	--	--	285,827.00	681,450.00	4,903,534.50
2036	--	3,080,000.00	787,407.50	271,100.00	--	--	232,890.00	681,450.00	5,052,847.50
2037	--	3,243,341.55	817,770.00	284,200.00	--	--	181,054.00	681,450.00	5,207,815.55
2038	--	2,946,356.25	849,420.00	291,700.00	--	--	555,748.00	681,450.00	5,324,674.25
2039	--	3,162,740.90	877,020.00	308,750.00	--	--	438,967.00	681,450.00	5,468,927.90
2040	--	3,385,000.00	915,030.00	319,687.50	--	--	315,399.00	681,450.00	5,616,566.50
2041	--	--	942,902.50	--	--	--	4,120,350.00	681,450.00	5,744,702.50
2042	--	--	3,290,980.00	--	--	--	798,715.00	681,450.00	4,771,145.00
2043	--	--	--	--	--	--	--	2,376,450.00	2,376,450.00
2044	--	--	--	--	--	--	--	2,398,650.00	2,398,650.00
2045	--	--	--	--	--	--	--	2,467,250.00	2,467,250.00
2046	--	--	--	--	--	--	--	2,545,250.00	2,545,250.00
2047	--	--	--	--	--	--	--	2,622,050.00	2,622,050.00
2048	--	--	--	--	--	--	--	2,699,850.00	2,699,850.00
2049	--	--	--	--	--	--	--	2,783,300.00	2,783,300.00
2050	--	--	--	--	--	--	--	2,867,100.00	2,867,100.00
2051	--	--	--	--	--	--	--	2,956,100.00	2,956,100.00
Total	\$2,625,000.00	\$24,617,438.70	\$10,732,565.00	\$4,258,387.50	\$16,753,950.00	\$2,588,200.00	\$11,597,627.20	\$38,378,750.00	\$111,551,918.40

Source: The Underwriter.

**Certificates of Participation.** On September 8, 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. During fiscal year 2020-21, the district made a one-time payment in the amount of \$2,410,000 to pay the outstanding balance of the 2004 Certificates of Participation.

## IMPROVEMENT DISTRICT NO. 2

**General Description.** On May 5, 2008, Improvement District No. 2 was established by the Board pursuant to its Resolution No. 2008-12 and the California Education Code Chapter 2, Part 10, Division 1, Title 1.

**Location and Territory.** Improvement District No. 2 is located within the County, and includes the City of Visalia. Improvement District No. 2 encompasses about 1,783 square miles, representing about fifty-nine percent of the territory of the District. The boundaries of Improvement District No. 2 include the boundaries of Visalia Unified School District, the Exeter Union High School District, the Farmersville Unified School District, the Woodlake Union High School District, and those portions of the Cutler-Orosi Joint Unified School District which lie within the County, excluding portions of such district lying in Fresno County. Taxable property within Improvement District No. 2 has a fiscal year 2023-24 assessed valuation of \$22,867,893,481.

## FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

### 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 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, Education Protection Account (“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 cost of living adjustments (each, a “COLA”) 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 COLAs, 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 previously 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 were 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 provisions to provide districts greater financial stability in transitioning to the new formula: (i) through fiscal year 2024-25, community college districts will receive at least the 2017-18 total computational revenues, adjusted for COLAs and (ii) beginning in fiscal year 2025-26, a district will receive the greater of its fiscal year 2024-25 hold harmless funding level or its SCFF-generated funding level.

Base Allocation. The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see “- *Enrollment Based Funding*” above), 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. The 2019 Budget Act tasked the Chancellor’s Office with determining the formula’s final 2019-20 funding rates based on total computational revenue of \$7.43 billion as determined by the Department of Finance. Beginning in 2020-21, these funding rates are to be adjusted by COLA and other base adjustments, and the distribution of funds across the three allocations (base, supplemental, and student success) is to be determined by changes in the underlying factors.

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 2019-20 State 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 are codified in trailer bill language and are to 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 estimated figures for fiscal year 2023-24:

**FULL TIME-EQUIVALENT STUDENTS<sup>(1)</sup>**  
**Fiscal Years 2013-14 through 2023-24**  
**College of the Sequoias Community College District**

<b>Year</b>	<b>Funded FTES<sup>(2)</sup></b>	<b>Unfunded FTES</b>	<b>Total FTES</b>
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 <sup>(3)</sup>	10,274	--	10,274
2019-20	10,426	93	10,519
2020-21 <sup>(4)</sup>	10,426	93	10,519
2021-22 <sup>(4)</sup>	10,426	93	10,519
2022-23 <sup>(4)</sup>	10,426	93	10,519
2023-24 <sup>(5)</sup>	10,313	134	10,447

<sup>(1)</sup> 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.

<sup>(2)</sup> 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”).

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

<sup>(4)</sup> Due to COVID-19, in fiscal years 2020-21 through 2022-23, the District was funded based on fiscal year 2019-20 P1 Resident FTES.

<sup>(5)</sup> Estimated.

Source: The 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 receive Federal Pell Grants, a student who is granted an exemption from nonresident tuition pursuant to Section 68130.5 (AB540), and student fee waivers under California Education Code 76300 (California College Promise Grant). The SCFF provides \$919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the 2019-20 State Budget recalculates funding rates for supplemental allocation so that in 2019-20, 20% of the SCFF funds would be allocated for the supplemental allocation. The final SCFF rate per qualifying student as calculated in the 2020 Budget Act is \$948. Beginning in 2020-21 those rates were required to be adjusted by COLA. Headcounts are not unduplicated, such that districts will receive twice or three times 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 original SCFF stipulates that Student Success Allocation accounts for 10% of statewide funding for community college districts in fiscal year 2018-19, and 10% in each of fiscal years 2019-20, 2020-21 and 2021-22. The SCFF Funding allocation implementation plan has been revised to allocate 10% to Student Success Allocation starting in 2019-20. However, increases in future fiscal years are subject to change. 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. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding.

Beginning in fiscal year 2019-20, the student success allocation counts 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 calculates 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.

### **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 2013-14 through 2022-23, as well as receipts to-date for fiscal year 2023-24, are shown in the following table.

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**TAX OFFSET AND PASS-THROUGH REVENUES**  
**Fiscal Years 2013-14 through 2023-24**  
**College of the Sequoias Community College District**

<b>Fiscal Year</b>	<b>Tax Offset Revenues<sup>(1)</sup></b>	<b>Pass-Through Revenues<sup>(2)</sup></b>
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	1,211,559	276,133
2021-22	1,135,166	282,333
2022-23	1,369,070	314,263
2023-24 <sup>(3)</sup>	734,747	190,436

<sup>(1)</sup> Tax Offset Revenues received offset State apportionments received by the District.

<sup>(2)</sup> Pass-Through Revenues received do not offset State apportionments received by the District.

<sup>(3)</sup> Reflects revenues received through April 30, 2024.

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 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 County on taxable property within Improvement District No. 2 in an amount sufficient for the payment thereof. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” in the body of this Official Statement.

***Ad Valorem Property Taxes***

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). 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 property and locally assessed property secured by a lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional voter-approved property taxes and assessments on behalf of any taxing agency within the County.

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll secured by the assessee's fee ownership of land with respect to which taxes are delinquent is declared tax-defaulted on or about June 30. Those properties on the secured roll that become tax-defaulted on June 30 of the fiscal year that are not secured by the assessee's fee ownership of land are transferred to the unsecured roll and are then subject to the Treasurer's enforcement procedures (*i.e.*, seizures of money and property, liens and judgments). Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the Treasurer.

Property taxes on the unsecured roll are currently due as of the January 1 lien date prior to the commencement of a fiscal year and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recordation in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements, bank accounts or possessory interests belonging or assessed to the taxpayer.

The County levies and collects all property taxes for property falling within its taxing boundaries.

## State Assistance

The District's principal funding formulas and revenue sources are derived from the budget of the State of California. ***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, the State has not entered into any contractual commitment with the District, the County, the Underwriter, Bond and Disclosure Counsel nor the Owners of the Bonds to provide State budget information to the District or the owners of the Bonds. Although they believe the State sources of information listed above are reliable, none of the District, the County, Bond and Disclosure Counsel nor the Underwriter assume any responsibility for the accuracy of the State budget information set forth or referred to herein or incorporated by reference herein. Additional information regarding State budgets is available at various State-maintained websites including [www.ebudget.ca.gov](http://www.ebudget.ca.gov), which website is not incorporated herein by reference.***

***2023-24 State Budget.*** On June 27, 2023, Governor Newsom signed into law the fiscal year 2023-24 State Budget (the "2023-24 Budget"). The 2023-24 Budget totals approximately \$310.8 billion while closing a shortfall of more than \$30 billion. The 2023-24 Budget does not draw from the reserves to close the shortfall, but rather includes an increase of \$600 million to the reserve account compared to the amount expected to be set aside pursuant to the May Revision. The 2023-24 Budget includes \$37.8 billion in budgetary reserves, which include: \$22.3 billion in the Budget Stabilization Account (the "Rainy Day Fund") for fiscal emergencies; \$10.8 billion in the Public School System Stabilization Account ("PSSSA") (the "rainy-day" fund used to lessen the impact of State revenue volatility on K-12 schools and community colleges); \$900 million in the Safety Net Reserve (used to maintain benefits and services for CalWORKs and Medi-Cal participants during economic downturns); and \$3.8 billion in the State's operating reserve. The Rainy Day Fund is now at its constitutional maximum (10 percent of General Fund revenues).



The fiscal year 2022-23 winter atmospheric river storms caused a tax filing delay by the Internal Revenue Service (and a conforming State delay) affecting over 99 percent of the State’s tax filers in 55 of the State’s 58 counties. As a result, the 2023-24 Budget projects a delay of \$42 billion in tax receipts into October 2023 – \$28.4 billion from personal income tax and \$13.3 billion from corporation tax – representing nearly one-fourth of the 2022-23 fiscal year’s total projected personal income tax, and nearly one-third of the 2022-23 fiscal year’s corporation tax. The 2023-24 Budget closes the \$31.7 billion shortfall through fund shifts (\$9.3 billion), reductions and pullbacks (\$8.1 billion), funding delays (\$7.9 billion), revenue and internal borrowing (\$6.1 billion) and trigger reductions (\$340 million).

*Proposition 98 Guarantee.* Proposition 98 funding for fiscal year 2023-24 is approximately \$108.3 billion for K-12 public schools and California community colleges (“CCCs”).

Other significant features of the 2023-24 Budget affecting CCCs include the following:

- ***Apportionments.*** The 2023-24 Budget includes an increase of \$678 million ongoing Proposition 98 General Fund monies to provide an 8.22-percent COLA for apportionments and \$26.4 million ongoing Proposition 98 General Fund monies for 0.5-percent enrollment growth.
- ***Affordable Student Housing Grants.*** A shift of approximately \$1.1 billion in current and planned General Fund support for CCC affordable student housing grants from General Fund to CCC-issued bonds and an increase of \$78.5 million ongoing General Fund monies to support these projects.
- ***COLA.*** An increase of \$112.5 million ongoing Proposition 98 General Fund monies to provide an 8.22-percent COLA for select categorical programs and the Adult Education Program.
- ***Fund Budget Year Apportionments with One-Time Resources.*** An increase of approximately \$290 million one-time Proposition 98 General Fund monies to support the SCFF costs for fiscal year 2023-24.
- ***Nursing Program Support.*** An increase of \$60 million one-time Proposition 98 General Fund monies per year for five years, starting in fiscal year 2024-25, to expand nursing programs and Bachelor of Science in Nursing partnerships to develop, educate, and maintain the next generation of registered nurses through the community college system, subject to future legislation.
- ***Student Success Completion Grant Program.*** Authorizes a specific award of the Student Success Completion Grant of \$5,250 per semester for specified current and former foster youth at community colleges, to cover these students’ total cost of attendance. Also, a decrease of \$50 million one-time Proposition 98 General Fund monies to reflect revised program participation estimates, bringing the cumulative fiscal year 2023-24 support for this program to a total of approximately \$362.6 million Proposition 98 General Fund monies.
- ***Community College Reporting.*** Requires reporting on full-time faculty by community colleges and the California Community Colleges Chancellor’s Office, to measure the progress in increasing the percentage of instruction by full-time faculty and diversifying faculty.
- ***Flexible Block Grant.*** The Budget reflects statutory changes to consolidate fiscal year 2022-23 investments for deferred maintenance, retention and enrollment, and a COVID-19 response block grant to create a flexible block grant that can be spent for any of the purposes of the grants involved. In addition, the 2023-24 Budget decreases one-time Proposition 98 General Fund monies by approximately \$500 million for these programs, which was comprised of a decrease of \$494 million for deferred maintenance and a net decrease of retention and enrollment by \$5 million.

- **Local Property Tax Adjustment.** A decrease of \$355 million ongoing Proposition 98 General Fund monies as a result of increased offsetting local property tax revenues.

**Governor’s Proposed 2024-25 State Budget.** Governor Newsom released his Proposed 2024-25 State Budget (the “Proposed 2024-25 Budget”) on January 10, 2024. The Proposed 2024-25 Budget totals approximately \$291.5 billion, with General Fund revenues projected to be \$16 billion lower than the 2023 Budget Act and an estimated budget gap of \$37.9 billion in fiscal year 2024-25. The Proposed 2024-25 Budget’s estimated budget gap is mostly due to extraordinary prior-year revenue shortfalls. The substantial decline in the stock market has driven down stock-based compensation and capital gains, negatively affecting personal income and the tax revenue generated from the State’s income tax. Further, the delayed tax filing deadline of November 16, 2023 by the Internal Revenue Service (and corresponding State delay), which affected over 99 percent of the State’s taxpayers, limited the tax and revenue data available that resulted in an abbreviated timeline to prepare the State budget.

The Proposed 2024-25 Budget proposes to draw from the State’s reserve accounts as a component of closing the budget gap. In light of the withdrawal from the reserves, the State is projected to end fiscal year 2024-25 with available General Fund reserves that include: \$11.1 billion in the Rainy Day Fund for fiscal emergencies; \$3.9 billion in the PSSSA; and \$3.4 billion in the Special Fund for Economic Uncertainties, the State’s operating reserve. The Proposed 2024-25 Budget includes draws from the reserves (\$13.1 billion), spending reductions (\$8.5 billion), borrowing internally from special funds (\$5.7 billion), funding delays (\$5.1 billion), fund shifts (\$3.4 billion), and deferrals (\$2.1 billion) to address the budget shortfall.

**Proposition 98 Guarantee.** Proposition 98 funding for fiscal year 2024-25 is approximately \$109.1 billion (approximately \$126.8 billion in total funding from all sources) for K-12 schools and CCCs. More specifically, the Proposed 2024-25 Budget will provide CCCs with \$8.3 billion in General Fund monies (\$13.3 billion in total funding from all sources) for fiscal year 2024-25.

Significant features of the Proposed 2024-25 Budget affecting CCCs include the following:

- **Apportionments.** The Proposed 2024-25 Budget includes an increase of \$69.1 million ongoing Proposition 98 General Fund monies to provide an 0.76-percent COLA for SCFF apportionments and \$29.6 million ongoing Proposition 98 General Fund monies for 0.5-percent enrollment growth.
- **Categorical Program COLA.** An increase of \$9.3 million ongoing Proposition 98 General Fund monies to provide an 0.76-percent COLA for select categorical programs and the Adult Education Program.
- **K-14 Rainy Day Fund.** A withdrawal of roughly \$235.9 million in fiscal year 2023-24, and \$486.2 million in fiscal year 2024-25, to support SCFF resource needs.
- **Nursing Program Support.** An increase of \$60 million one-time Proposition 98 General Fund monies to expand nursing programs and Bachelor of Science in Nursing partnerships to develop, educate, and maintain the next generation of registered nurses through the community college system, subject to future statutory changes.
- **Student Housing.** The Higher Education Student Housing Grant Program, was established to provide higher education institutions, including CCCs, funds to construct student housing or to acquire and renovate commercial properties into student housing for low-income students. In light of the projected budget shortfall, the Proposed 2024-25 Budget proposes suspending funding for the California Student Housing Revolving Loan Fund program, which includes pulling back \$300

million one-time General Fund monies previously intended to be appropriated for the program for each year from fiscal year 2024-25 through fiscal year 2028-29, and reverting \$194 million of \$200 million one-time General Fund monies that was appropriated in fiscal year 2023-24, which is the amount estimated to be net of the program's expected operational costs.

**Legislative Analyst's Comments on the Proposed 2024-25 Budget.** On January 13, 2024, the Legislative Analyst's Office ("LAO") offered initial comments on the Proposed 2024-25 Budget. In light of the policy changes and reductions in spending, the LAO observes that the administration has solved a larger budget problem at \$58 billion, which is roughly \$10 billion lower than the LAO's initial fiscal outlook estimate. The largest of these policy changes impacts schools and community colleges – down \$14.3 billion over the budget window. The Governor's budget solutions focus on spending and nearly all are one-time and temporary. Spending-related solutions (including both school and community college spending and other spending) total \$41 billion and represent nearly three-quarters of the total solutions. In addition, the Governor's budget includes \$13 billion in reserve withdrawals, which represent nearly one-quarter of the total; \$4 billion in cost shifts; and approximately \$400 million in revenue-related solutions. The Proposed 2024-25 Budget's revenue projection is \$15 billion higher than the LAO's initial fiscal outlook, and while it is plausible, the LAO cautions it is optimistic. Although the reserve withdrawals are reasonable and spending-related solutions are warranted, the LAO states that the Proposed 2024-25 Budget lacks a plan for implementing proposed reductions to schools and community colleges, and some other solutions are unlikely to yield the anticipated savings. Further, the State faces significant deficits in the coming years, likely necessitating difficult decisions in the future, such as reductions to core services and/or revenue increases.

The Proposed 2024-25 Budget runs the risk of understating the degree of fiscal pressure facing the State in the future. To mitigate these challenges, the LAO recommends the State Legislature develop this year's budget with a focus on future years. Specifically, the State Legislature is recommended to: (1) plan for lower revenues, (2) maintain a similar reserve withdrawal, (3) develop a plan for school and community college funding, (4) maximize reductions in one-time spending, and (5) apply a higher bar for any discretionary proposals and contain ongoing service levels.

On February 20, 2024, the LAO issued an updated analysis on the State's estimated budget deficit. Based on the LAO's updated revenue forecast of approximately \$24 billion below the Governor's budget across fiscal years 2022-23 to 2024-25, the LAO estimates an increase of \$15 billion in the budget problem, bringing the State's estimated budget deficit of \$58 billion to \$73 billion.

**Governor and Legislature Early Action Agreement.** On April 4, 2024, the Governor and the State Legislature agreed to an early action budget package (the "Early Action Agreement") to reduce the existing shortfall in the Proposed 2024-25 Budget, to be addressed in the final budget for fiscal year 2024-25, by approximately \$17.3 billion. The Early Action Agreement consists of a mix of budgetary actions, including \$3.6 billion in budgetary reductions (primarily to one-time funding), \$5.2 billion in revenue and borrowing, \$5.2 billion in delays and deferrals, and \$3.4 billion in shifts of costs from the general fund to other State funds. The Early Action Agreement does not address the Proposition 98 funding maneuver proposed in the Proposed 2024-25 Budget. On April 15, 2024, the Governor signed legislation that reflects the Early Action Agreement. Under Assembly Bill 106, the Department of Finance will report to the Joint Legislative Budget Committee the list of items pursuant to the Early Action Agreement that will no longer be included in the baseline budget forecast.

**May Revision to the Proposed 2024-25 Budget.** Governor Newsom released the May Revision to the Proposed 2024-25 Budget (the "May Revision") on May 10, 2024, as revised on May 14, 2024. The May Revision addresses anticipated shortfalls in both the 2024-25 and 2025-26 fiscal years, and reflects a balanced budget of \$288.1 billion for fiscal year 2024-25. In light of the weaker than expected cash receipts

in personal income, sales and corporation taxes since the release of the Proposed 2024-25 Budget, the budget shortfall has increased by \$7 billion. After accounting for budget solutions, the May Revision's remaining budget shortfall is \$27.6 billion. The May Revision maintains the Governor's budget withdrawals of approximately \$900 million from the Safety Net Reserve, \$8.4 billion from the PSSSA and \$12.2 billion from the Rainy Day Fund; such Rainy Day Fund withdrawal spans over two fiscal years, utilizing \$3.3 billion in fiscal year 2024-25. To address the remaining shortfall, and in addition to the use of reserves, the May Revision includes spending reductions (\$10.7 billion), revenue borrowing (\$2 billion) delayed spending (\$520 million) and fund shifts (\$3.9 billion). Despite recent volatility in the economy, the May Revision forecasts revenues in the coming fiscal years to be higher than pre-pandemic levels and consistent with more typical annual growth patterns.

*Community College District Funding.* The 2022 Budget Act included a trigger that anticipated expenditures for certain programs would be included in the 2024 Budget Act if the Department of Finance first determined that estimated General Fund resources reflected in the 2024 May Revision could support such ongoing increases over the multiyear forecast. Given the negative multiyear projections, many programs are not included in the May Revision, including, the California Community College Cal Grant Expansion Program.

*Legislative Analyst's Comments on the May Revision.* On May 17, 2024, the LAO offered initial comments on the May Revision. The LAO estimates that the May Revision addresses a larger deficit of \$55 billion and that such budget problem is primarily solved by adjusting spending, which makes up about 90% of total solutions. Of this total, \$22 billion is related to school and community college funding changes and \$16 billion consists of spending reductions. The Governor reduces the reliance on reserves using only \$4 billion in reserve withdrawals to cover the deficit, significantly less than the \$13 billion proposed in January. The Governor's proposal to use less in reserves, reduce one-time and temporary spending, and propose statutory language to temporarily set aside surplus revenues for at least a year, improves the fiscal health of the State.

The LAO suggests four key areas for the Legislature's consideration in the final phase of budget deliberations. First, given the significant decline in prior-year revenues, the Legislature will need to decide how to address prior-year funding for schools and community colleges. Second, although the administration's focus for ongoing reductions tends to be on newer programs and program expansions, there are longer-standing and core service programs impacted that the Legislature should revisit. Third, the Legislature should consider whether particular proposed solutions raise serious concerns, such as the suspension of net operating loss (NOL) deductions and unallocated state operations reductions. Finally, given that the LAO's revenue forecast is below the administration's forecast, the Legislature should consider whether or not it is comfortable with this downside risk to the State's budget picture. This risk might be acceptable, however, particularly if the Legislature adopts the May Revision budget structure.

*Future Budgets.* The District cannot predict how State income or State education funding will vary over the term of the Bonds, and the District takes no responsibility for informing owners of the Bonds as to actions the State Legislature or Governor may take affecting the current year's budget after its adoption. Future State budgets will be affected by national and State economic conditions, over which the District has no control, and other factors over which the District will have no control. To the extent that the State budget process results in reduced revenues, deferred revenues or increased expenses for the District, the District will be required to make adjustments to its budget and cash management practices. In the event current or future State budgets decrease the District's revenues or increase required expenditures by the District from the levels assumed by the District, the District will be required to generate additional revenues, curtail programs or services, or use its reserve funds to ensure a balanced budget.

Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “California Budget” or [www.ebudget.ca.gov](http://www.ebudget.ca.gov). An impartial analysis of the budget is posted by the Office of the Legislative Analyst at [www.lao.ca.gov](http://www.lao.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references.

## **CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS**

***Article XIII A of the California Constitution.*** On June 6, 1978, California voters approved Proposition 13, which added Article XIII A to the California Constitution (“Article XIII A”). Article XIII A limits the amount of any ad valorem tax on real property to one percent of the full cash value thereof, except that additional ad valorem taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978 and (as a result of an amendment to Article XIII A approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness and (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness for school facilities and equipment approved by 55 percent of the voters voting on the bond measure. See “Proposition 39” below. Article XIII A defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-1976 tax bill under full ‘cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” This full cash value may be increased at a rate not to exceed two percent per year to account for inflation. This system results in widely varying amounts of tax on similarly situated properties based on differences in the taxpayer’s date of acquisition of the property. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIII A (*Nordlinger v. Hahn*, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

***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 one percent property tax is automatically levied by the 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 two percent annual adjustment 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.

***Article XIII B of the California Constitution.*** An initiative to amend the California Constitution entitled “Limitation of Government Appropriations” was approved on September 6, 1979 thereby adding Article XIII B to the California Constitution (“Article XIII B”). Under Article XIII B state and local governmental entities have an annual “appropriations limit” and are not permitted to spend certain moneys which are called “appropriations subject to limitation” (consisting of tax revenues, state subventions and

certain other funds) in an amount higher than the appropriations limit. Article XIII B does not affect the appropriations of moneys which are excluded from the definition of “appropriations subject to limitation,” including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-1979 expenditures, and is to be adjusted annually to reflect changes in consumer prices, populations, and services provided by these entities. Among other provisions of Article XIII B, if these entities’ revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

**Article XIII C and Article XIII D of the California Constitution.** On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIII C and XIII D to the State Constitution, which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges. Among other things, 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 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. Article XIII C also 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 California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

Article XIII C also provides that the initiative power shall not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Legislation adopted in 1997 provides that Article XIII C shall not be construed to mean that any owner or beneficial owner of a municipal security assumes the risk of or consents to any initiative measure that would constitute an impairment of contractual rights under the contracts clause of the U.S. Constitution.

Article XIII D deals with assessments and property-related fees and charges. Article XIII D explicitly provides that nothing in Article XIII C or XIII D shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District.

**Proposition 62.** In 1986, California voters adopted Proposition 62, a statutory initiative which amended the California Government Code by the addition of Sections 53720-53730. Proposition 62 requires that (i) any local tax for general governmental purposes (a “general tax”) must be approved by a majority vote of the electorate; (ii) any local tax for specific purposes (a “special tax”) must be approved by a two-thirds vote of the electorate; (iii) any general tax must be proposed for a vote by two-thirds of the legislative body; and (iv) proceeds of any tax imposed in violation of the vote requirements must be deducted from the local agency’s property tax allocation. Provisions applying Proposition 62 retroactively from its effective date to 1985 are unlikely to be of any continuing importance; certain other restrictions were already contained in the Constitution.

Most of the provisions of Proposition 62 were affirmed by the 1995 California Supreme Court decision in *Santa Clara County Local Transportation Authority v. Guardino*, which invalidated a special sales tax for transportation purposes because fewer than two-thirds of the voters voting on the measure had approved the tax. Following the California Supreme Court’s decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62, which was passed in November 1986. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* (“La Habra”). In this case, the court held that public agency’s continued imposition and collection of a tax is an ongoing violation,

upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought.

**Proposition 98.** In 1988, California voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the “Classroom Instructional Improvement and Accountability Act” (the “Accountability Act”). The Accountability Act changed State funding of public education below the university level, and the operation of the State’s Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, “K-14 districts”).

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (a) in general, a fixed percent of the State’s General Fund (the “State General Fund”) revenues (“Test 1”), (b) the amount appropriated to K-14 schools in the prior year, adjusted for changes in the cost-of-living (measured as in Article XIII B by reference to State per capita personal income) and enrollment (“Test 2”), or (c) a third test, which would replace Test 2 in any year when the percentage growth in per capita State General Fund revenues from the prior year plus one-half of one percent is less than the percentage growth in State per capita personal income (“Test 3”). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes 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 would become a “credit” to schools which would be the basis of payments in future years when per capita State General Fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of the 1988-89 fiscal year, implementing Proposition 98, determined the K-14 districts’ funding guarantee under Test 1 to be 40.3% of the State General Fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 35% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature by a two-thirds vote of both houses, with the Governor’s concurrence, to suspend the K-14 districts’ minimum funding formula for a one-year period. In the fall of 1989, the Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIII B limit to K-14 districts.

### **Application of Proposition 98**

The application of Proposition 98 and other statutory regulations has become increasingly difficult to predict accurately in recent years. One major reason is that Proposition 98 minimum funding levels under Test 1 and Test 2 are dependent on State General Fund revenues. In past fiscal years, the State made actual allocations to K-14 districts based on an assumption of State General Fund revenues at a level above that which was ultimately realized. In such years, the State has considered the amounts appropriated above the minimum as a loan to K-14 districts, and has deducted the value of these loans from future years’ estimated Proposition 98 minimum funding levels. The State determined that there were loans to K-14 districts of \$1.3 billion during fiscal year 1990-91, \$1.1 billion during fiscal year 1991-92, \$1.3 billion during fiscal year 1992-93 and \$787 million during fiscal year 1993-94. These loans have been combined with the K-14 1992-93 loans into one loan totaling \$1.760 billion. The State proposed that repayment of this loan would be from future years’ Proposition 98 entitlements, and would be conditioned on maintaining current funding levels per pupil for K-12 schools.

In 1992, a lawsuit, California Teachers' Association et al. v. Gould, was filed, which challenged the validity of the off-budget loans. As part of the negotiations leading to the 1995-96 Budget Act, an agreement was reached to settle this case. The agreement provides that both the State and K-14 districts share in the repayment of prior years' emergency loans to schools. Of the total \$1.76 billion in loans, the State will repay \$935 million, while K-14 districts will repay \$825 million. The State share of the repayment will be reflected as expenditures above the current Proposition 98 base calculation. The K-14 districts' share of the repayment will count as appropriations that count toward satisfying the Proposition 98 guarantee, and thus are treated as from "below" the current base. Repayments are spread over the eight-year period of 1994-95 through 2001-02 to mitigate any adverse fiscal impact. In April 1996, a court settlement was reached and \$360 million in appropriations from the 1995-96 fiscal year was disbursed to districts in August 1996.

Substantially increased State General Fund revenues, above initial budget projections, in the fiscal years 1994-95 and thereafter have resulted or will result in retroactive increases in Proposition 98 appropriations from subsequent fiscal years' budgets. Because of the State's increasing revenues, per-pupil funding at the K-12 level has increased by about 42% from the level in place from 1991-92 through 1993-94. More recently, however, the economy of the State has slowed and it is anticipated that the State may experience budget shortfalls due to the long term impacts of COVID-19 and other economic factors. For a discussion of State funding of the District, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA."

### **Proposition 39**

On November 7, 2000, voters approved Proposition 39 called the "Smaller Classes, Safer Schools and Financial Accountability Act" (the "Smaller Classes Act"). The Smaller Classes Act amends Section 1 of Article XIII A, Section 18 of Article XVI of the California Constitution and Section 47614 of the California Education Code. With respect to school districts, community colleges and county offices of education and effective upon its passage, Section 18(b) of Article XVI allows an alternative means of seeking voter approval for bonded indebtedness by 55 percent of the vote, rather than the two-thirds majority required under Section 18 of Article XVI of the Constitution. The reduced 55 percent voter requirement applies only if the bond measure submitted to the voters includes, among other items: 1) a restriction that the proceeds of the bonds may be used for "the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities," 2) a list of projects to be funded and a certification that the school district board has evaluated "safety, class size reduction, and information technology needs in developing that list"; and 3) that annual, independent performance and financial audits will be conducted regarding the expenditure and use of the bond proceeds.

Section 1(b)(3) of Article XIII A has been added to except from the one percent *ad valorem* tax limitation under Section 1(a) of Article XIII A of the Constitution levies to pay bonds approved by the 55 percent of the voters, subject to the restrictions explained above.

The Legislature enacted AB 1908, Chapter 44, which became effective upon passage of Proposition 39. AB 1908 amends various sections of the Education Code. Under amendments to Sections 15268 and 15270 of the Education Code, the following limits on *ad valorem* taxes apply in any single election: 1) for a school district, indebtedness shall not exceed \$30 per \$100,000 of taxable property; 2) for a unified school district, indebtedness shall not exceed \$60 per \$100,000 of taxable property; and, 3) for a community college district, indebtedness shall not exceed \$25 per \$100,000 of taxable property. Finally, AB 1908 requires that a citizens' oversight committee must be appointed who will review the use of the bond funds and inform the public about their proper usage.



## **Jarvis v. Connell**

On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California). The Court of Appeal held that a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the California 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 California 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**

Beginning in fiscal year 1992-93, the State satisfied a portion of its Proposition 98 obligations by shifting part of the property tax revenues otherwise belonging to cities, counties, special districts, and redevelopment agencies, to school and community college districts through a local Educational Revenue Augmentation Fund ("ERAF") in each county. Local agencies, objecting to invasions of their local revenues by the State, sponsored a Statewide ballot initiative intended to eliminate the practice. In response, the Legislature proposed an amendment to the State Constitution, which the State's voters approved as Proposition 1A at the November 2004 election. That measure was generally superseded by the passage of an initiative constitutional amendment at the November 2010 election, known as "Proposition 22."

The effect of Proposition 22 is to prohibit the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services. It prevents the State from redirecting or diverting revenues to any other local government, including school and community college districts, or from temporarily shifting property taxes from cities, counties and special districts to K-14 schools, as in the ERAF program. This is intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. One effect of this amendment is to deprive the State of fuel tax revenues to pay debt service on most State bonds for transportation projects, reducing the amount of State general fund resources available for other purposes, including education.

Prior to the passage of Proposition 22, the State invoked Proposition 1A to divert \$1.935 billion in local property tax revenues in 2009-10 from cities, counties, and special districts to the State to offset State general fund spending for education and other programs, and included another diversion in the adopted 2009-10 State budget of \$1.7 billion in local property tax revenues from local redevelopment agencies. Redevelopment agencies, through the California Redevelopment Association ("CRA") engaged in litigation to block the transfer of payments and recoup certain payments already made under certain legislation passed in July 2009 that is beyond the reach of Proposition 22, known as "ABX4 26." Because Proposition 22 reduced the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State has to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State are more directly dependent upon the State's general fund.

***Redevelopment Agency Dissolution.*** On December 30, 2011, the California Supreme Court issued its decision in the case of California Redevelopment Association v. Matosantos, finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all redevelopment agencies in California were dissolved as of February 1, 2012, and all net tax increment revenues, after payment of redevelopment bonds debt service and administrative costs, will be distributed to cities, counties, special districts and K-14 school districts. The Court also found that ABx1 27, a companion bill to ABx1 26, violated the California Constitution, as amended by Proposition 22. 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. The District is unable to predict what affect the implementation of ABx1 26 will have on the District's future receipt of tax increment revenues. As a result of the dissolution of California redevelopment agencies and ABx1 26, the tax increment previously paid to redevelopment agencies shall first be used to pay pass-through payments to other taxing entities and second to pay the redevelopment agencies enforceable obligations; with the remaining revenue (if any) paid to the taxing entities by the County Auditor-Controller in the same proportion as other tax revenue.

### **Proposition 30 and Proposition 55**

The passage of the Governor's November Tax Initiative ("Proposition 30") on November 6, 2012 ballot resulted in an increase in the State sales tax by a quarter-cent for four years and, for seven years, raising taxes on individuals after their first \$250,000 in income and on couples after their first \$500,000 in earnings. These increased tax rates affect approximately 1 percent of California personal income tax filers and became effective in the 2012 tax year, ending at the conclusion of the 2018 tax year. The LAO estimates that, as a result of Proposition 30, additional State tax revenues of about \$6 billion annually from 2012–13 through 2016–17 will be received by the State with lesser amounts of additional revenue available in fiscal years 2011–12, 2017–18, and 2018–19. These additional monies were available to fund programs in the 2012-13 State Budget and prevented certain "trigger cuts" included in the 2012-13 State Budget from going into effect. Proposition 30 also placed into the State Constitution certain requirements related to the transfer of certain State program responsibilities to local governments, mostly counties, including incarcerating certain adult offenders, supervising parolees, and providing substance abuse treatment services.

Revenues generated by Proposition 30 accounted for an increase of approximately 14 percent over fiscal year 2011–12 in funding for schools and community colleges as set forth in the 2012–13 State Budget. Almost all of this increase was used to pay K–14 expenses from the previous year and reduce delays in certain State K–14 payments. Proposition 30 also provides for additional tax revenues aimed at balancing the State's budget through 2018–19, providing several billion dollars annually through fiscal year 2018–19 available for purposes including funding existing State programs, ending K–14 education payment delays, and paying other State debts. Future actions of the State Legislature and the Governor will determine the use of these funds. According to the LAO, revenues raised by Proposition 30 could be subject to multibillion-dollar swings, above or below the revenues projections, due to the majority of the additional revenue coming from the personal income tax rate increases on upper-income taxpayers. These fluctuations in incomes of upper-income taxpayers could impact potential State revenue and complicate State budgeting in future years. After the proposed tax increases expire, the loss of the associated tax revenues could also create additional budget pressure in subsequent years.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was approved by State voters on November 8, 2016. Proposition 55 extends the increase to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the year 2030. Tax revenues received under Proposition 55 are allocated as follows: 89% to K-12 schools and 11% to community colleges. Proposition 55 did not extend the sales tax rate increase enacted under Proposition 30.

## Proposition 2

Proposition 2, also known as The Rainy Day Budget Stabilization Fund Act (“Proposition 2”) was approved by California voters on November 4, 2014. Proposition 2 provides for changes to State budgeting practices, including revisions to certain conditions under which transfers are made into and from the State’s Budget Stabilization Account (the “Stabilization Account”) established by the California Balanced Budget Act of 2004 (also known as Proposition 58). Commencing in fiscal year 2015-16 and for each fiscal year thereafter, the State is required to make an annual transfer to the Stabilization Account in an amount equal to 1.5% of estimated State general fund revenues (the “Annual Stabilization Account Transfer”). For a Fiscal Year in which the estimated State general fund revenues allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues, supplemental transfers to the Stabilization Account (a “Supplemental Stabilization Account Transfer”) are also required. Such excess capital gains taxes, which are net of any portion thereof owed to K-14 school districts pursuant to Proposition 98, are required to be transferred to the Stabilization Account.

In addition, for each fiscal year, Proposition 2 increases the maximum size of the Stabilization Account to 10% of estimated State general fund revenues. Such excess amounts are to be expended on State infrastructure, including deferred maintenance, in any Fiscal Year in which a required transfer to the Stabilization Account would result in an amount in excess of the 10% threshold. For the period from fiscal year 2015-16 through fiscal year 2029-30, Proposition 2 requires that half of any such transfer to the Stabilization Account (annual or supplemental), shall be appropriated to reduce certain State liabilities, including repaying State interfund borrowing, reimbursing local governments for State mandated services, making certain payments owed to K-14 school districts, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. After fiscal year 2029-30, the Governor and the Legislature are given discretion to apply up to half of any required transfer to the Stabilization Account to the reduction of such State liabilities and any amount not so applied shall be transferred to the Stabilization Account or applied to infrastructure, as set forth above.

Accordingly, the conditions under which the Governor and the Legislature may draw upon or reduce transfers to the Stabilization Account are impacted by Proposition 2. Unilateral discretion to suspend transfers to the Stabilization Account are not retained by the Governor. Neither does the Legislature retain discretion to transfer funds from the Stabilization Account for any reason, as was previously provided by law. Instead, the Governor must declare a “budget emergency” (defined as an emergency within the meaning of Article XIII B of the Constitution) or a determination that estimated resources are inadequate to fund State general fund expenditure, 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, and any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the Stabilization Account 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 Stabilization Account, unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also provides for the creation of a Public School System Stabilization Account (the “Public School System Stabilization Account”) into which transfers will be made in any fiscal year in which a Supplemental Stabilization Account Transfer is required, requiring that 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. Transfers to the Public School System Stabilization Account are only to be made if certain additional conditions are met, including that: (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 Public School System Stabilization Account 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 Public School System Stabilization Account 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 Public School System Stabilization Account transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Under Proposition 2, the size of the Public School System Stabilization Account is capped at 10% of the estimated minimum guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Any reductions to a required transfer to, or draws upon, the Public School System Stabilization Account, are subject to the budget emergency requirements as described above. However, 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 2 also mandates draws on the Public School System Stabilization Account.

## **Proposition 51**

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is a voter initiative that was approved by voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in 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 (\$500 million) and technical education (\$500 million) facilities. Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools 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 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, 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 California Constitution and Propositions 1A, 22, 30, 39, 98, 51 and 55 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.

## APPENDIX B

### FORM OF OPINION OF BOND COUNSEL

*Upon issuance and delivery of the Bonds, Norton Rose Fulbright US LLP, Bond Counsel, proposes to deliver its final approving opinion with respect to the Bonds substantially in the following form:*

[Closing Date]

Board of Trustees  
College of the Sequoias Community College District

Re: College of the Sequoias Community College District (Tulare County, California) Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

Ladies and Gentlemen:

We have acted as Bond Counsel to the College of the Sequoias Community College District (the “District”), in connection with the issuance by the District of \$ \_\_\_\_\_ aggregate principal amount of its Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Bonds”). The Bonds are issued pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (commencing with Section 53506) (the “Act”) and other applicable laws and regulations of the State of California, and pursuant to a resolution adopted by the Board of Trustees of the District on [June 10, 2024] (the “Resolution”). All terms used herein and not otherwise defined shall have the meanings given to them in the Resolution.

As bond counsel, we have examined copies certified to us as being true and complete copies of the proceedings of the District for the authorization and issuance of the Bonds, including the Resolution and the Tax Certificate of the District dated the date hereof (the “Tax Certificate”). Our services as such bond counsel were limited to an examination of such proceedings and to the rendering of the opinions set forth below. In this connection we have also examined such certificates of public officials and officers of the District as we have considered necessary for the purposes of this opinion.

Certain agreements, requirements and procedures contained or referred to in the Resolution, the Tax Certificate and other relevant documents may be changed and certain actions (including, without limitation, the defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to the effect on any Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events 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 with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by any parties other than the District. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph

hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Resolution and the Tax Certificate may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public entities in the State of California. We express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the foregoing documents. We express no opinion and make no comment with respect to the sufficiency of the security or the marketability of the Bonds. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute valid and binding obligations of the District, payable as to principal and interest from the proceeds of a levy of *ad valorem* taxes on all property subject to such taxes in the College of the Sequoias Visalia Area Improvement District No. 2 of the District, which taxes are unlimited as to rate or amount.

2. The Resolution has been duly adopted and constitutes a valid and binding obligation of the District.

3. It is further our opinion, based upon the foregoing, that pursuant to section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance with the provisions of the Resolution and the Tax Certificate and in reliance upon representations and certifications of the District made in the Tax Certificate pertaining to the use, expenditure, and investment of the proceeds of the Bonds, when the Bonds are delivered to and paid for by the initial purchasers thereof, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

In our opinion, under existing law, interest on the Bonds is exempt from personal income taxes of the State of California.

We express no other opinion with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain S corporations with subchapter C earnings and profits, certain foreign corporations doing business in the United States, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individuals otherwise qualifying for the earned income tax credit, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service or the State of California; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Respectfully submitted,

**APPENDIX C**

**2022-23 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**



## APPENDIX D

### 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 \$ \_\_\_\_\_ of the District’s Election of 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Bonds”). The Bonds are being issued pursuant to a resolution of the District adopted on [June 10, 2024] (the “Resolution”). 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 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, 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 KNN Public Finance LLC, 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. 2” means the College of the Sequoias Visalia Area Improvement District No. 2 of the District.

“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 \_\_\_\_\_, 2024, 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 2023-24 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, no later than the date required under subsection (a) 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. 2 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. 2 for the current fiscal year
- (D) secured tax charges and delinquencies within Improvement District No. 2 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, or 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 of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Bondholders.

(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, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(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 Resolution, 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 attorneys' 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: \_\_\_\_\_, 2024

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 2022 General Obligation Bonds, Series A (Visalia Area Improvement District No. 2) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

Date of Issuance: \_\_\_\_\_, 2024

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 E

### ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF TULARE AND TULARE COUNTY

*The following information regarding the City of Tulare (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 Tulare.** The City was incorporated in 1888, and became a charter city in 1923. Located in the central San Joaquin Valley, the City is midway between Fresno and Bakersfield. It has a land area of approximately 21 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 has an economy focused on agriculture and food production.

**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 2015 through 2024 City of Tulare, Tulare County and the State of California

<u>Year</u> <sup>(1)</sup>	<u>City of Tulare</u>	<u>Tulare County</u>	<u>State of California</u>
2015	62,407	461,628	38,865,532
2016	63,052	465,328	39,103,587
2017	64,043	468,367	39,352,398
2018	65,234	472,348	39,519,535
2019	66,604	475,535	39,605,361
2020	68,007	473,117	39,538,223
2021	69,260	474,000	39,327,868
2022	69,416	474,624	39,114,785
2023	69,565	474,680	39,061,058
2024	70,799	478,918	39,128,162

<sup>(1)</sup> As of January 1 for 2015-2019 and 2021-2024. As of April 1 for 2020.

Source: State of California, Department of Finance, Population Estimates for Cities, Counties and State (2011-2020 with 2010 Benchmark; 2021-2024 with 2020 Benchmark).

## 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 2013 through 2022 Tulare County, State of California, and United States

<u>Year</u>	<u>Tulare County</u>	<u>State of California</u>	<u>United States</u>
2013	\$32,017	\$48,076	\$44,401
2014	34,983	50,619	46,287
2015	35,556	53,817	48,060
2016	37,125	55,863	48,971
2017	37,983	58,214	51,004
2018	38,070	60,984	53,309
2019	39,834	64,174	55,547
2020	45,523	70,061	59,153
2021	48,626	76,991	64,430
2022	47,295	77,036	65,470

Note: Per capita personal income was computed using Census Bureau midyear population estimates. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Last updated: November 16, 2023 - new statistics for 2022; revised statistics for 2013 - 2021.

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, 2022 City of Tulare

<u>Employer Name</u>	<u>Number of Employees</u>
Tulare City School District	1,095
Saputo Cheese USA, Inc.	900
Tulare Joint Union High School District	718
Land O'Lakes, Inc.	486
Dryer's Grand Ice Cream	350
Adventist Health Hospital	289
Lactalis Heritage Dairy	250
Walmart	215
City of Tulare	214
U.S. Cold Storage of California	174

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Source: City of Tulare Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2022.

### PRINCIPAL EMPLOYERS as of June 30, 2023 Tulare County

<u>Employer Name</u>	<u>Number of Employees</u>
County of Tulare	5,022
Kaweah Delta Urgent Care	3,768
Visalia Unified School District	3,545
Walmart Regional General Merchandise Distribution Center	1,495
Porterville Developmental Center	1,105
Amazon Fulfillment Center	1,100
Wawona Packing Co.	990
Mark Zaninovich Inc.	980
Best Buy Distribution Center	850
College of the Sequoias	828

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Source: County of Tulare, Annual Comprehensive Financial Report, Fiscal Year Ended June 30, 2023.

## Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2019 through 2023 for the City, the County, the State and the United States.

### LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES 2019 through 2023 City of Tulare, Tulare County, State of California, and United States

<u>Year and Area</u>	<u>Labor Force</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Unemployment Rate (%)</u>
<u>2019</u>				
City of Tulare	28,100	26,400	1,700	6.0
Tulare County	202,100	182,400	19,800	9.8
State of California	19,385,300	18,589,600	795,700	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
<u>2020</u>				
City of Tulare	28,700	25,700	3,000	10.5
Tulare County	202,500	175,200	27,200	13.4
State of California	18,958,600	17,037,000	1,921,600	10.1
United States	160,742,000	147,795,000	12,947,000	8.1
<u>2021</u>				
City of Tulare	28,700	26,300	2,300	8.1
Tulare County	200,800	179,500	21,300	10.6
State of California	18,956,600	17,568,700	1,387,800	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
<u>2022</u>				
City of Tulare	29,400	27,800	1,500	5.3
Tulare County	206,700	189,600	17,100	8.3
State of California	19,169,300	18,348,900	820,400	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
<u>2023</u>				
City of Tulare	30,100	28,200	1,900	6.3
Tulare County	213,300	192,000	21,300	10.0
State of California	19,308,300	18,388,300	920,000	4.8
United States	167,116,000	161,037,000	6,080,000	3.6

Note: Data not seasonally adjusted.

Source: U.S. Department of Labor - Bureau of Labor Statistics; State of California Employment Development Department.

## 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 2019 through 2023 Tulare County (Visalia-Porterville Metropolitan Statistical Area)

<u>Category</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Farm	38,800	36,600	35,700	37,600	37,000
Total Nonfarm	128,500	124,700	130,100	138,400	141,800
Total Private	95,700	92,800	98,400	105,100	107,500
Goods Producing	19,300	19,300	20,000	21,400	21,300
Mining, Logging, and Construction	6,400	6,600	7,000	7,600	7,500
Manufacturing	12,900	12,700	13,000	13,800	13,800
Durable Goods	3,200	3,100	3,100	3,300	3,100
Nondurable Goods	9,600	9,600	9,900	10,500	10,700
Service Providing	109,200	105,400	110,200	117,000	120,600
Private Service Providing	76,500	73,600	78,400	83,700	86,300
Trade, Transportation and Utilities	27,700	27,100	29,400	30,800	30,900
Wholesale Trade	4,400	4,300	4,400	4,400	4,400
Retail Trade	16,200	15,600	16,600	16,900	16,800
Transportation, Warehousing and Utilities	7,200	7,200	8,500	9,500	9,700
Information	700	600	600	600	600
Financial Activities	4,000	3,800	3,700	3,700	3,600
Professional and Business Services	11,400	11,000	10,700	11,200	11,200
Private Education and Health Services	17,100	17,300	18,300	19,800	21,900
Leisure and Hospitality	12,100	10,700	12,200	13,800	14,200
Other Services	3,500	3,200	3,500	3,800	3,900
Government	32,700	31,900	31,800	33,200	34,300
Total, All Industries	167,300	161,300	165,800	175,900	178,900

Note: Data may not add due to rounding.

Source: State of California, Employment Development Department, *Employment by Industry Data, Industry Employment & Labor Force – by Annual Average, March 2023 Benchmark*.

## Commercial Activity

Summaries of annual taxable sales for the City and the County from 2019 through 2023 are shown in the following tables.

### ANNUAL TAXABLE SALES 2019 through 2023 City of Tulare (Dollars in Thousands)

<u>Year</u>	Total Retail and Food Services <u>Permits</u>	Retail and Food Services: Taxable <u>Transactions</u>	Total All Outlets <u>Permits</u>	Total All Outlets Taxable <u>Transactions</u>
2019	900	\$759,880	1,368	\$992,567
2020	976	764,619	1,499	990,039
2021	932	960,703	1,450	1,261,617
2022	956	1,024,027	1,549	1,337,758
2023	900	989,008	1,461	1,301,894

Source: "Taxable Sales in California, Taxable Sales – Cities by Type of Business (Taxable Table 4)" California Department of Tax and Fee Administration.

### ANNUAL TAXABLE SALES 2019 through 2023 Tulare County (Dollars in Thousands)

<u>Year</u>	Total Retail and Food Services <u>Permits</u>	Retail and Food Services: Taxable <u>Transactions</u>	Total All Outlets <u>Permits</u>	Total All Outlets Taxable <u>Transactions</u>
2019	5,985	\$5,336,501	9,524	\$7,959,356
2020	6,527	7,243,386	10,463	10,036,624
2021	6,189	8,007,044	10,012	11,227,863
2022	6,366	8,016,623	10,416	11,723,374
2023	6,090	7,695,419	10,036	11,470,864

Source: "Taxable Sales in California, Taxable Sales – Counties by Type of Business (Taxable Table 3)" 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 2018 through 2023 City of Tulare (Dollars in Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Valuation					
Residential	\$96,088	\$59,496	\$29,317	\$103,553	\$86,566
Non-Residential	<u>25,216</u>	<u>25,955</u>	<u>15,931</u>	<u>67,817</u>	<u>36,050</u>
Total	\$121,304	\$85,451	\$45,248	\$171,370	\$122,616
Units					
Single Family	327	297	121	319	305
Multi Family	<u>297</u>	<u>28</u>	<u>36</u>	<u>135</u>	<u>109</u>
Total	624	325	157	454	414

Note: Totals may not add to sum due to rounding.  
Source: Construction Industry Research Board.

### BUILDING PERMITS AND VALUATIONS 2018 through 2023 Tulare County (Dollars in Thousands)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Valuation					
Residential	\$409,243	\$360,140	\$353,460	\$536,706	\$293,035
Non-Residential	<u>206,479</u>	<u>384,423</u>	<u>231,277</u>	<u>383,715</u>	<u>366,502</u>
Total	\$615,722	\$744,563	\$584,737	\$920,421	\$659,537
Units					
Single Family	1,612	1,349	1,293	1,445	1,036
Multiple Family	<u>427</u>	<u>532</u>	<u>271</u>	<u>1,182</u>	<u>137</u>
Total	2,039	1,881	1,564	2,627	1,173

Note: Totals may not add to sum due to rounding.  
Source: Construction Industry Research Board.

## APPENDIX F

### 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.*



## APPENDIX G

### 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 will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds 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 "Procedure" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

#### **General**

The Depository Trust Company ("DTC") 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, each 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 has a S&P Global Ratings' rating of "AA+". 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](http://www.dtcc.com). *The foregoing internet address is included for reference only, and the information on this internet site is not incorporated by reference herein.*

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 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 affect 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. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Paying Agent on behalf thereof) 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).

Principal, premium, if any, and interest payments 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 detailed information from the District or 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments 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, certificates for the Bonds are required to be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Discontinuance of use of the system of book-entry transfers through DTC may require the approval of DTC Participants under DTC's operational arrangements. In that event, printed certificates for the Bonds will be printed and delivered in such principal amount or amounts, in authorized denominations, and registered in whatever name or names DTC shall designate.

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 thereof.

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

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, transfer and exchange of the Bonds.

The principal of the Bonds and any premium and interest upon the redemption thereof prior to maturity will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the office of the Paying Agent, initially located in Seattle, Washington. Interest on the Bonds will be paid by the Paying Agent by check or draft mailed to the person whose name appears on the registration books of the Paying Agent as the registered owner, and to that person's address appearing on the registration books as of the close of business on the Record Date. At the written request of any registered owner of at least \$1,000,000 in aggregate principal, payments shall be wired to a bank and account number on file with the Paying Agent as of the Record Date.

Any Bond may be exchanged for a Bond of any authorized denomination of like tenor upon presentation and surrender at the office of the Paying Agent, initially located in Seattle, Washington, 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 registration books upon presentation and surrender of the Bond at such office of the Paying Agent together with an assignment executed by the registered 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 any authorized denomination or denominations requested by the owner equal in the aggregate to the unmatured principal 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 to exchange or transfer any Bond during the period from the Record Date through the next Interest Payment Date.