

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS".

\$12,285,000
2022 REFUNDING CERTIFICATES OF PARTICIPATION
Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
WEST HILLS COMMUNITY COLLEGE DISTRICT
to the Public Property Financing Corporation of California

Dated: Date of Delivery

Due: March 1, as shown on inside cover

Purpose. The captioned refunding certificates of participation (the "Certificates") are being executed and delivered to (a) prepay and defease an outstanding lease which was executed and delivered in 2018 for the purpose of financing various educational improvements of the West Hills Community College District (the "District"), and (b) pay certain costs of executing and delivering the Certificates, which includes the premiums to acquire a certificate insurance policy and a reserve fund surety insurance policy to be credited to the Reserve Fund (defined herein). See "REFINANCING PLAN" herein.

Security. The Certificates evidence direct, undivided fractional interests of the owners thereof in Lease Payments (the "Lease Payments") to be made by the District for the use and occupancy of certain real property and improvements under a Lease Agreement dated as of January 1, 2022 (the "Lease Agreement"), between the District and the Public Property Financing Corporation of California, a California nonprofit public benefit corporation (the "Corporation"). The Lease Payments will be payable from any source of available funds of the District, subject to the provisions of the Lease Agreement described herein regarding abatement and defeasance. The District is required under the Lease Agreement to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Certificates. The Certificates will be secured under a Trust Agreement dated as of January 1, 2022, among the District, the Corporation and U.S. Bank National Association, Los Angeles, California, as trustee (the "Trustee"). Under an Assignment Agreement dated as of January 1, 2022, between the Corporation and the Trustee, the Lease Payments will be irrevocably assigned to the Trustee for the benefit of the Owners of the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES." See also "RISK FACTORS."

Interest. Interest represented by the Certificates will be payable on March 1 and September 1 of each year, commencing March 1, 2022. See "THE CERTIFICATES."

Book-Entry Only. When executed and delivered, the Certificates will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository of the Certificates. Ownership interests in the Certificates may be purchased in book-entry form only. Beneficial owners of Certificates will not receive physical certificates representing the Certificates purchased, but will receive a credit balance on the books of the nominees of such purchasers who are participants of DTC. See "THE CERTIFICATES – Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

Payments. Principal and interest due with respect to the Certificates will be paid by the Trustee to DTC, which will in turn remit those payments to its participants for subsequent disbursement to the beneficial owners of the Certificates as described in this Official Statement. See "THE CERTIFICATES – Book-Entry Only System" and "APPENDIX F – Book-Entry Only System."

Prepayment. The Certificates are subject to optional prepayment and mandatory prepayment from net proceeds of insurance or condemnation. See "THE CERTIFICATES – Prepayment."

Limited Obligation. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

Certificate Insurance. The scheduled payment of principal of and interest on the Certificates when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Certificates by Build America Mutual Assurance Company ("BAM").



MATURITY SCHEDULE
 (See inside cover)

This cover page contains information for quick reference only. It is not a summary of all the provisions of the Certificates. Investors must read the entire official statement to obtain information essential in making an informed investment decision. See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth in this Official Statement, in evaluating the investment quality of the Certificates.

The Certificates are offered when, as and if executed and delivered, subject to the approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel. Certain legal matters will be passed upon for the District by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel and for the Underwriter by Aparicio Law, Pasadena, California, as counsel to the Underwriter. It is anticipated that the Certificates will be available for delivery to DTC on or about January 13, 2022.



MATURITY SCHEDULE

BASE CUSIP†: 95330R

\$4,610,000 Serial Certificates

Maturity Date (March 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP†
2022	\$220,000	4.000%	0.310%	100.491	AD3
2023	415,000	4.000	0.420	104.043	AE1
2024	430,000	4.000	0.540	107.328	AF8
2025	450,000	4.000	0.650	110.373	AG6
2026	465,000	4.000	0.780	113.071	AH4
2027	485,000	4.000	0.910	115.461	AJ0
2028	505,000	4.000	1.090	117.218	AK7
2029	525,000	4.000	1.190	119.161	AL5
2030	545,000	4.000	1.290	120.859	AM3
2031	570,000	4.000	1.360	122.601	AN1

**\$1,205,000 - 4.000% Term Certificate due March 1, 2033; Yield 1.650%; Price 121.844^C;
CUSIP†: AP6**

**\$1,305,000 - 4.000% Term Certificate due March 1, 2035; Yield 1.740%; Price 120.911^C;
CUSIP†: AQ4**

**\$1,395,000 - 2.125% Term Certificate due March 1, 2037; Yield 2.350%; Price 97.147;
CUSIP†: AR2**

**\$1,455,000 - 2.250% Term Certificate due March 1, 2039; Yield 2.440%; Price 97.351;
CUSIP†: AS0**

**\$2,315,000 - 2.375% Term Certificate due March 1, 2042; Yield 2.570%; Price 96.948;
CUSIP†: AT8**

C: Priced to first par call of March 1, 2032.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services (CGS) which is managed on behalf of the American Bankers Association by S&P Capital IQ. CUSIP® data is not intended to create a database and does not serve in any way as a substitute for the CUSIP® Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither the District, the Corporation nor the Underwriter take any responsibility for the accuracy of such numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any Certificate owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Certificates by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases “will likely result,” “are expected to”, “will continue”, “is anticipated”, “estimate”, “project,” “forecast”, “expect”, “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may over allot or take other steps that stabilize or maintain the market prices of the Certificates at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Certificates to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Certificate Insurance. Build America Mutual Assurance Company (“BAM” or the “Certificate Insurer”) makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, the Certificate Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Certificate Insurer, supplied by the Certificate Insurer and presented under the heading “CERTIFICATE INSURANCE” and in APPENDIX H.

Document Summaries. All summaries of the Trust Agreement, the Site Lease, the Lease Agreement, the Assignment Agreement, the Escrow Agreement or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Certificates have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Certificates have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Certificates will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the Corporation, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
FRESNO COUNTY
STATE OF CALIFORNIA**

BOARD OF TRUSTEES

Mark McKean, *President*
Jeff Levinson, *Vice President*
Nina Oxborrow, *Clerk*
Steven Cantu, *Member*
Crystal Jackson, *Member*
Martin Maldonado, *Member*
Salvador Raygoza, *Member*

DISTRICT ADMINISTRATION*

Kristin Clark, Ed.D., *Chancellor*
Christine Alcaraz, *Director of Fiscal Services*

PROFESSIONAL SERVICES

FINANCIAL ADVISOR

Dale Scott & Company Inc.
San Francisco, California

SPECIAL COUNSEL AND DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

UNDERWRITER'S COUNSEL

Aparicio Law
Pasadena, California

BOND REGISTRAR, TRANSFER AGENT AND PAYING AGENT

U.S. Bank National Association
Los Angeles, California

* The deputy chancellor position is currently vacant and a search for a replacement is underway.

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OFFICIAL STATEMENT

\$12,285,000

2022 REFUNDING CERTIFICATES OF PARTICIPATION

Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the

WEST HILLS COMMUNITY COLLEGE DISTRICT

to the Public Property Financing Corporation of California

INTRODUCTION

This Official Statement (which includes the cover page and Appendices hereto) (collectively, the “**Official Statement**”), provides certain information concerning the sale and delivery of the refunding certificates of participation captioned above (the “**Certificates**”), which evidence the direct, undivided fractional interests of the Owners thereof in lease payments (the “**Lease Payments**”) to be made by the West Hills Community College District (the “**District**”) pursuant to a Lease Agreement dated as of January 1, 2022 (the “**Lease Agreement**”), between the District and the Public Property Financing Corporation of California (the “**Corporation**”).

All capitalized terms used in this Official Statement but not otherwise defined have the meanings set forth in the Trust Agreement (defined below) or the Lease Agreement. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”

Use of Proceeds. The net proceeds of the sale of the Certificates will be used for the following purposes:

- (i) to provide funds to refinance the District’s lease payment obligations in connection with the outstanding 2018 Lease/Purchase Agreement (the “**2018 Lease**”), which was executed and delivered on January 30, 2018, in the original aggregate principal amount of \$12,559,592; and
- (ii) to pay certain costs incurred in connection with the execution and delivery of the Certificates, which include, but are not limited to, the payment of the premiums to acquire a certificate insurance policy and a reserve fund surety insurance policy (the “**Reserve Policy**”) to be credited to the reserve fund for the Certificates (the “**Reserve Fund**”), both to be issued by Build America Mutual Assurance Company (“**BAM**” or the “**Certificate Insurer**”).

See “REFINANCING PLAN.”

Security and Sources of Payment. The Certificates evidence and represent the direct, undivided fractional interests of the registered owners (the “**Owners**”) thereof in the Lease Payments to be made by the District for the right to use certain real property and improvements (the “**Leased Property**”), to be leased by the District from the Corporation under the Lease Agreement. See “THE LEASED PROPERTY” herein.

The District and the Corporation will enter into a Site Lease dated as of January 1, 2022 (the “**Site Lease**”). Under the Site Lease, the District (as owner of the Leased Property) will lease

the Leased Property to the Corporation in consideration of the payment of an upfront rental payment (to be derived from the net proceeds of the Certificates) which is sufficient to refinance the 2018 Lease as described herein and pay related costs of issuance. Concurrently, the District and the Corporation will enter into the Lease Agreement, under which the District will sublease the Leased Property back from the Corporation in consideration of the payment of semiannual Lease Payments by the District.

The Certificates will be executed and delivered under a Trust Agreement dated as of January 1, 2022 (the "**Trust Agreement**"), among the District, the Corporation and U.S. Bank National Association, Los Angeles, California, as trustee (the "**Trustee**").

The Trustee and the Corporation will enter into an Assignment Agreement dated as of January 1, 2022 (the "**Assignment Agreement**"), under which the Corporation will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including its right to receive the Lease Payments due under the Lease Agreement, provided that the Corporation will retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Lease Agreement.

See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable, with financial and economic impacts that cannot be predicted. For more disclosure regarding the COVID-19 emergency, see "RISK FACTORS – Infectious Disease Outbreak and COVID-19 Global Pandemic."

LIMITED OBLIGATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS CONSTITUTES AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA OR OTHERWISE, OR AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Covenant to Appropriate; Abatement. The District is required under the Lease Agreement to take such action as may be necessary to include all Lease Payments coming due in each of its annual budgets during the term of the Lease Agreement and to make the necessary annual appropriations for all such Lease Payments. The semiannual Lease Payments payable under the Lease Agreement will comprise the interest and principal represented by the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

However, the Lease Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the District's right to use and possession of the Leased Property or any portion thereof. If the Lease Payments are abated under the Lease Agreement, and are not paid from alternative sources as described in this Official Statement, the Certificate Owners would receive less than the full amount of principal and interest represented by the Certificates. To the extent proceeds of rental interruption insurance are available or there are moneys in the Reserve Fund with respect to the Certificates (as described below), Lease Payments (or a portion thereof) may be made from those sources during periods of abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement" and "RISK FACTORS."

Certificate Insurance Policy; Reserve Policy. Concurrently with the issuance of the Certificates, the Certificate Insurer will issue the Certificate Insurance Policy for the Certificates. The Certificate Insurance Policy guarantees the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Certificate Insurance Policy included as APPENDIX H to this Official Statement. Concurrently with the issuance of the Certificates, the Certificate Insurer will also issue the Reserve Policy to be credited to the Reserve Fund.

The Certificate Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

See "CERTIFICATE INSURANCE" and "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Reserve Fund."

Legal Matters. The execution and delivery of the Certificates is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California ("**Special Counsel**"), to be delivered in substantially the form attached hereto as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, is also serving as Disclosure Counsel to the District ("**Disclosure Counsel**"). Aparicio Law, Pasadena, California, is serving as counsel to the Underwriter ("**Underwriter's Counsel**"). *Payment of the fees of Special Counsel, Disclosure Counsel and Underwriter's Counsel is contingent upon execution and delivery of the Certificates.*

Tax Matters. Assuming compliance with certain covenants and provisions of the Internal Revenue Code of 1986, in the opinion of Special Counsel, under existing law, the portion of the Lease Payments designated as and comprising interest and received by the Owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Also, in the opinion of Special Counsel, such interest will be exempt from State of California personal income taxes. See "TAX MATTERS" and APPENDIX D hereto.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of the Certificates and executed by the District (the "**Continuing Disclosure Certificate**"). The form of the Continuing Disclosure Certificate is included in APPENDIX E hereto. See "CONTINUING DISCLOSURE."

Summaries of Documents. The summaries or references to the Site Lease, the Trust Agreement, the Lease Agreement, the Assignment Agreement, the Escrow Agreement, the Continuing Disclosure Certificate and other documents, agreements and statutes referred to in this Official Statement, and the description of the Certificates included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute.

REFINANCING PLAN

Prepayment of the 2018 Lease

The 2018 Lease was executed and delivered on January 30, 2018, in the original aggregate principal amount of \$12,559,592. In connection with the 2018 Lease, the District entered into a Lease/Purchase Agreement dated as of January 30, 2018, between the District and the Holman Capital Corporation (the "**2018 Lease**"). The 2018 Lease evidences and represents the rental payments that are payable by the District under the 2018 Lease/Purchase Agreement (the "**2018 Rental Payments**"). The 2018 Rental Payments and the 2018 Lease are subject to prepayment on any payment date at an amount given in the 2018 Lease.

The District expects to prepay the outstanding 2018 Rental Payments on January 31, 2022, at a price of \$12,925,246.03.

Deposits in Escrow Fund

The District will deliver certain proceeds of the Certificates together with other available funds to U.S. Bank National Association, Los Angeles, California, as escrow agent (the "**Escrow Agent**"), for deposit into an escrow fund (the "**Escrow Fund**") established under an Escrow Agreement (the "**Escrow Agreement**") between the District and the Escrow Agent. The Escrow Agent will invest the amounts on deposit in the Escrow Fund in federal securities and use such amounts to pay the principal and interest represented by the 2018 Lease to and including the Prepayment Date, and to prepay the 2018 Lease on the Prepayment Date.

As a result of the deposit of funds with the Escrow Agent on the date of execution and delivery of the Certificates, the 2018 Lease and the 2018 Rental Payments will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by Lease Payments due pursuant to the Lease Agreement relating to the 2018 Lease.

Amounts held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Refunded 2018 Lease, and will not be available for the payment of principal and interest represented by the Certificates.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Certificates are as follows:

Sources of Funds

Principal Amount of Certificates	\$12,285,000.00
Plus Net Original Issue Premium	<u>1,048,979.60</u>
Total Sources	\$13,333,979.60

Uses of Funds

Escrow Fund	\$12,990,951.17
Delivery Costs ⁽¹⁾	<u>343,028.43</u>
Total Uses	\$13,333,979.60

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Special Counsel, Disclosure Counsel, Financial Advisor, Trustee, Escrow Agent, Rating Agency, Certificate Insurance and Reserve Policy premiums, and certain other costs.

THE LEASED PROPERTY

Description and Location

The District will lease certain real property and improvements (collectively, the “**Leased Property**”) to the Corporation under the terms of a Site Lease dated as of January 1, 2022 (the “**Site Lease**”), and will concurrently lease the Leased Property back from the Corporation under the Lease Agreement. The Leased Property consists of certain real property and improvements generally constituting West Hills Community College District Office, located at 275 Phelps Avenue, Coalinga, California. West Hills Community College District Office is a 22,150 square foot building that was originally constructed in 2020.

Fair Rental Value

The Lease Agreement provides that the Lease Payments payable in a Fiscal Year (as defined in the Trust Agreement) will constitute the total rental for the Leased Property for that Fiscal Year, and will be paid by the District in each Fiscal Year for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Leased Property during each Fiscal Year.

The Corporation and the District have agreed and determined in the Lease Agreement that the total Lease Payments represent the fair rental value of the Leased Property. In making such determination, consideration has been given to the estimated fair market value of the Leased Property, other obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Leased Property, and the benefits therefrom which will accrue to the District and the general public.

Substitution

The Lease Agreement provides that, upon compliance with certain conditions specified therein, the District may substitute alternate real property for all or any portion of the Leased Property or to release a portion of the Leased Property from the Lease Agreement. See “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement.”

THE CORPORATION

The Public Property Financing Corporation of California is a nonprofit, public benefits corporation, incorporated under the laws of the State in 1999. The Corporation was formed for the sole purpose of providing financial assistance to California local governmental entities by financing, refinancing, acquiring, constructing, improving, leasing and selling building, building improvements, equipment, and any other real or personal property for the benefit of residents of local government and surrounding areas.

THE CERTIFICATES

Certificate Terms

The Certificates evidence and represent direct, fractional undivided interests of the Owners thereof in the principal and interest components of Lease Payments to be made by the District pursuant to the Lease Agreement.

The Certificates are dated the date of original delivery thereof and will be executed and delivered, without coupons, in denominations of \$5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The interest components evidenced by the Certificates will be due and payable semiannually on March 1 and September 1 of each year (each, a “**Payment Date**”), commencing March 1, 2022.

Each Certificate shall be dated as of the date of its execution, and interest represented thereby shall be payable from the Payment Date next preceding the date of execution thereof, (a) unless it is executed following the close of business on the fifteenth day of the month preceding each Payment Date, whether or not such fifteenth day is a Business Day (each, a “**Record Date**”) and on or before the next succeeding Payment Date, in which event interest represented thereby shall be payable from such Payment Date, or (b) unless it is executed on or before the first Record Date, in which event interest represented thereby shall be payable from the day when the Certificates, duly executed by the Trustee, are delivered to the Underwriter; *provided, however*, that if, as of the date of any Certificate, interest represented by such Certificate is in default, interest represented thereby shall be payable from the Payment Date to which interest has previously been paid or made available for payment with respect to such Certificate. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Lease Payments evidenced by the Certificates will be payable no later than the fifteenth day of the month preceding each Payment Date (in the event that any payment due under the Lease Agreement is due on a day which is not a Business Day, such payment shall be made on the next Business Day), the principal components of which will evidence interest components calculated at the rates per annum, all as set forth on the inside cover page of this Official Statement.

Prepayment

The Certificates are subject to prepayment as described below. Capitalized terms used below and not defined have the meanings assigned to such terms in the Trust Agreement. See “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”

Optional Prepayment. The Certificates maturing on or before March 1, 2031, are not subject to optional prepayment before their respective stated maturities. The Certificates maturing on or after March 1, 2033, are subject to prepayment prior to their respective stated maturities, at the option of the District, in whole, or in part among maturities on such basis as designated by the District and by lot within any one maturity on March 1, 2032, or on any date thereafter, upon payment of a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest to the date fixed for prepayment, without premium.

Mandatory Prepayment from Sinking Fund Prepayments. The Certificates maturing on March 1, 2033, March 1, 2035, March 1, 2037, March 1, 2039 and March 1, 2041 (collectively, the “**Term Certificates**”) are subject to mandatory sinking fund prepayment by lot on March 1 in

each year as set forth in the following table, from the principal components of the Lease Payments required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, respectively, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term Certificates Maturing March 1, 2033

Sinking Fund Prepayment Date (March 1)	Certificates Principal Amount To Be Prepaid
2032	\$590,000
2033 (maturity)	615,000

Term Certificates Maturing March 1, 2035

Sinking Fund Prepayment Date (March 1)	Certificates Principal Amount To Be Prepaid
2034	\$640,000
2035 (maturity)	665,000

Term Certificates Maturing March 1, 2037

Sinking Fund Prepayment Date (March 1)	Certificates Principal Amount To Be Prepaid
2036	\$690,000
2037 (maturity)	705,000

Term Certificates Maturing March 1, 2039

Sinking Fund Prepayment Date (March 1)	Certificates Principal Amount To Be Prepaid
2038	\$720,000
2039 (maturity)	735,000

Term Certificates Maturing March 1, 2042

Sinking Fund Prepayment Date (March 1)	Certificates Principal Amount To Be Prepaid
2040	\$755,000
2041	770,000
2042 (maturity)	790,000

Notwithstanding the foregoing, if some but not all of the above-referenced Term Certificates are prepaid under the Trust Agreement, the aggregate principal amount of said Term Certificates to be prepaid in each year as reflected in the foregoing tables shall be reduced by the aggregate principal amount of Term Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis in integral multiples of \$5,000 such that the resulting amount of principal represented by the applicable Term Certificates subject to prepayment on any date is

equal to the aggregate principal components of the Lease Payments coming due and payable on such date.

Mandatory Prepayment from Net Proceeds. The Certificates are subject to mandatory prepayment, in whole or in part, on any Business Day, among maturities on a pro rata basis and by lot within a maturity, from the Net Proceeds of insurance or eminent domain proceedings credited towards the prepayment of the Lease Payments under the Lease Agreement and Trust Agreement, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the date fixed for prepayment, without premium. See “APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”

Purchase In Lieu of Prepayment. In lieu of prepayment of Certificates as provided in the Trust Agreement and described above, amounts held by the Trustee for such prepayment may, at the written request of the District, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid.

Notice of Prepayment. The Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the District by first class mail with postage prepaid, to the Securities Depositories and to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books, at least 30 days but not more than 60 days prior to the prepayment date. Such notice must:

- (a) state the prepayment date and prepayment price;
- (b) state the numbers or maturities of the Certificates to be prepaid, if less than all of the then Outstanding Certificates are to be called for prepayment;
- (c) if a Certificate is to be prepaid only in part, identify the portion of the Certificate which is to be prepaid;
- (d) require that such Certificates be surrendered on the prepayment date at the corporate trust office of the Trustee for prepayment at said prepayment price;
- (e) state that interest represented by the Certificates will not accrue after the prepayment date; and
- (f) state that on the prepayment date the principal represented by each Certificate will become due and payable, together with accrued interest represented thereby to the prepayment date, and that from and after such date interest represented thereby ceases to accrue and be payable.

Neither the failure to receive any such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

While the Certificates are subject to the book-entry system, the Trustee will not be required to give any notice of prepayment to any person or entity other than DTC and to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System and, at the District’s written direction, other securities depositories and

information services. DTC and the DTC Participants shall have sole responsibility for providing any such notice of prepayment to the Beneficial Owners of the Certificates to be prepaid. Any failure at DTC to notify any DTC Participant, or any failure of a DTC Participant to notify the Beneficial Owner of any Certificates to be prepaid, of a notice of prepayment or its content or effect will not affect the validity of the notice of prepayment, or alter the effect of prepayment described below under “Effect of Prepayment.”

Rescission of Prepayment Notice. The District may rescind any prepayment of the Certificates, and notice thereof, for any reason on any date prior to the date fixed for such prepayment by causing written notice of the rescission to be given to the Owners of the Certificates so called for prepayment. Notice of rescission of prepayment shall be given in the same manner in which the notice of prepayment was originally given. The actual receipt of notice of such rescission shall not be a condition precedent to rescission and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission. The District, the Corporation and the Trustee shall have no liability to the Owners of any Certificates, or any other party, as a result of the District’s decision to rescind a prepayment of any Certificates pursuant to the Trust Agreement.

Selection of Certificates. Whenever provision is made in the Trust Agreement for the prepayment of Certificates and less than all Outstanding Certificates are called for prepayment, the Trustee shall select Certificates for prepayment as directed by the District, and if not so directed, in inverse order of maturity. If less than all Certificates of any maturity are called for prepayment, the Trustee shall select Certificates of such maturity for prepayment by lot. For the purposes of such selection, Certificates shall be deemed to be composed of \$5,000 portions, and any such portion may be separately prepaid.

Effect of Prepayment. Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Lease Payment Fund, the Certificates shall become due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the corporate trust office of the Trustee, said Certificates shall be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and become payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid, and shall be held by the Trustee in cash uninvested.

Book-Entry Only System

The Certificates will be executed and delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Certificates (the “Beneficial Owners”) in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in this Official Statement) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Certificates. See “APPENDIX F – Book-Entry Only System.” If the book-entry-only system is no longer used with respect to the Certificates, the

Certificates will be registered and transferred in accordance with the Trust Agreement, as described below.

Transfer and Exchange of Certificates

While the Certificates are subject to DTC’s book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC. See “APPENDIX F – Book-Entry Only System.” During any period in which the Certificates are not subject to DTC’s book-entry system, their exchange and transfer will be governed by provisions of the Trust Agreement summarized in “APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS.”

LEASE PAYMENT SCHEDULE

Following is the semi-annual schedule of principal and interest payments due each March 1 and September 1 with respect to the Certificates, commencing March 1, 2022, assuming no optional prepayment.

Payment Date*	Principal Component	Interest Component	Total Payments
03/01/2022	\$220,000.00	\$53,621.67	\$273,621.67
09/01/22	--	196,681.25	196,681.25
03/01/23	415,000.00	196,681.25	611,681.25
09/01/23	--	188,381.25	188,381.25
03/01/24	430,000.00	188,381.25	618,381.25
09/01/24	--	179,781.25	179,781.25
03/01/25	450,000.00	179,781.25	629,781.25
09/01/25	--	170,781.25	170,781.25
03/01/26	465,000.00	170,781.25	635,781.25
09/01/26	--	161,481.25	161,481.25
03/01/27	485,000.00	161,481.25	646,481.25
09/01/27	--	151,781.25	151,781.25
03/01/28	505,000.00	151,781.25	656,781.25
09/01/28	--	141,681.25	141,681.25
03/01/29	525,000.00	141,681.25	666,681.25
09/01/29	--	131,181.25	131,181.25
03/01/30	545,000.00	131,181.25	676,181.25
09/01/30	--	120,281.25	120,281.25
03/01/31	570,000.00	120,281.25	690,281.25
09/01/31	--	108,881.25	108,881.25
03/01/32	590,000.00	108,881.25	698,881.25
09/01/32	--	97,081.25	97,081.25

Payment Date*	Principal Component	Interest Component	Total Payments
03/01/33	615,000.00	97,081.25	712,081.25
09/01/33	--	84,781.25	84,781.25
03/01/34	640,000.00	84,781.25	724,781.25
09/01/34	--	71,981.25	71,981.25
03/01/35	665,000.00	71,981.25	736,981.25
09/01/35	--	58,681.25	58,681.25
03/01/36	690,000.00	58,681.25	748,681.25
09/01/36	--	51,350.00	51,350.00
03/01/37	705,000.00	51,350.00	756,350.00
09/01/37	--	43,859.38	43,859.38
03/01/38	720,000.00	43,859.38	763,859.38
09/01/38	--	35,759.38	35,759.38
03/01/39	735,000.00	35,759.38	770,759.38
09/01/39	--	27,490.63	27,490.63
03/01/40	755,000.00	27,490.63	782,490.63
09/01/40	--	18,525.00	18,525.00
03/01/41	770,000.00	18,525.00	788,525.00
09/01/41	--	9,381.25	9,381.25
03/01/42	790,000.00	9,381.25	799,381.25
Totals	\$12,285,000.00	\$4,153,227.95	\$16,438,227.95

* Lease Payments are payable no later than the fifteenth day of each month preceding each Payment Date.

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Nature of the Certificates

General. Each Certificate evidences and represents a direct, undivided fractional interest in the principal component of the Lease Payment due under the Lease Agreement on the principal payment date or prepayment date of such Certificate, and the interest component of all Lease Payments (based on the stated interest rate with respect to such Certificate) shall accrue from the date of delivery to its principal payment date or prepayment date, as the case may be.

Assignment of Rights in Lease Agreement to Trustee. The Corporation, under the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners substantially all of the Corporation's right, title and interest in and to the Lease Agreement, including, without limitation, its right to receive Lease Payments to be paid by the District; except that the Corporation will retain certain rights under the Lease Agreement (including the rights to Additional Payments (defined below), repayment of advances, indemnification and payment of attorneys' fees). The District will pay Lease Payments directly to the Trustee, as assignee of the Corporation. See "– Lease Payments" below.

Lease Payments

General. For the right to the use and occupancy of the Leased Property, the Lease Agreement requires the District to make Lease Payments. To secure the payment of the Lease Payments, the District is required to pay to the Trustee, for deposit into the Lease Payment Fund established and maintained by the Trustee, on the fifteenth day before each Payment Date, in an amount sufficient to pay the Lease Payment then due.

Pursuant to the Trust Agreement, the Trustee shall withdraw moneys from the Lease Payment Fund on each Payment Date in amounts which equal the Lease Payment due on such Payment Date and shall cause all sums withdrawn from the Lease Payment Fund to be applied to the payment of principal and interest evidenced by the Certificates due on such Payment Date.

Scheduled Lease Payments relating to the Certificates are set forth above under the heading "LEASE PAYMENT SCHEDULE."

Additional Payments. In addition to the Lease Payments, the District shall pay when due, as additional rental for the Leased Property under the Lease Agreement ("**Additional Payments**"), all costs and expenses incurred by the District under the Lease Agreement or under the Trust Agreement, or incurred by the Corporation to comply with the provisions of the Trust Agreement, including without limitation all costs of issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund), annual compensation due to the Trustee and all of its reasonable costs and expenses (including amounts payable to the Trustee by virtue of indemnification) payable as a result of the performance of and compliance with its duties under the Trust Agreement, and all reasonable costs and expenses of attorneys, auditors, engineers and accountants engaged by the Corporation or the Trustee in connection with the Leased Property or the performance of their duties under the Lease Agreement or under the Trust Agreement.

Covenant to Appropriate Funds. In the Lease Agreement, the District covenants to take such action as may be necessary to include all estimated Lease Payments and all estimated Additional Payments in each of its final approved budgets. The District further covenants to make

all necessary appropriations (including any supplemental appropriations) from any source of legally available funds of the District for all the actual amount of Lease Payments and Additional Payments which come due and payable during the period covered by each such budget. The covenants on the part of the District contained in the Lease Agreement are duties imposed by law and it is the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the District.

See "APPENDIX A - SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS - The Lease Agreement - Lease Payments."

Abatement

The Lease Payments are payable by the District in each rental period for the District's right to use and occupy the Leased Property for such rental period. The obligation of the District to pay the Lease Payments will be abated, proportionately, during any period in which, by reason of damage or destruction, or taking in eminent domain or any defect in title to the Leased Property, there is substantial interference with the use and possession of the Leased Property by the District. The Lease Agreement provides that the amount of such abatement shall be such that the resulting Lease Payments represent the fair consideration for the use and possession of the portion of the Leased Property not damaged or destroyed or taken; provided, however, that such abatement shall not result so long as moneys in the Lease Payment Fund and the Reserve Fund and Net Proceeds of insurance and rental interruption insurance and condemnation awards are sufficient to make Lease Payments when and as due.

Such abatement or adjustment, if any, will continue for the period commencing with such damage or destruction or taking and ending with the substantial completion of the work of repair or reconstruction; and the term of this Lease Agreement shall be extended as provided in the Lease Agreement, except that the term of the Lease Agreement will in no event be extended more than ten years beyond the termination date. Abatement of the Lease Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the District. In the event of any such partial damage or destruction or taking, the Lease Agreement will continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage or destruction or taking. For information regarding rental interruption insurance, see " – Covenant to Maintain Insurance" below.

The Trustee cannot terminate the Lease Agreement solely on the basis of such substantial interference. For a description of abatement resulting from condemnation of all or part of the Leased Property, see "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Lease Payments – Abatement of Rent."

Limited Obligation

THE OBLIGATION OF THE DISTRICT TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT, THE CORPORATION OR THE STATE OR OF ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT, FRESNO COUNTY (THE "COUNTY") OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH

THE DISTRICT, THE COUNTY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Termination or Abatement Due to Eminent Domain. Under the Lease Agreement, if the Leased Property is taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the term of the Lease Agreement will cease with respect thereto as of the day possession is so taken.

If less than all of the Leased Property is taken permanently, or if the Leased Property is taken temporarily, under the power of eminent domain, (a) the Lease Agreement will continue in full force and effect with respect thereto and will not be terminated by virtue of such taking, and the parties waive the benefit of any law to the contrary, and (b) there will be a partial abatement of Lease Payments allocated thereto, in an amount to be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portions of the Leased Property, calculated in accordance with the Lease Agreement.

However, there will be no abatement of Lease Payments to the extent that amounts in the Reserve Fund, insurance proceeds and eminent domain proceeds are available to pay Lease Payments that would otherwise be abated under this provision, and such proceeds and amounts will constitute a special fund for the payment of the Lease Payments.

Lease Payment Fund

Establishment. Under the Trust Agreement the Trustee will establish a special fund designated as the "Lease Payment Fund." All moneys at any time deposited by the Trustee in the Lease Payment Fund will be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates.

So long as any Certificates are Outstanding, neither the District nor the Corporation will have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement, and such moneys will be used and applied by the Trustee as set forth in the Trust Agreement.

Deposits. All Lease Payments received by the Trustee will be deposited in the Lease Payment Fund.

Application of Moneys. All amounts in the Lease Payment Fund will be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest represented by the Certificates as they become due and payable, in accordance with the Trust Agreement.

Lease Payment Fund; Surplus. Any surplus remaining in the Lease Payment Fund after prepayment and payment of all Certificates, including accrued interest (if any) and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made to the satisfaction of the Trustee, will be withdrawn by the Trustee and remitted to the District.

Action on Default

If the District defaults under the Lease Agreement, the Trustee, as assignee of the Corporation's rights under the Lease Agreement, may terminate the Lease Agreement and

recover certain damages from the District, or may retain the Lease Agreement and hold the District liable for all Lease Payments thereunder on an annual basis. Lease Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS."

Reserve Fund

The Reserve Fund is established by the Trust Agreement and is required to be funded in an amount of the "**Reserve Requirement**," being, as of the date of calculation thereof, an amount equal to the lesser of (a) 10% of the original principal amount of the Certificates, or (b) the maximum amount of Lease Payments (excluding Lease Payments with respect to which the District shall have posted a security deposit pursuant to the Lease Agreement) coming due in the current or any future Fiscal Year (as defined in the Trust Agreement), or (c) 125% of average annual Lease Payments. The Reserve Fund is required to be maintained until all Lease Payments are paid in full pursuant to the Lease Agreement and until the first date upon which the Certificates are no longer Outstanding under the Trust Agreement. See "APPENDIX A - "SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS."

Pursuant to the Trust Agreement, if on any Payment Date the moneys available in the Lease Payment Fund do not equal the amount of the Lease Payment then coming due and payable, the Trustee shall apply the moneys available in the Reserve Fund to make such payments on behalf of the District by transferring the amount necessary for this purpose to the Lease Payment Fund. In addition, upon receipt of any delinquent Lease Payment with respect to which moneys have been advanced from the Reserve Fund, such Lease Payment shall be deposited in the Reserve Fund to the extent of such advance.

If on any Payment Date the moneys on deposit in the Reserve Fund and the Lease Payment Fund are sufficient to pay or prepay all Outstanding Certificates, including all principal and interest represented thereby, the Trustee shall, upon the written request of the District, transfer all amounts then on deposit in the Reserve Fund to the Lease Payment Fund to be applied for such purpose to the payment of the Lease Payments on behalf of the District.

The Reserve Requirement, or any portion thereof, may be satisfied by crediting to the Reserve Fund moneys, a letter of credit, a bond insurance policy, or any other comparable credit facility issued by an insurance company satisfying the requirements of the Trust Agreement. Amounts available in the Reserve Fund, including amounts available pursuant to the Reserve Policy will be used to make delinquent Lease Payments in accordance with the Trust Agreement.

As described herein, the Reserve Requirement will be satisfied by the credit to the Reserve Fund of the Reserve Policy issued by the Certificate Insurer. See "APPENDIX A – Summary of Certain Provisions of Principal Legal Documents" for a further description of the application of funds in the Reserve Fund.

Covenant to Maintain Insurance

The Lease Agreement requires the District to obtain public liability and property damage insurance, casualty insurance, rental interruption insurance, and to obtain a title insurance policy with respect to the Leased Property, as described below.

Public Liability and Property Damage Insurance. The District will maintain or cause to be maintained, throughout the term of the Lease Agreement, comprehensive general insurance in protection of the Corporation, the District and their respective members, officers, agents, employees and assigns. Such insurance shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Leased Property. Such insurance shall provide coverage in such liability limits and be subject to such deductibles as the District deems adequate and prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and with the prior written consent of the Certificate Insurer may be maintained in whole or in part in the form of a program of self-insurance by the District, or in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District shall apply the proceeds of such insurance toward extinguishment or satisfaction of the liability with respect to which the net proceeds are paid.

Casualty Insurance. The District will procure and maintain, or cause to be procured and maintained, at all times throughout the term of the Lease Agreement, casualty insurance against loss or damage to the insured buildings, facilities and other improvements constituting any part of the Leased Property, in an amount at least equal to the lesser of (a) the replacement value of such buildings, facilities and improvements, or (b) the aggregate principal amount of the Outstanding Certificates. Such insurance shall, as nearly as practicable, cover loss or damage by fire, explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance, and shall include earthquake coverage if such coverage is available at reasonable cost from reputable insurers in the reasonable determination of the District, whose determination is final and conclusive. Such insurance may be subject to such deductibles as the District deems prudent. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The District shall apply the Net Proceeds of such insurance as provided in the Lease Agreement.

Rental Interruption Insurance. The District will procure and maintain, or cause to be procured and maintained, at all times throughout the term of the Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the buildings, facilities and other improvements constituting any part of the Leased Property, as a result of any of the hazards covered in due to a casualty as described in the preceding paragraphs, in an amount at least equal to the maximum Lease Payments coming due and payable during any two consecutive Fiscal Years during the remaining Term of the Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District, and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such insurance may not be maintained by the District in the form of self-insurance. The Net Proceeds of such insurance, if any, shall be paid to the Trustee and deposited

in the Lease Payment Fund, and shall be credited towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Title Insurance. The District shall obtain a CLTA title insurance policy insuring the District's leasehold estate in the Leased Property under the Lease Agreement, in an amount at least equal to the aggregate principal amount of the Certificates. All Net Proceeds received under such title insurance policy will be deposited with the Trustee in the Lease Payment Fund and credited towards the prepayment of the Lease Payments under the Lease Agreement.

See also "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement – Insurance."

Insurance and Condemnation Fund; Application of Net Proceeds

The Lease Agreement requires that Net Proceeds of any insurance or condemnation award with respect to the Leased Property (other than proceeds of rental interruption insurance, which are required to be deposited into the Lease Payment Fund) be paid to the Trustee to be applied as provided in the Trust Agreement. The Trust Agreement provides that such Net Proceeds received by the Trustee shall be deposited in the Insurance and Condemnation Fund and that the District shall, within 90 days of the deposit of Net Proceeds with the Trustee, file a certificate with the Trustee and the Net Proceeds shall be applied by the Trustee as follows:

Application of Net Proceeds of Insurance.

Any net proceeds of insurance collected by the District in the event of accident to or destruction of any component of the Leased Property ("**Net Proceeds**") shall be paid to the Trustee under the Lease Agreement and deposited by the Trustee promptly upon receipt thereof in a special fund designated as the "Insurance and Condemnation Fund" which the Trustee shall establish. If the District determines and notifies the Trustee in writing of its determination, within 90 days following the date of such deposit, that the replacement, repair, restoration, modification or improvement of the Leased Property is not economically feasible or in the best interests of the District, then such Net Proceeds shall be promptly transferred by the Trustee to the Lease Payment Fund and applied to the prepayment of Lease Payments and the corresponding mandatory prepayment of Certificates, which prepayment shall be made on the first Payment Date for which notice of prepayment can be timely given. The determination of the District to apply Net Proceeds to the prepayment of Certificates is subject to the following:

- (a) if the Leased Property is damaged or destroyed in full, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if such Net Proceeds, together with other available moneys, are sufficient to cause the corresponding prepayment of all Lease Payments allocable to the Leased Property; and
- (b) if the Leased Property is damaged or destroyed in part but not in whole, such Net Proceeds may be transferred to the Lease Payment Fund to be used to prepay Outstanding Certificates only if the Lease Payments which result after the corresponding abatement thereof under the Lease Agreement are sufficient to pay the full amount of principal and interest represented by the Certificates which remain Outstanding after such prepayment.

All Net Proceeds deposited in the Insurance and Condemnation Fund and not so transferred to the Lease Payment Fund shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Leased Property by the District, upon receipt of written requisitions of the District stating with respect to each payment to be made (a) the name and address of the person, firm or corporation to whom payment is due, (b) the amount to be paid and (c) that each obligation mentioned therein has been properly incurred, is a proper charge against the Insurance and Condemnation Fund, has not been the basis of any previous withdrawal, and specifying in reasonable detail the nature of the obligation. Any balance of the Net Proceeds remaining after the District shall file a written certificate with the Trustee stating that such work has been completed shall, after payment of all amounts then due and owing to the Trustee under the Trust Agreement, be paid to the District.

See "THE CERTIFICATES – Prepayment – Mandatory Prepayment from Net Proceeds."

Application of Net Proceeds of Condemnation Award. The Trust Agreement provides that, if all or any part of the Leased Property is taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited with the Trustee in the Insurance and Condemnation Fund, under the Lease Agreement, and shall be applied and disbursed by the Trustee as follows:

- (a) If the District gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, and (ii) that such proceeds are not needed for repair, replacement or rehabilitation of the Leased Property, and the District has given written notice to the Trustee of such determination, the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited towards the payment of the Lease Payments as they become due and payable.
- (b) If the District gives written notice to the Trustee of its determination that (i) such eminent domain proceedings have not materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, and (ii) such proceeds are needed for repair, replacement or rehabilitation of the Leased Property, the Trustee shall pay to the District, or to its order, from said proceeds such amounts as the District may expend for the repair or rehabilitation of the Leased Property.
- (c) If (i) less than all of the Leased Property is taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District gives written notice to the Trustee of its determination that such eminent domain proceedings have materially affected the interest of the District in the Leased Property or the ability of the District to meet any of its financial obligations under the Lease Agreement, or (ii) all of the Leased Property is taken in such eminent domain proceedings, then the Trustee shall transfer such proceeds to the Lease Payment Fund to be credited toward the prepayment of the Lease Payments of the Lease Agreement and applied to the corresponding mandatory prepayment of Certificates, which prepayment shall be made on the first prepayment date for which notice of prepayment can be timely given.

In making any such determination whether to repair, replace or rehabilitate the Leased Property under this Section, the District may obtain, but is not required to obtain, at its expense, the report of an independent engineer or other independent professional consultant, a copy of which must be filed with the Trustee. Any such determination by the District is final. See also "THE CERTIFICATES – Prepayment – Mandatory Prepayment from Net Proceeds."

CERTIFICATE INSURANCE

The following information has been furnished by the Certificate Insurer for use in this Official Statement. No representation is made as to the accuracy or completeness of this information, or the absence of material adverse changes therein at any time subsequent to the date hereof. Reference is made to APPENDIX H for a specimen of the Policy.

Certificate Insurance Policy

Concurrently with the issuance of the Certificates, Build America Mutual Assurance Company ("**BAM**" or the "**Bond Insurer**") will issue its Municipal Bond Insurance Policy for the Certificates (the "**Policy**"). The Policy guarantees the scheduled payment of principal (or, in the case of Capital Appreciation Bonds, accreted value) of and interest on the Certificates when due as set forth in the form of the Policy included as APPENDIX H to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation, and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Certificates, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated

at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Certificates. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Certificates on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Certificates, nor does it guarantee that the rating on the Certificates will not be revised or withdrawn.

Capitalization of the Certificate Insurer. BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$504.3 million, \$181.5 million and \$322.8 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Certificates or the advisability of investing in the Certificates. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "CERTIFICATE INSURANCE".

Additional Information Available from the Certificate Insurer

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Certificates, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Certificates. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Certificates, whether at the initial offering or otherwise.

THE DISTRICT

General Information

The District. The District was formed in 1961 but was operational since 1932 in the form of a Coalinga Extension Center of what was then called Fresno State College. Originally, the District encompassed the same area as the Coalinga High School District. Thereafter annexation elections expanded the District's geographical boundaries, making the District today into one of the largest community college districts in the State. The District serves an area of approximately 3,600 square miles, encompassing portions of five counties: Fresno, Kings, San Benito, Monterey and Madera.

The District operates two separate college campuses and an off-campus educational center: (1) the Coalinga Campus situated at 300 Cherry Lane, Coalinga, California (the "**Coalinga Campus**"), (2) the City of Lemoore campus situated at 555 College Avenue, Lemoore, California (the "**Lemoore Campus**") and (3) the City of Firebaugh Educational Center located at 1511 Ninth Street, Firebaugh, California (the "**Firebaugh Center**"). The District estimates a full-time equivalent student ("**FTES**") enrollment of 5,300 students for fiscal year 2021-22.

The West Hills Community College District provides postsecondary education to students of Coalinga-Huron Unified School District, Lemoore Union High School District, Riverdale Joint Unified School District, Golden Plains Unified School District, Firebaugh-Las Deltas Unified School District, Reef- Sunset Unified School District, and Mendota Unified School District.

The District is also committed to distance learning and other technological advances to create opportunities for education through the internet, satellite and cable television, extending even beyond the traditional service area. The colleges offer transfer programs, associate in arts and associate in science degrees.

District Governance and Administration

The District is governed by a seven-member Board of Trustees (the “**Board**”), each member of which is elected to a four-year term. The Trustees are elected at large from various parts of the District including Coalinga, Firebaugh, Riverdale and Tranquility (in Fresno County) and Avenal and Lemoore (in Kings County). The terms of the Board are staggered with elections held every two years, in even numbered years. Current members of the Board, together with their offices and the dates their terms expire, are listed below:

:

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Mark McKean	President	November 2024
Jeff Levinson	Vice President	November 2022
Nina Oxborrow	Clerk	November 2022
Steve Cantu	Member	November 2024
Crystal Jackson	Member	November 2024
Martin Maldonado	Member	November 2024
Salvador Raygoza	Member	November 2022

Administration. The Chancellor of the District is responsible for administering the affairs of the District in accordance with the policies of the Board. Kristin Clark, Ed.D. serves as the Chancellor and Christine Alcaraz is the Director of Fiscal Services.

District’s Response to COVID-19 Emergency

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended to the 2019-20 academic year. The 2021-22 academic year has commenced in-person with an independent study option, pursuant to State law. The District will adjust its teaching modes as needed to adjust to all orders and mandates, with guidance from the State and local officials.

The District has received approximately \$22,171,110 in combined one-time funds from federal and State sources resulting from the COVID-19 pandemic. The funds received by the District have been spent to date on addressing costs that have arisen due to COVID-19, such as acquiring personal protective equipment, cleaning and sanitizing facilities and technology needs to accommodate distance learning. Some of the expenses of the COVID-19 pandemic have been off-set by not operating sites on a full-time basis, such as reductions in costs relating to substitute teachers, reduced electricity costs and costs relating to transportation and fuel.

With respect to pension costs, the District cannot currently predict if the COVID-19 emergency will have a material impact on its required employer contributions which could arise if the unfunded actuarial accrued liabilities of PERS and STRS materially increase. The District maintains reserves for economic uncertainties, which exceed the State required minimum reserve.

The impacts of the COVID-19 emergency on global, State-wide and local economies, which could impact District operations and finances, and local property values are unknown and cannot be predicted by the District.

See herein under the heading “STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS” for information on the State’s current and proposed budgets.

Employee Relations

In the fall of 1974, the California State Legislature enacted a public school employee collective bargaining law known as the Rodda Act. This law provides that employees are to be divided into appropriate bargaining units that are to be represented by an exclusive bargaining agent. The District presently employs approximately 86 full-time and 190 part-time faculty; and approximately 152 full-time and 39 part-time classified employees.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
Labor Relations Organizations**

Labor Organization	Number of Employees In Organization	Contract Expiration Date
West Hill College Faculty Association/CTA/NEA	86	June 30, 2022
California School Employees Chapter 429	191	June 30, 2023

Source: West Hills Community College District.

The District considers relations with its bargaining units as amicable. The District has never experienced a strike or work slowdown, and characterizes its relations with bargaining units as amicable.

Recent Enrollment Trends

The following table shows enrollment history for the District, with projection figures for fiscal year 2021-22.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
Annual Full-Time Equivalent Students
Fiscal Years 2015-16 through 2021-22 (projection)**

Fiscal Year	FTES	Percentage Change
2015-16	5,478	--%
2016-17	5,500	0.4
2017-18	5,963	8.4
2018-19	6,215	4.2
2019-20	5,842	(6.0)
2020-21 ⁽¹⁾	5,200	(11.0)
2021-22 ⁽¹⁾	5,300	1.9

(1) Targeted.

Source: West Hills Community College District Audits for fiscal years 2015-16 through 2020-21; West Hills Community College District Budget for fiscal year 2021-22.

District Insurance

The District is a member of the Central Valley Trust (“**CVT**”), the Self Insured Schools of California (“**SISC**”), the State Wide Association of Community Colleges (“**SWACC**”), and the Protected Insurance Program for Schools (“**PIPS**”) Joint Powers Authorities (“**JPsAs**”). The District pays annual premiums for its health, property liability, and worker's compensation coverage. The relationship between the District and the JPAs is such that it is not a component unit of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated. During the year ended June 30, 2020, the District made payments of \$2,059,016, \$5,780,650, \$616,584, and \$347,637, to CVT, SISC, PIPS, and SWACC, respectively for health, worker's compensation, and property liability coverage.

DISTRICT FINANCIAL INFORMATION

Funding of Community College Districts in California

Major Revenues. California community college districts receive, on average, approximately 52% of their funds from the State, approximately 44% from local sources, and approximately 4% from federal sources. State funds include general apportionment, categorical funds, capital construction, the lottery, and other minor sources. Local sources include property taxes, student fees, and miscellaneous sources.

Prior Funding Formula – SB 361. From 2006-07 to 2017-18, California community college districts were funded pursuant to the provisions of Senate Bill 361 (“**SB 361**”). Under SB 361, general apportionment revenues to community college districts were allocated based on criteria developed by the Board of Governors of the California Community Colleges in accordance with prescribed statewide minimum requirements. Annual allocations were based on the number of colleges and comprehensive centers in each district, plus funding received based on the number of credit and noncredit full time equivalent students (“**FTES**”) in each district.

Under SB 361, minimum funding per FTES was: (a) not less than \$4,367 per credit FTES; (b) a uniform rate of \$2,626 per noncredit FTES; and (c) \$3,092 per FTES for the instructional category known as “career development and college preparation,” all subject to cost of living adjustments.

Local revenues, consisting of local property taxes and student enrollment fees, were first used to satisfy a community college district’s expenditures. Once these sources were exhausted, State funds were used to determine a district’s revenue limit under SB 361.

New Student-Focused Funding Formula. The 2018-19 State Budget, signed by Governor Jerry Brown on June 27, 2018, created a new Student-Focused Funding Formula for general purpose apportionments, which will be implemented over the next three years. The new formula allocates funding to community college districts based upon FTES, as well as additional factors. The three calculations in the formula are:

- (1) a **base allocation** consistent with the SB 361 formula described above;
- (2) a **supplemental allocation** based on the number of students who receive a California Promise Grant, Pell Grant or are non-resident students that qualify for in-state tuition; and
- (3) a **student success allocation** which will allocate funds for outcomes related to completion of associate degree transfers, associate degrees and bachelor’s degrees, credit certificates, completion of transfer-level math and English within the first academic year of enrollment, transfer to four-year universities, completion of nine or more career technical education units and attainment of a regional living wage.

Formula Structure and Transition. The table below illustrates how community college district funding will be allocated annually:

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Base Allocation	70%	70%	70%	70%	70%
Supplemental Allocation	20	20	20	20	20
Student Success Allocation	10	10	10	10	10

Hold Harmless Provision. During the three years of implementation, no community college district will receive less funding than it received in 2017-18, and each district will receive an increase to reflect a cost-of-living adjustment. The formula includes a “stability” provision that delays any decrease in revenue by one year. The hold harmless provision has been extended by two years, through 2023-24, and districts will receive at least their 2017-18 funding, with a cost-of-living adjustment each year.

Advisory Committees. Two advisory committees will be established reporting to the Chancellor’s Office and the Legislature.

Effect of Student-Focused Funding Formula on the District. The new funding formula does not impact the District for general fund apportionment because the District is community-supported, as described below. However, categorical funding allocations may be appropriated using the new funding formula.

Other Funding Sources: Local Revenues

A major local revenue source is local property taxes that are collected from within district boundaries. Student enrollment fees generally account for the remainder of local revenues. Both property taxes and student enrollment fees are applied towards the district’s financial needs. Once these sources are exhausted, State funds are used. State aid is subject to the appropriation of funds in the State’s annual budget. Decreases in State revenues may affect appropriations made by the legislature to the district. The sum of the property taxes, student enrollment fees, and State aid generally comprise the district’s revenue limit. Formerly known as “Basic Aid,” a community-supported community college districts are those districts whose local property tax and student enrollment fee collections exceed the revenue allocation determined by the program-based model. As a community-supported district, the District does not receive any funds from the State appropriation, however, it does receive funds from the State for categorical and grant programs restricted to a special population or for certain purposes such as disabled students or instructional equipment, as well as unrestricted State aid for financial aid administration and part-time faculty costs. Under the SB 361 formula and the new Student-Focused Funding Formula, districts are allowed to keep the excess funds without penalty. The implication for community-supported is that the legislatively determined annual cost of living adjustment 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 determinant factors. The District is not a community-supported district.

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 and sales of property. Every community college district receives the same amount of lottery funds per pupil from the State; however, these are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery does require the funds to be used for instructional purposes, and prohibits their use for capital purposes.

District Accounting Practices

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been prepared using the economic focus and accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions are eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Budget and Accounting Manual issued by the Chancellor's Office of the California Community College. For more information on the District's accounting policies, see Note 2 of "APPENDIX A - FISCAL YEAR 2019-20 AUDITED FINANCIAL STATEMENTS" attached hereto.

The District's Audited Financial Statements for fiscal year 2019-20 were prepared by Eide Bailly, LLP, San Ramon, California and are attached as APPENDIX A. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Chancellor's Office.

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.

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Revenues, Expenditures and Changes in Fund Net Position. The following table sets forth the District's recent audited revenues, expenses and change in net position. For fiscal year 2020-21, see the table below under "– District Budget."

WEST HILLS COMMUNITY COLLEGE DISTRICT
Summary of Primary Government Revenues, Expenditures and Changes in Net Assets
For Fiscal Years 2015-16 through 2019-20 (Audited)

	2015-16	2016-17	2017-18	2018-19	2019-20
<u>Operating Revenues</u>					
Net Tuition and Fees	\$2,317,659	\$2,337,354	\$2,202,645	\$2,090,047	\$1,590,470
Total grants and contracts, noncapital	--	--	41,791,315	42,257,488	--
Auxiliary Sales and Charges					
Cafeteria	735,396	745,547	594,425	524,366	372,919
Farm	110,341	188,661	217,507	195,986	222,422
TOTAL OPERATING REVENUES	3,163,396	3,271,562	44,805,892	45,067,887	2,185,811
<u>Operating Expenses</u>					
Salaries	30,153,182	34,441,380	36,696,016	38,027,857	36,728,141
Employee benefits	11,567,666	13,345,420	17,973,260	20,772,570	20,068,726
Supplies, materials and other operating expenses and services	31,153,922	34,481,483	32,720,261	36,788,441	28,974,469
Depreciation	5,657,060	5,585,464	6,097,429	5,597,150	5,444,794
TOTAL OPERATING EXPENSES	78,531,830	87,853,747	93,486,966	101,186,018	91,216,130
<u>Operating Loss</u>	(75,368,434)	(84,582,185)	(48,681,074)	(56,118,131)	(89,030,319)
<u>Non-Operating Revenues (Expenses)</u>					
Grants and Contracts, noncapital:					
Federal	19,671,780	19,980,580	--	--	20,796,714
State	19,541,720	19,912,832	--	--	21,309,561
Local	1,094,388	1,800,627	--	--	--
State apportionments, non-capital	27,460,648	28,312,379	30,368,500	33,042,196	40,418,341
Local property taxes, levied for general purposes	5,001,645	5,435,388	5,660,985	5,994,008	6,544,011
State taxes and other revenues	790,869	1,183,477	1,607,524	2,528,322	95,998
Investment income, net	1,103,925	394,760	603,957	794,769	522,112
Interest and other expenses on debt	(2,927,025)	(5,634,016)	(3,476,276)	(4,198,671)	(4,439,746)
Net transfers (to)/from trust and agency funds	(1,037,905)	(1,327,223)	(1,155,061)	(504,767)	(774,020)
Other non-operating expenses	(422,375)	1,862,178	3,310,333	2,075,594	2,580,355
TOTAL NON-OPERATING REVENUES (EXPENSES)	70,277,670	71,920,982	36,919,962	39,731,451	87,053,326
<u>Income (Loss) Before Other Revenues and Expenses</u>	(5,090,764)	(12,661,203)	(11,761,112)	(16,386,680)	(1,976,993)
<u>Other Revenues and Expenditures</u>					
State revenues, capital	--	--	--	2,128,000	4,655,510
Local revenues, capital	5,506,385	4,446,798	4,872,071	5,386,416	5,888,438
TOTAL OTHER REVENUES AND EXPENSES	5,506,385	4,446,798	4,872,071	7,514,416	10,543,948
<u>Change in Net Position</u>	415,621	(8,214,405)	(6,889,041)	(8,872,264)	8,566,955
<u>Net Position, Beginning of Year</u>	58,642,955	59,058,576	43,600,098	36,711,057	27,838,793
<u>Net Position, End of Year</u>	\$59,058,576	\$50,844,171	\$36,711,057	\$27,838,793	\$36,405,748

Source: West Hills Community College District.

District Budget

The District is required by provisions of the State Education Code to maintain a balanced budget each year, where the sum of expenditures plus the ending fund balance cannot exceed revenues plus the carry-over fund balance from the previous year. The Board of Governors of the California Community Colleges imposes a uniform budgeting format for all California community college districts. Under current law, the District Board of Trustees approves a tentative budget by July 1 and an adopted budget by September 15 of each fiscal year. The presentation of the District's audits as summarized in the previous section is used only for District's external audit. The District manages its funds in a different format, including with respect to its budgets and unaudited actuals. The following table shows the District's general fund unaudited actuals for fiscal year 2020-21 and the adopted general fund budget for fiscal year 2021-22.

WEST HILLS COMMUNITY COLLEGE DISTRICT
General Fund Revenues, Expenditures, and Fund Balance
For Fiscal Year 2020-21 (Unaudited Actuals)
For Fiscal Year 2021-22 (Budgeted)

Description	2020-21 Unaudited Actuals	2021-22 Adopted Budget
REVENUES:		
Federal Revenues	\$5,373,383	\$16,441,645
State Revenues	55,639,705	55,818,707
Local Revenues	9,047,293	7,839,440
Total Revenues	70,060,381	80,099,792
EXPENDITURES		
Academic Salaries	17,843,064	21,289,094
Classified Salaries	10,815,048	14,495,739
Employee Benefits	12,475,171	14,420,993
Supplies and Materials	1,239,831	2,433,578
Other Operating Expenses and Services	3,229,032	13,679,862
Capital Outlay	1,540,689	5,941,909
Total Expenditures	47,142,835	72,261,175
Excess/(Deficiency) of Revenues over Expenditures	22,917,546	7,838,617
Other Financing Sources	9,036,637	187,500
Other Outgo	17,937,897	8,820,757
Net Increase/(Decrease) in Fund Balance	14,016,286	(794,640)
BEGINNING FUND BALANCE		
Net Beginning Balance, July 1	18,766,559	32,782,845
Prior Years Adjustments	--	--
Adjusted Beginning Balance	18,766,559	--
Ending Fund Balance, June 30	\$32,782,845	\$31,988,205

Source: West Hills Community College District.

District Reserves. The California Community College Chancellor’s Office recommends a prudent general fund unrestricted reserve of at least five percent of expenditures. District’s falling below the five percent may be subject to fiscal monitoring by the Chancellor’s Office. In 2019-20 the District exceeded this recommended reserve level with approximately 34% percent in reserves.

District Retirement Systems

Qualified employees of the District are covered under multiple-employer defined benefit pension plans maintained by agencies of the State. Certificated employees are members of the State Teachers’ Retirement System (“**STRS**”) and classified employees are members of the Public Employees’ Retirement System (“**PERS**”). Both STRS and PERS are operated on a Statewide basis. *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

Implementation of GASB Nos. 68 and 71. Commencing with fiscal year ended June 30, 2015, the District implemented the provisions of GASB Statement Nos. 68 and 71 which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the District to recognize its proportionate share of the unfunded pension obligation for STRS and PERS by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As a result of the implementation of GASB Statement Nos. 68 and 71, the District was required to reflect a restatement of its beginning net position as of July 1, 2014. See “APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2019.”

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended. The program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers and the State. The District’s employer contributions to STRS for recent fiscal years are set forth in the following table.

**STRS CONTRIBUTIONS
West Hills Community College District
Fiscal Years 2015-16 through 2021-22 (Budgeted)**

Fiscal Year	Amount
2015-16	\$1,385,055
2016-17	1,767,677
2017-18	2,074,796
2018-19	2,447,829
2019-20	2,554,570
2020-21*	2,153,442
2021-22*	3,121,411

*Estimated Actual/Budgeted.
Source: West Hills Community College District.

Historically, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. In recent years, the combination of investment earnings and statutory contributions were not sufficient to pay actuarially required amounts. As a result, the STRS defined benefit program showed an estimated unfunded actuarial liability of approximately \$105.9 billion as of June 30, 2020 (the date of the last actuarial valuation). In connection with the State’s adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (“**AB 1469**”), which represents a legislative effort to fund the unfunded actuarial obligation with respect to service credited members of the STRS Defined Benefit Program before July 1, 2014, within 32 years. AB 1469 addressed the funding gap by increasing contributions by employees, employers and the State. In particular, employer contribution rates are scheduled to increase through at least fiscal year 2020-21, from a contribution rate of 8.88% in fiscal year 2013-14 to 19.1% in fiscal year 2020-21. Thereafter, employer contribution rates will be determined by the STRS board to reflect the contribution required to eliminate unfunded liabilities by June 30, 2046.

The District’s employer contribution rates for fiscal years 2015-16 through 2020-21 were 10.73%, 12.58%, 14.43%, 16.28%, 17.10%, and 16.15% respectively. Projected employer contribution rates for the District for fiscal year 2021-22 through fiscal year 2022-23 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (STRS)
Fiscal Years 2021-22 through 2023-24**

Fiscal Year	Employer Contribution Rate⁽¹⁾
2021-22	16.92%
2022-23	19.10
2023-24	19.10

(1) Expressed as a percentage of covered payroll.
Source: AB 1469

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the “Schools Pool.” Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District’s employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS CONTRIBUTIONS
West Hills Community College District
Fiscal Years 2015-16 through 2021-22 (Budgeted)

Fiscal Year	Amount
2015-16	\$1,562,564
2016-17	2,036,677
2017-18	2,511,516
2018-19	2,960,247
2019-20	3,152,618
2020-21*	2,725,445
2021-22*	3,467,981

*Estimated Actual/Budgeted.
Source: West Hills Community College District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately \$32.7 billion as of June 30, 2020 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from the current 7.5% to 7.0% over the next subsequent three years according to the following schedule.

PERS Discount Rate
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, was implemented beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years.

The District's employer contribution rates for fiscal years 2015-16 through 2020-21 were 11.847%, 13.888%, 15.531%, 18.062%, and 19.721% respectively. The District's projected employer contribution rates for the District for fiscal year 2021-22 through fiscal year 2023-24 are set forth in the following table.

**EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2021-22 through 2023-24⁽¹⁾**

Fiscal Year	Employer Contribution Rate ⁽²⁾
2021-22	22.91%
2022-23	26.10
2023-24	27.10

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.

(2) Expressed as a percentage of covered payroll.

Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

APPLE. The District contributes to the APPLE plan for employees not covered under PERS or STRS plans. The plan provides benefits in a lump sum distribution of the employees' vested balance as of their retirement date. Active plan members and the District are each required to contribute 3.75% of an individual's salary to the plan, for a total of 7.5% of an individual's salary. Individuals enrolled in the plan are 100% vested in the contributions made to it. The District's contribution to the plan for the fiscal year ending June 30, 2020, was \$244,247.

Additional Information. Additional information regarding the District's retirement programs is available in Note 12 of the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Healthcare Benefits

Plan Description. The District's governing board administers the Postemployment Benefits Plan (the "**Plan**"). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions ("**OPEB**") for eligible retirees and their spouses. Management of the Plan is vested in the District management. Management of the trustee assets is vested with the Retiree Health Benefit Program Joint Powers Agency ("**RHBP**"). Membership of the Plan as of June 30, 2021 was 71 inactive employees or beneficiaries currently receiving benefit payments and 276 active plan members.

Retiree Health Benefit OPEB Trust. The Retiree Health Benefit OPEB Trust (the "**Trust**") is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Funding Program JPA as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions. The contribution requirements of Plan members and the District are established and may be amended by the District, the Unions, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an

additional amount to prefund benefits as determined annually by District administration. For fiscal year 2020-21, the District contributed \$683,980 to the Plan, all of which was used for current premiums.

Actuarial Assumptions and Other Inputs. The District’s OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2020 using an inflation rate of 2.50%, salary increases of 2.75%, average including inflation, investment rate of return was 5.75%, net of OPEB plan investment expense, including inflation and healthcare cost trend rates for medical is 4.0% for 2018 and thereafter. The discount rate was based on the Bond Buyer 20 Bond Index. Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Mortality for Miscellaneous and School Employees and the 2017 CalPERS Retiree Mortality for all Employees Tables for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2020, valuation were based on the results of an actual experience study for the period July 1, 2020 to June 30, 2021.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2021, are shown in the following table:

**CHANGES IN TOTAL OPEB LIABILITY
West Hills Community College District**

	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$14,997,124	\$11,673,445	\$3,323,679
Service Cost	606,702	--	606,702
Interest	900,245	2,381,983	(1,481,738)
Employer Contributions	--	683,980	(683,980)
Benefit payments	(592,775)	(592,775)	--
Administrative Expenses	--	(17,033)	17,033
Changes of Assumptions	422,035	--	422,035
Net changes	1,336,207	2,456,155	(1,119,948)
Balance at June 30, 2021	<u>\$16,333,331</u>	<u>\$14,129,600</u>	<u>\$2,203,731</u>

Source: West Hills Community College District Audit Report.

OPEB Expense. For the year ended June 30, 2021, the District recognized an OPEB expense of \$451,541.

For more information regarding the District’s OPEB and assumptions used in its most recent actuarial study, see Note 10 of APPENDIX B to the Official Statement.

Existing Debt Obligations

General Obligation Bonds. The District has issued general obligation bonds and refunding general obligation bonds for facility improvements throughout the District, and has issued general obligation bonds and refunding general obligation bonds secured by the territory within the three distinct school facilities improvement districts it has created. The following table summarizes outstanding general obligation debt, with additional detail below the table.

West Hill Community College Summary of Outstanding General Obligation Bond Debt

Issue Date	Name of Issue	Original Principal Amount	Final Maturity	Outstanding Dec. 1, 2021
<u>District-Wide Debt</u>				
06/19/2012	2012 GO Refunding	\$3,080,000	08/01/2029	\$1,630,000
06/11/2015	2015 GO Refunding	10,395,000	08/01/2030	7,110,000
02/01/2019	2014 Election, Series B	4,200,000	09/01/2023	2,254,677
<u>SFID No. 1 Debt</u>				
11/12/2008	2008 Election, Series A	\$3,839,677	08/01/2033	\$406,589
06/19/2012	2008 Election, Series B	7,957,059	08/01/2037	7,320,000
06/11/2015	2015 Refunding	2,270,000	08/01/2028	2,270,000
<u>SFID No. 2 Debt</u>				
03/18/2009	2008 Election, Series A	\$2,998,815	08/01/2033	\$105,000
06/19/2012	2008 Election, Series B	8,598,578	08/01/2038	7,901,447
12/08/2016		2,195,000	08/01/2033	2,140,000
<u>SFID No. 3 Debt</u>				
03/09/2011	2008 Election, Series B	\$12,343,909	08/01/2041	\$2,270,773
11/10/2021	2021 Refunding	2,267,000	08/01/2031	2,267,000

School Facilities Improvement District Bonds. In 2008, the District undertook formation proceedings for the formation of three School Facilities Improvement Districts within its boundaries, pursuant to the provisions of the California Education Code. These SFIDs were designated "School Facilities Improvement District No. 1 (Northern Area)", "School Facilities Improvement District No. 2 (Coalinga Area)", and "School Facilities Improvement District No. 3 (Lemoore Area)". General obligation bond elections were subsequently held in such areas on November 4, 2008, each of which was successful, as follows:

<u>Applicable SFID</u>	<u>2008 Voter Authorization</u>
SFID No. 1 (Northern Area)	\$11,800,000
SFID No. 2 (Coalinga Area)	11,600,000
SFID No. 3 (Lemoore Area)	31,000,000

Pursuant to such authorizations, the District has issued the bonds set forth on the above table, which are secured by *ad valorem* taxes levied and collected within the boundaries of each respective SFID. In addition, one series of bond anticipation notes has been issued with respect to SFID No. 2.

CDE Revolving Loan. The District entered into four separate interest-free facilities loans with the California Department of Education for child care facilities; two facilities at the Firebaugh campus and two at the Lemoore campus. The loans were each for \$130,000 and are to be repaid over a ten-year period, interest free.

Capital Leases. The District's liability on lease agreements with options to purchase are summarized below:

Balance, July 1, 2019	\$16,858,338
Additions	--
Payments	<u>660,323</u>
Balance, June 30, 2020	<u>\$16,198,015</u>

Source: West Hills Community College District Audit Report.

Compensated Absences. At June 30, 2020 the District's liability for compensated absences was \$2,181,174.

Investment of District Funds

In accordance with Government Code Section 53600 *et seq.*, the County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. See "APPENDIX G – FRESNO COUNTY INVESTMENT POLICY AND REPORT."

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STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

As described herein, California community college districts' principal funding formulas and revenue sources are derived from the budget of the State. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, neither the District nor the Purchaser take any responsibility as to the accuracy or completeness thereof and have not independently verified such information.

General. The largest percentage of community college district revenues comes from the State in accordance with the State's formula for funding community college districts and the Proposition 98 minimum funding guarantee with respect to education appropriations. The following description of the State's budget has been obtained from publicly available information which the District believes to be reliable; however, none of the District, its counsel or the Purchaser guarantees the accuracy or completeness of this information and have not independently verified such information. Additional information regarding State budgets is available at various State-maintained websites, including www.dof.ca.gov and www.lao.ca.gov. These websites are not incorporated herein by reference and none of the District, its counsel or the Purchaser make any representation as to the accuracy of the information provided therein or herein.

The State Budget Process. The State's fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor is required to propose a budget for the next fiscal year (the "**Governor's Budget**") to the State Legislature no later than January 10 of each year. State law requires the Governor to update the Governor's Budget projections and budgetary proposals by May 14 of each year (the "**May Revision**"). Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than Jun 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor (the "**Budget Act**").

Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. The primary source of the annual expenditure authorizations is the Budget Act, as approved by the State Legislature and signed by the Governor. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the State Legislature. Appropriations also may be included in the legislation other than the Budget Act. Bills containing appropriations (except for K-12 school districts and community college districts (collectively, "**K-14 districts**") must be approved by a two-thirds majority vote in each house of the State Legislature and be signed by the Governor. Bills containing education appropriations for K-14 districts require only a simple majority vote. Continuing appropriations, available without regard for fiscal year, may also be provided by statute or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse.

Recent State Budgets. Certain information about the State budgeting process and the State Budget is available through several State sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. The Internet

websites shown below are shown for reference and convenience only. The information contained within these websites may not be current, has not been reviewed by the District or the Purchaser and is not incorporated in this Official Statement by reference.

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading “Bond Information,” posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on community college districts in the State.
- The California State Treasurer’s Office Internet home page at www.treasurer.ca.gov, under the heading “Financial Information,” posts the State’s audited financial statements. In addition, the Financial Information section includes the State’s Rule 15c2-12 filings for State bond issues. The Financial Information section also includes the Overview of the State Economy and Government, State Finances, State Indebtedness and Litigation from the State’s most current Official Statement, which discusses the State budget and its impact on community college districts.
- The California Department of Finance’s Internet home page at www.dof.ca.gov, under the heading “California Budget,” includes the text of proposed and adopted State Budgets.
- The State Legislative Analyst’s Office (the “**LAO**”) prepares analyses of the proposed and adopted State budgets. Those analyses are accessible on the Legislative Analyst’s Internet home page at www.lao.ca.gov under the heading “Subject Area – Budget (State).”

2021-22 State Budget

Introduction and Background. The Governor signed the fiscal year 2021-22 State Budget (the “**2021-22 State Budget**”) on July 16, 2021. The 2021-22 State Budget notes that the COVID-19 pandemic has tested the State’s economy, and that the 2021-22 State Budget provides related relief. The 2021-22 State Budget includes an expansion to the previously enacted Golden State Stimulus, now providing tax refunds to middle-class families with an adjusted gross income of \$75,000 or less. Qualified families will also be eligible for an additional \$500 payment.

The budget also includes \$25.2 billion in reserves, including \$15.8 billion in the Proposition 2 Budget Stabilization Account (“**Rainy Day Fund**”) for fiscal emergencies, \$900 million in the Safety Net Reserve, \$4.5 billion in the Public School System Stabilization Account, and an estimated \$4 billion in the State’s operating reserve.

General Budget Highlights. Certain highlights of the 2021-22 State Budget are:

Wildfire and Emergency Response and Preparedness: During 2020, the State experienced the worst wildfire season in State history. To enhance the State’s capabilities, the 2021-22 State Budget makes investments in emergency preparedness and response:

- Wildfire Prevention: The 2021-22 State Budget includes ongoing support for 30 additional fire crews, and investments in helicopters and large

air tankers. The 2021-22 State Budget authorizes \$958 million, in addition to the \$536 million previously authorized, to support forest health and fire prevention activities.

- Emergency Response and Preparedness: \$135 million in the 2021-22 State Budget is allocated to the State Office of Emergency Services to enhance emergency preparedness and response capabilities, including one-time \$100 million funding to implement a program focused on building resiliency in disadvantaged communities.

Homelessness and Housing Affordability. The 2021-22 State Budget includes approximately \$12 billion over two-year to combat homelessness.

Health Care. The 2021-22 State Budget assumes an ongoing \$300 million commitment to improve the public health system beginning in 2022-23, based on analysis of lessons learned during the COVID-19 pandemic.

Infrastructure and Environmental Issues. The 2021-22 State Budget uses federal funds and one-time moneys to invest in the State's infrastructure and address environmental issues, including \$500 million to accelerate the cleanup of contaminated properties throughout the State and investing in a notification system for residents to provide information about local pesticide use.

- Water Resilience and Drought. The 2021-22 State Budget commits approximately \$5.1 billion over four years to the State's water resilience and drought preparedness response, \$2.1 of which is committed to water resilience investments.

- Climate Resilience. The 2021-22 State Budget sets aside \$2.7 billion over three years to address extreme heat, sea level rise and other infrastructure investments.

- Broadband. A \$6 billion is invested in the 2021-22 State Budget to expand broadband infrastructure and increase access.

Community College Districts Funding Summary. The 2021-22 Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at \$93.7 billion. This results in per-pupil funding of \$13,976 from Proposition 98 funding, growing to \$21,555 when accounting for all funding sources. The Proposed 2021-22 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21, setting them at \$79.3 billion and \$93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of \$47 billion from the level projected by the 2020-21 State budget.

Other significant funding measures relating to community college districts include:

General Apportionments: An increase of \$395 million in ongoing Proposition 98 funding for general apportionments, comprised of (i) \$371.2 million to fund a 5.07% COLA, and (ii) \$23.8 million to fund 0.50% enrollment growth.

Deferrals: \$1.453 billion in Proposition 98 funding to repay apportionment deferrals, of which \$144.6 million is from 2019-20, \$1.1 billion is from 2020-21 and \$229.8 million is from 2021-22.

Categorical Programs: \$64.2 million in ongoing Proposition 98 funding to support budget augmentations for the Student Equity and Achievement Program, Extended Opportunity Programs and Services (EOPS), the Umoja Program, the Mathematics, Engineering and Science Achievement (MESA) Program, and the Puente Project.

Student Assistance: \$250 million in one-time American Recovery Plan Act of 2021 funds to support emergency student financial assistance grants. The 2021-22 Budget also provides \$160 million in Proposition 98 funding for student assistance, comprised of \$100 million in one-time funding available over three years to address student basic needs including food and housing insecurity, \$30 million in ongoing funding to support student mental health services, and \$30 million in ongoing funding for colleges to establish basic needs centers and hire basic needs coordinators.

Retention and Enrollment Strategies: \$120 million in one-time Proposition 98 funding to support efforts to bolster community college student retention rates and enrollment.

Guided Pathways: \$50 million in one-time Proposition 98 funding to further support colleges' efforts to implement Guided Pathways programs, which are highly tailored and streamlined academic programs intended to rapidly and equitably advance students seeking associate degrees and college transfers.

Equal Employment Opportunity Programs: \$20 million in one-time Proposition 98 funding to support the implementation of EEO best practices developed by the Chancellor's Equal Employment Opportunity and Diversity Advisory Committee.

Textbooks: \$5 million in one-time Proposition 98 funding to establish a grant program for associate degrees and career technical certificate programs earned entirely by completing courses that eliminate textbook costs. In addition, the 2021-22 Budget includes \$115 million in one-time Proposition 98 funding to develop and implement zero-textbook-cost degrees and open educational resources.

Workforce Programs: \$42.4 million in ongoing Proposition 98 funding to increase program funding and enable community college districts to support work-based learning opportunities. The 2021-22 Budget also provides \$20 million in one-time Proposition 98 funding to support community college participation in High Road Training Partnerships and regional partnerships developed by the California Workforce Development Board.

California Apprenticeship Initiative: \$15 million in additional, ongoing Proposition 98 funding to augment the California Apprenticeship Initiative, which provides grants to fund the creation of apprenticeships in a variety of categories.

Technology: The 2021-22 Budget provides funding for a variety of technology investments, including (i) \$10.6 million in ongoing Proposition 98 funding to support the continuity of education and distance learning across the community college system, including access to online tutoring, online counseling and online student support services, (ii) \$10 million in one-time Proposition 98 funding to plan and develop a Statewide

common course numbering system, and (iii) \$8 million in ongoing Proposition 98 funding for cost increases associated with broadband access.

Student Housing: The 2021-22 Budget sets-aside \$2 billion of one-time funding, over a three-year period, to establish a low-cost student housing grant program for the public higher education segments, focused on expanding the availability of affordable student housing. Additional details are contingent upon future legislation.

Facilities: \$581.4 million in State general obligation bond funding, including \$8.2 million to start nine new capital outlay projects and \$573.2 million for the construction phase of 32 projects anticipated to complete design by the spring of 2022. This allocation represents the next installment of the \$2 billion available to community college districts under Proposition 51. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 51” herein. In addition, the 2021-22 Budget provides \$511 million in one-time Proposition 98 funding to address deferred maintenance.

College Faculty: \$100 million in ongoing Proposition 98 funding to support the hiring of new full-time faculty, and \$100 million Proposition 98 funding, of which \$10 million is ongoing, to support part-time faculty office hours. In addition, the 2021-22 Budget provides \$20 million in one-time Proposition 98 funding for culturally competent professional development for faculty, including leveraging 21st-century technology to improve learning outcomes.

Adult Education: \$21.8 million in ongoing Proposition 98 funding to reflect a 4.05% COLA for the Adult Education Program, and \$1 million ongoing Proposition 98 funding to support technical assistance for the program.

Disclaimer Regarding State Budgets

The execution of State budgets including the above may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2020-21 State Budget or subsequent State Budgets, will have on its own finances and operations.

The State has not entered into any contractual commitments with the District, the Counties, the Underwriter or the owners of the Certificates to provide State budget information to the District or the owners of the Certificates. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assumes any responsibility for the accuracy of State budget information set forth or referred to or incorporated in this Official Statement.

Availability of State Budgets. The complete 2021-22 State Budget is available from the California Department of Finance website at www.ebudget.ca.gov. An impartial analysis of the budget is published by the Legislative Analyst Office, and is available at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted on these sites, and such

information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Certificates.

Uncertainty Regarding Future State Budgets. The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures, or possible future budget deficits. Future State budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Ad Valorem Property Taxation

General. One of the District's local revenue sources which contributes to its general fund is its share of the 1% local property tax collected annually and distributed to taxing agencies by the County as described herein.

Property Tax Levy and Collection Procedures. Taxes are levied by the County for each fiscal year on taxable real and personal property which is situated in the District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State-assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on August 1 and March 1 of each fiscal year. If unpaid, such taxes become delinquent on August 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. Property on the secured roll with respect to which taxes are delinquent becomes tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5:00 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The taxing authority has four ways of collecting delinquent unsecured personal property taxes: (1) bringing a civil action against the taxpayer; (2) filing a certificate in the office of the local superior court clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling personal property, improvements, or possessory interests belonging or assessed to the assessee.

Assessed Valuations

Generally. The assessed valuation of property in the District is established by the San Bernardino 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. Prior to 1981-82, assessed valuations were reported at 25% of the full value of property. For a discussion of how properties currently are assessed, see “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS.” 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.

Assessed Valuation History. The table following shows a recent history of the District’s assessed valuation.

WEST HILLS COMMUNITY COLLEGE DISTRICT Assessed Valuation Fiscal Year 2012-13 through Fiscal Year 2021-22

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2012-13	\$8,356,758,665	\$455,010,988	\$477,229,830	\$9,288,999,483	--%
2013-14	8,970,482,601	405,558,428	501,917,256	9,877,958,285	6.3
2014-15	9,202,000,587	445,294,030	557,763,604	10,205,058,221	3.3
2015-16	9,185,138,570	415,320,690	478,856,534	10,079,315,794	(1.2)
2016-17	9,520,766,969	380,124,579	512,920,988	10,413,812,536	3.3
2017-18	10,098,249,929	372,834,152	512,968,226	10,984,052,307	5.5
2018-19	10,457,499,567	368,036,359	509,513,823	11,335,049,749	3.2
2019-20	11,134,803,110	329,218,939	595,656,315	12,059,678,364	6.4
2020-21	11,657,462,623	257,811,705	631,403,206	12,546,677,534	4.0
2021-22	11,946,472,520	241,759,866	664,128,727	12,852,361,113	2.4

Source: California Municipal Statistics, Inc.

As indicated in the previous tables, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, supply and demand for real property in the area, government regulations such as zoning, and natural disasters such as earthquakes, fires, floods and droughts.

Other wildfires have occurred in recent years in different regions of the State, and related flooding and mudslides have also occurred. The most destructive of the recent wildfires, which have burned thousands of acres and destroyed thousands of homes and structures, have originated in wildlands adjacent to urban areas. Although the recent natural disasters do not include territory within the District’s boundaries, the District cannot predict or make any representations regarding the effects that wildfires, flooding, mudslides or any other natural disasters and related conditions have or may have within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation in late 2016 and early 2017 which resulted in related severe flooding and mudslides in certain regions. On July 8, 2021, the Governor declared a drought emergency in 50 of the State’s 58 counties, which includes the County, citing above average temperature and dry conditions. The declaration did not impose mandatory consumption

cutbacks, but asked residents to voluntarily cut water consumption by 15% compared with last year. There can be no guarantee that the State will not implement additional strategies to alleviate problems that arise during a period of drought.

In addition, the world is currently experiencing a global pandemic as a result of the outbreak of COVID-19 which may have a negative impact on local property values, but the impact is uncertain at this time. The COVID-19 emergency could cause general marked declines in property values. For disclosure relating to the COVID-19 emergency, see also “CERTAIN RISK FACTORS – Infectious Disease Outbreak and COVID-19 Global Pandemic.”

The District cannot predict or make any representations regarding the effects that natural disasters and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have had on economic activity in the District or throughout the State.

See also “CERTAIN RISK FACTORS – Infectious Disease Outbreak and COVID-19 Global Pandemic.”

Property Tax Base Transfer Ballot Measure. On November 3, 2020, State voters approved a constitutional amendment entitled Property Tax Transfers, Exemptions and Revenue for Wildfire Agencies and Counties Amendment (“**Proposition 19**”), which will: (i) expand special rules that give property tax savings to homeowners that are over the age of 55, severely disabled, or whose property has been impacted by a natural disaster or contamination, when they buy a different home; (ii) narrow existing special rules for inherited properties; and (iii) broaden the scope of legal entity ownership changes that trigger reassessment of properties. The District cannot make any assurance as to what effect the implementation of Proposition 19 will have on assessed valuation of real property in the District.

Assessed Valuation by Land Use. The following table shows the land use of property in the District, as measured by assessed valuation and the number of parcels for fiscal year 2021-22.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
2021-22 Assessed Valuation and Parcels by Land Use**

	2021-22 Assessed Valuation ⁽¹⁾	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	\$4,872,711,801	39.98%	16,240	38.48%
Commercial	786,400,196	6.45	1,227	2.91
Vacant Commercial	21,206,905	0.17	167	0.40
Industrial	2,317,391,339	19.01	1,079	2.56
Vacant Industrial	84,016,466	0.69	177	0.42
Recreational	95,096,843	0.78	100	0.24
Power Plant/Utility Roll	241,759,866	1.98	33	0.08
Government/Social/Institutional	39,442,760	0.32	349	0.83
Miscellaneous	<u>20,946,308</u>	<u>0.17</u>	<u>181</u>	<u>0.43</u>
Subtotal Non-Residential	\$8,478,972,484	69.57%	19,553	46.33%
Residential:				
Single Family Residence	\$2,788,831,918	22.88%	17,067	40.44%
Condominium/Townhouse	21,552,702	0.18	176	0.42
Rural Residential	312,578,374	2.56	1,855	4.40
Mobile Home	31,932,723	0.26	1,203	2.85
2-4 Residential Units	80,020,943	0.66	450	1.07
5+ Residential Units/Apartments	278,673,470	2.29	257	0.61
Vacant Residential	<u>195,669,772</u>	<u>1.61</u>	<u>1,641</u>	<u>3.89</u>
Subtotal Residential	\$3,709,259,902	30.43%	22,649	53.67%
Total	\$12,188,232,386	100.00%	42,202	100.00%

(1) Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Appeals of Assessed Value

There are two types of appeals of assessed values that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution” in APPENDIX B.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. Proposition 8 reductions may also be unilaterally applied by the County Assessor.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A.

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

The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers, or blanket reassessments initiated by the County Assessor.

Tax Levies and Delinquencies

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “**Teeter Plan**”), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code.

Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied, but in exchange foregoes any interest and penalties collected by the County on delinquent taxes. Currently, the County includes the District’s general obligation bond levies in its Teeter Plan.

So long as the Teeter Plan remains in effect and the County continues to include the District’s general obligation bond levy in the Teeter Plan, the District’s receipt of revenues with

respect to the levy of *ad valorem* property taxes on the secured roll in the County will not be dependent upon actual collections of the *ad valorem* property taxes by the County (except as described in the following paragraph regarding the supplemental roll). However, under the statute creating the Teeter Plan, counties may, under certain circumstances, terminate the Teeter Plan in its entirety and, in addition, County boards of supervisors could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%.

On July 8, 2008, the County Board of Supervisors adopted Resolution No. 08-322, which determined that, because the "...County of Fresno Supplemental Secured Property Tax Roll is now severely delinquent and, by such delinquency, impairs, impedes and disrupts the County of Fresno's general fund cash flow...", the County discontinued the use of the Teeter Plan as it applies to the supplemental secured property tax rolls. Generally the supplemental secured tax roll represents properties which have been assessed based on a new base year value due to change in ownership or new construction, which as a result receives a supplemental secured property tax bill in addition to the annual secured property tax bill. As a result, in the County, taxes appearing on the supplemental secured property tax roll are apportioned to the applicable taxing entities when received, and penalties and interest on such supplemental taxes are also paid to such taxing jurisdictions. To the extent *ad valorem* taxes are levied on the supplemental secured property tax bill, such levies will be subject to collection and delinquency rates.

In the event that the Teeter Plan were terminated with regard to the regular secured tax roll, the amount of the levy of *ad valorem* property taxes in the Improvement District would also depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District. The District knows of no consideration by the County to discontinue the Teeter Plan.

Largest Secured Property Taxpayers in District

The following table shows the 20 largest secured property taxpayers in the District as determined by secured assessed valuation in fiscal year 2021-22. The more property (by assessed value) which is owned by a single taxpayer within the District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below.

WEST HILLS COMMUNITY COLLEGE DISTRICT Top Twenty Secured Property Taxpayers Fiscal Year 2021-22

	<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2021-22 Assessed Valuation</u>	<u>% of Total ⁽¹⁾</u>
1.	Paramount Farms/Wonderful Orchards LLC	Agricultural	\$ 360,330,595	2.96%
2.	Leprino Foods Co.	Food Processing	329,589,684	2.70
3.	Sandridge Partners LP	Agricultural	224,783,342	1.84
4.	Panoche Energy Center, LLC	Power Plant	175,700,000	1.44
5.	Chevron USA Inc.	Oil & Gas	162,985,242	1.34
6.	Toma-Tek Inc.	Food Processing	93,548,257	0.77
7.	Aera Energy LLC	Oil & Gas	89,511,063	0.73
8.	Mavericks Ranch LLC	Agricultural	83,479,903	0.68
9.	Akhavi LLC	Agricultural	73,492,470	0.60
10.	Eriksson LLC	Agricultural	67,696,178	0.56
11.	California Resources Production Corp.	Oil & Gas Productions	62,309,799	0.51
12.	Olam West Coast Inc.	Food Processing	59,322,490	0.49
13.	J.G. Boswell Co.	Food Processing	56,778,656	0.47
14.	Fresno Farming LLC	Agricultural	50,648,855	0.42
15.	David and Marilyn Britz, Trustees	Agricultural	47,095,079	0.39
16.	RE Tranquility Landco LLC	Agricultural/Solar Farm	44,830,802	0.37
17.	Harris Farms Inc.	Agricultural	41,996,147	0.34
18.	Christopher R. Woolf, Trustee	Agricultural	40,918,459	0.34
19.	Fish Pond LLC	Recreational - Wave Pool	39,874,210	0.33
20.	NBINV AF4 LLC	Agricultural	39,326,523	0.32
			<u>\$2,144,217,754</u>	<u>17.59%</u>

(1) 2021-22 local secured assessed valuation: \$12,188,232,386.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth below is a direct and overlapping debt report (the "**Debt Report**") prepared by California Municipal Statistics, Inc. for debt issued as of October 1, 2021. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District 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 the District. 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.

WEST HILLS COMMUNITY COLLEGE DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of October 1, 2021

2021-22 Assessed Valuation: \$12,852,361,113

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable ⁽¹⁾</u>	<u>Debt 10/1/21</u>
West Hills Community College District	100.000%	\$ 10,994,677 ⁽²⁾
West Hills Community College District SFID No. 1	100.000	10,101,590
West Hills Community College District SFID No. 2	100.000	10,146,447
West Hills Community College District SFID No. 3	100.000	30,495,627
Coalinga/Huron Joint Unified School District	100.000	49,842,098
Firebaugh-Las Deltas Joint Unified School District	100.000	15,131,894
Golden Plains Unified School District	100.000	10,510,000
Mendota Unified School District	100.000	35,100,660
Reef Sunset Unified School District	100.000	20,591,539
Other Unified School Districts	35.615-100.000	513,978
Lemoore Union High School District	100.000	22,980,939
Lemoore Union School District	100.000	6,850,000
Westside School District	100.000	3,442,263
Corcoran Hospital District	20.165	2,450,518
Coalinga-Huron Recreation and Park District	100.000	14,400,000
Monterey County Water Resources Agency Zone No. 2C	0.012	2,350
1915 Act Bonds (Estimate)	100.000	476,149
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$244,030,729

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Fresno County General Fund and Pension Obligation Bonds	8.981%	\$20,720,109
Other County General Fund and Pension Obligation Bonds	Various	6,701,289
West Hills Community College District General Fund Obligations	100.000	12,330,159
Coalinga/Huron Joint Unified School District Certificates of Participation	100.000	5,580,000
Firebaugh-Las Deltas Unified School District Certificates of Participation	100.000	2,635,000
Reef-Sunset Unified School District Certificates of Participation	100.000	6,446,050
Lemoore Union High School District Certificates of Participation	100.000	297,000
Lemoore Union School District Certificates of Participation	100.000	16,680,000
City General Fund Obligations	100.000	386,416
Coalinga Regional Medical Center General Fund Obligations	100.000	3,700,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$75,476,023

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$32,727,760

COMBINED TOTAL DEBT \$352,234,512 ⁽³⁾

Ratios to 2021-22 Assessed Valuation:

DIRECT DEBT (\$61,738,341)	0.48%
Direct and Overlapping Tax and Assessment Debt.....	1.90%
Combined Direct Debt (\$74,068,500)	0.58%
Combined Total Debt	2.74%

Ratios to Redevelopment Incremental Valuation (\$1,960,082,293):

Total Overlapping Tax Increment Debt.....	1.67%
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(1) 2020-21 ratios.
(2) Excludes issue to be sold.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

COUNTY INVESTMENT POOL

In accordance with Government Code Section 53600 *et seq.*, the Fresno County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq.* In addition, counties are required to establish their own investment policies which may impose limitations beyond those required by the Government Code. For further information concerning County investments, access the County's website at www.co.fresno.ca.us/departments/auditor-controller-treasurer-tax-collector. The information contained in such website has not been reviewed by the District or the Underwriter and is not incorporated in this Official Statement by reference. See also APPENDIX G hereto for a copy of the County's current investment policy and summary of pooled investment fund.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Articles XIII A, XIII B, XIII C, and XIII D of the State Constitution, Propositions 62, 98, 111, 187 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes.

Article XIII A of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIII A to the State Constitution ("**Article XIII A**"). Article XIII A 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 (i) indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIII A approved by State voters on June 3, 1986) 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, and (iii) (as a result of an amendment to Article XIII A approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in 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". This 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.

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 annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. San Bernardino County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIII A, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004 a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIII B of the California Constitution

Article XIII B ("**Article XIII B**") of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIII B, as amended.

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

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

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

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

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions ("**unitary property**"). Under the State Constitution, such property is assessed by the State Board of Equalization ("**SBE**") as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIII C and XIII D

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

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds vote under Article XIII A, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIII C to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or

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

Article XIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIC or XIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay Lease Payments and therefore payments due on the Certificates.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K-14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIB

surplus. The maximum amount of excess tax revenues which could be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

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

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

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIII B spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIII B are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIII B spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over \$15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIII B appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (1) 40.9% of State general fund revenues (the "**first test**") or (2) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIII B by reference to *per capita*

personal income) and enrollment (the “**second test**”). Under Proposition 111, schools will receive the greater of (1) the first test, (2) the second test, or (3) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the “**third test**”). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a “credit” to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as “**Proposition 39**”) to the California Constitution. This amendment (1) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (2) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (1) any local government debts approved by the voters prior to July 1, 1978 or (2) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

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

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to schools or community colleges, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease Vehicle License Fee revenues without providing local governments with equal

replacement funding. Under Proposition 1A, beginning, in fiscal year 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (i) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (ii) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the “Local Taxpayer, Public Safety, and Transportation Protection Act of 2010,” approved on November 2, 2010, superseded many of the provisions of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State’s control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State’s authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have 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 will be more directly dependent upon the State’s general fund.

Proposition 30

Proposition 30 appeared on the November 6, 2012 statewide ballot as an initiated constitutional amendment (“**Proposition 30**”), and it was approved by State voters. Proposition 30 increased the State sales tax from 7.25% to 7.50%, increased personal income tax rates on higher income brackets for seven years, and temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax is levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$340,000 but less than \$408,000 for heads of household and over \$500,000 but less than \$600,000 for joint filers), (ii) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000

but less than \$680,000 for heads of household and over \$600,000 but less than \$1,000,000 for joint filers), and (iii) 3% for taxable income over \$500,000 for single filers (over \$680,000 for heads of household and over \$1,000,000 for joint filers).

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

The California Children’s Education and Health Care Protection Act of 2016, also known as Proposition 55, is a constitutional amendment initiative that was approved by voters in the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through 2030, instead of the scheduled expiration date of December 31, 2018. Tax revenue received under Proposition 55 would be allocated 89% to K-12 schools and 11% to community colleges.

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 State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of \$9 billion in general obligation bonds by the State for the new construction and modernization of K-14 facilities.

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

Community College Facilities. Proposition 51 includes \$2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community college system, 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 representation or guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives and Changes in Law

Article XIII A, Article XIII B, Article XIII C and Article XIII D of the California Constitution and Propositions 98, 111, 22, 26, 30 and 39 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures or other legislative enactments 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.

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the Certificates. The discussion does not purport to be, nor should it be construed to be, complete nor a summary of all factors which may affect the financial condition of the District, the District's ability to make Lease Payments in the future, or the effectiveness of any remedies that the Trustee may have or circumstances under which Lease Payments may be abated.

No Pledge of Taxes

The Lease Payments and other payments due under the Lease Agreement are not secured by any pledge of taxes or other revenues of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES - Lease Payments." The Lease Payments are secured by a District covenant to annually budget and appropriate sufficient funds to make Lease Payments from any lawfully available funds, including the general fund. In the event that the District's general fund revenues are less than its total obligations, the District may choose to pay other costs or expenses before making the Lease Payments.

The obligation of the District to pay the Lease Payments and Additional Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay Lease Payments and Additional Payments does not constitute a debt or indebtedness of the Corporation, the District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease Agreement to pay Lease Payments and Additional Payments from any source of legally available funds (subject to certain exceptions) and the District has covenanted in the Lease Agreement that, for as long as the Leased Property is available for its use and possession, it will make the necessary annual appropriations within its

budget for all Lease Payments and Additional Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

The District is currently liable on other obligations payable from general revenues and may incur additional obligations payable from its general fund.

Additional Obligations of the District

Under the Lease Agreement the District is permitted to enter into other obligations which constitute additional charges against its revenues without the consent of owners of the Certificates. To the extent that additional obligations are incurred by the District, the funds available to pay Lease Payments may be decreased.

Limited Recourse on Default

Whenever any event of default referred to in the Lease Agreement happens and continues, the Trustee, as the assignee of the Corporation, is authorized under the terms of the Lease Agreement to exercise any and all remedies available under law or granted under the Lease Agreement.

Notwithstanding a default under the Lease Agreement, there is no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then due or past due to be immediately due and payable. Neither the Corporation nor the Trustee has any right to re-enter or re-let the Leased Property except following the occurrence and during the continuation of an event of default under the Lease Agreement.

Following an event of default, the Corporation may elect either to terminate the Lease Agreement and seek to collect damages from the District or to maintain the Lease Agreement in effect and seek to collect the Lease Payments as they become due. The Lease Agreement further provides that so long as an event of default exists under the Lease Agreement, the Corporation, or its assignee, may re-enter the Leased Property for the purpose of taking possession of all or any portion of the Leased Property and to re-let the Leased Property and, in addition, at its option, with or without such entry, to terminate the Lease Agreement as described therein. See "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement."

No assurance can be given that the Trustee will be able to re-let the Leased Property so as to provide rental income sufficient to pay principal and interest evidenced by the Certificates in a timely manner or that such re-letting will not adversely affect the exclusion of interest with respect thereto from gross income for federal or State income tax purposes. Furthermore, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect to the Leased Property.

In the event of a default, there is no remedy of acceleration of the total Lease Payments due over the term of the Lease Agreement and the Trustee is not empowered to sell the Leased Property and use the proceeds of such sale to prepay the Certificates or pay debt service with respect thereto. The District will be liable only for Lease Payments on an annual basis and, in the event of a default, the Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against public entities in California, including a limitation on

enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

Abatement

The obligation of the District under the Lease Agreement to pay Lease Payments is in consideration of the use and possession of the Leased Property.

Under certain circumstances relating to damage, destruction, condemnation or title defects with respect to the Leased Property which cause a substantial interference with the use and possession of the Leased Property, the District's obligation to make Lease Payments is subject to full or partial abatement and could result in the Trustee having inadequate funds to pay the principal and interest with respect to the Certificates as and when due. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Abatement" and "APPENDIX A – SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS – The Lease Agreement." Abatement is not a default under the Lease Agreement and does not result in the Trustee having the right to take any action to avail itself of any remedy against the District.

Infectious Disease Outbreak and COVID-19 Global Pandemic

In recent years, public health authorities have warned of threats posed by outbreaks of disease and other public health threats. On February 11, 2020, the World Health Organization announced the official name for the outbreak of COVID-19. COVID-19 has since spread across the globe. The spread of COVID-19 is having significant adverse health and financial impacts throughout the world. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the Governor of the State and the President of the United States.

The District's operations and financial results could be harmed by a national or localized outbreak of a highly contagious or epidemic disease, such as the current COVID-19 pandemic. The District cannot predict any costs associated with the potential treatment of an infectious disease outbreak or preparation for such treatment, and there can be no assurance that an infectious disease outbreak will not have a material effect on the District's ability to make the Lease Payments.

Property Taxes

Levy and Collection. The District does not have any independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the District's share of local property tax revenues, and accordingly, could have an adverse impact on the ability of the District to make Lease Payments. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the District's ability to pay principal and interest with respect to the Certificates when due.

Reduction in Inflationary Rate. Article XIII A of the California Constitution provides that the full cash value base of real property used in determining assessed value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS." Such measure is computed on a calendar year basis. Because Article XIII A limits inflationary assessed value adjustments to the lesser of the actual inflationary

rate or 2%, there have been years in which the assessed values were adjusted by actual inflationary rates, which were less than 2%. The District is unable to predict if any adjustments to the full cash value base of real property within the District, whether an increase or a reduction, will be realized in the future.

Reassessments and Appeals of Assessed Values. There are two types of appeals of assessed values that could adversely impact property tax revenues:

Proposition 8 Appeals. Most of the appeals that might be filed in the District would be based on Section 51 of the Revenue and Taxation Code, which requires that for each lien date the value of real property must be the lesser of its base year value annually adjusted by the inflation factor pursuant to Article XIII A of the State Constitution or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value.

Under California law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the appropriate county board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value. These market-driven appeals are known as Proposition 8 appeals.

Any reduction in the assessment ultimately granted as a Proposition 8 appeal applies to the year for which application is made and during which the written application was filed. These reductions are often temporary and are adjusted back to their original values when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIII A. However, current case law is uncertain as to whether or not property may be adjusted to its prior value at once or if adjustments may only be made subject to the 2% limitation. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIII A of the California Constitution – Litigation Regarding 2% Limitation."

Base Year Appeals. A second type of assessment appeal is called a base year appeal, where the property owners challenge the original (basis) value of their property. Appeals for reduction in the "base year" value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

No assurance can be given that property tax appeals or blanket reassessments initiated by the County Assessor in the future will not significantly reduce the District's property tax revenues.

Local Housing Market. Economic downturns, such as those that have been experienced in recent years on a national scale, can have a negative impact on local property values, in part due to fallout from the subprime mortgage crisis, tight credit markets and the recession. High rates

of foreclosures tend to depreciate values of homes in the overall market, which could lead to more Proposition 8 appeals. Although the District's total assessed valuation is again increasing, it is not possible to predict how a future mortgage crisis, tightening credit markets, increased foreclosure activity and major reductions in home prices throughout the region could affect home values, assessed values, assessment appeals or collections of property taxes by the County.

State Budget Considerations

School districts in California receive a significant amount of their funding from State appropriations, as determined in each year's State budget. As a result, decreases in State revenue sources may impact the amount of funds appropriated to school districts, as has occurred in recent years. A deterioration in the State's economy due to factors such as reduced income tax revenues and sales tax revenues can negatively impact the State budget and the District's revenues, and therefore funds available to make Lease Payments. In addition, the State Legislature has at times adopted legislation in connection with its annual budgets which may impact education funding, and may do so again in the future. The District cannot predict how State budgets and future legislation may impact its finances.

Absence of Earthquake and Flood Insurance

If any portion of the Leased Property is destroyed or rendered useless by a natural hazard such as an earthquake or flood, an abatement could occur and result in the Trustee having inadequate funds to pay the principal and interest represented by the Certificates as and when due. The Lease Agreement does not require the District to obtain earthquake or flood insurance on the Leased Property.

All building components of the Leased Property were constructed under the standards of the "Field Act" (California State Building Code, Title 24). The Field Act requires substantially higher construction standards for public schools and hospitals than are required for other types of construction. The Field Act requires that building systems be capable of withstanding seismic forces from the "most credible" earthquake likely to occur in the vicinity of the building system being constructed.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Certificates are subject to the limitations on legal remedies against public entities in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Certificates, and enforcement of the District's obligations under the Lease Agreement, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against cities in the State.

Bankruptcy proceedings under Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the District, or the exercise of powers by the federal or State government, if initiated, could subject the owners of

the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See “– Limited Recourse on Default” above.

Risks Related to Municipal Bond Insurance

As discussed herein, concurrently with the issuance of the Certificates, BAM will issue its Policy to guarantee the scheduled payment of principal of and interest on the Certificates when due as set forth in the form of the Policy included as an exhibit to this Official Statement. With the purchase of such an insurance policy, the following are risk factors relating to certificate insurance.

In the event of default of the payment of principal or interest with respect to the Certificates when all or some becomes due, any owner of the Certificates shall have a claim under the Policy for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Certificates by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Certificate Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Certificate Insurer without appropriate consent. The Certificate Insurer may direct and must consent to any remedies and the Certificate Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Certificate Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Certificates are payable solely from the moneys received pursuant to the Trust Agreement. In the event the Certificate Insurer becomes obligated to make payments with respect to the Certificates, no assurance is given that such event will not adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates.

The long-term ratings on the Certificates are dependent in part on the financial strength of the Certificate Insurer and its claim paying ability. The Certificate Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Certificate Insurer and of the ratings on the Certificates insured by the Certificate Insurer will not be subject to downgrade and such event could adversely affect the market price of the Certificates or the marketability (liquidity) for the Certificates. See description of "RATINGS" herein.

The obligations of the Certificate Insurer are general obligations of the Certificate Insurer and in an event of default by the Certificate Insurer, the remedies available may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the District nor the Underwriter has made independent investigation into the claims paying ability of the Certificate Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Certificate Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Certificates and the claims paying ability of the Certificate Insurer, particularly over the life of the investment. See "CERTIFICATE INSURANCE" herein for further information provided by the Certificate Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Certificate Insurer.

LEGAL OPINION

The proceedings in connection with the authorization, sale, execution and delivery of the Certificates are subject to the approval as to their legality of Jones Hall, A Professional Law Corporation, San Francisco, California ("**Special Counsel**"). A copy of the legal opinion, certified by the official in whose office the original is filed, will be attached to each Certificate, and a form of such opinion is attached as APPENDIX D. Jones Hall, A Professional Law Corporation, San Francisco, California, is acting as Disclosure Counsel to the District ("**Disclosure Counsel**"). Aparicio Law, Pasadena, California, is serving as counsel to the Underwriter ("**Underwriter's Counsel**").

Payment of the fees of Special Counsel, Disclosure Counsel, the Trustee, the Escrow Agent, the Underwriter and Underwriter's Counsel is contingent upon the execution and delivery of the Certificates.

FINANCIAL ADVISOR

Dale Scott & Company Inc., San Francisco, California, is acting as the District's financial advisor in connection with the Certificates. The Financial Advisor is a registered "Municipal Advisor" with the Securities Exchange Commission and the Municipal Securities Rulemaking Board. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The fees of the Financial Advisor with respect to the Certificates are contingent upon their sale and delivery. The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

TAX MATTERS

Tax Exemption

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the issuance of the Certificates in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of execution and delivery of the Certificates.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering, to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Certificate is amortized each year over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal

payment date (with straight-line interpolations between compounding dates). Amortized Certificate premium is not deductible for federal income tax purposes. Owners of premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Certificates.

California Tax Status. In the further opinion of Special Counsel, the portion of Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Certificates issued prior to enactment.

The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Special Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest with respect to the Certificates, or as to the consequences of owning or receiving interest with respect to the Certificates, as of any future date. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates may have federal or state tax consequences other than as described above. Other than as expressly described above, Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates, the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest with respect to the Certificates.

Form of Opinion. A copy of the proposed form of opinion of Special Counsel is attached hereto as APPENDIX D.

NO LITIGATION

There is no action, suit or proceeding known to be pending, or threatened, restraining or enjoining the execution or delivery of the Certificates, the Trust Agreement, the Lease Agreement, the Site Lease, the Assignment Agreement or any other document relating to the Certificates or in any way contesting or affecting the validity of the foregoing.

There are a number of lawsuits and claims pending against the District which have arisen in the regular course of administering the affairs of the District. In the opinion of the District, such suits and claims as are presently pending will not have a material adverse affect on the ability of the District to make Lease Payments with respect to the Certificates.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("**S&P**"), is expected to assign a rating of "AA" to the Certificates, based on the understanding that BAM will deliver its Policy with respect to the Certificates. See "CERTIFICATE INSURANCE."

Additionally, S&P has assigned an underlying rating of "A" to the Certificates. Such ratings reflect only the view of S&P and an explanation of the significance of such ratings may be obtained only from S&P. The District has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

Future events, including the impacts of the COVID-19 pandemic that is described under the caption "RISK FACTORS — Infectious Disease Outbreak and COVID-19 Global Pandemic," could have an adverse impact on the rating of the Certificates, and there is no assurance that the criteria required by S&P to achieve the rating on the Certificates will not change during the period that the Certificates remain outstanding.

There is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by S&P, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Certificates.

CONTINUING DISCLOSURE

The District has covenanted, for the benefit of holders and beneficial owners of the Certificates to provide certain financial information and operating data relating to the District to the Municipal Securities Rulemaking Board on an annual basis (an "**Annual Report**") not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing March 31, 2022, with the report for the 2020-21 Fiscal Year, and to provide notices of the occurrence of certain enumerated events. The Annual Report and other required notices will be filed by the District with the Municipal Securities Rulemaking Board (the "**MSRB**") in the manner prescribed by the Securities Exchange Commission. The specific nature of such information is set forth below under the caption APPENDIX E – "Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "**Rule**").

The District has prior undertakings pursuant to the Rule. In the previous five years, the District failed to timely file its 2019-20 audited financial statements, which were delivered by the District's auditing firm on May 13, 2021.

The District has engaged Dale Scott & Company Inc. to serve as its dissemination agent with respect to its undertakings in connection with each of its undertakings including the Certificates.

UNDERWRITING

The Certificates are being purchased by RBC Capital Markets, LLC (the “**Underwriter**”). Under a Certificate Purchase Agreement (the “**Certificate Purchase Agreement**”), the Underwriter has agreed to purchase the Certificates at a purchase price of \$13,272,554.60 (which is equal to the principal amount represented by the Certificates, plus a net original issue premium of \$1,048,979.60, less an Underwriter's discount of \$61,425.00). The Purchase Agreement provides that the Underwriter will purchase all of the Certificates (if any are purchased), and the Underwriter’s obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell the Certificates to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District.

EXECUTION

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

**WEST HILLS COMMUNITY COLLEGE
DISTRICT**

By: */s/ Kristin Clark, Ed.D*
Chancellor

APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF PRINCIPAL LEGAL DOCUMENTS

The following is a brief summary of certain provisions of the Site Lease, the Lease Agreement, the Trust Agreement, and the Assignment Agreement. This summary is not intended to be definitive and is qualified in its entirety by reference to such documents for the complete terms thereof. Copies of such documents are available upon request from the West Hills Community College District.

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2020**

APPENDIX C

GENERAL INFORMATION ABOUT FRESNO COUNTY

The following information about Fresno County (the “County”) is included only for the purpose of supplying general information regarding the area of the District. The Certificates are not a debt of the County, the State of California (the “State”) or any of its political subdivisions (other than the District), and neither the County, the State or any of its political subdivisions (other than the District) is liable therefor.

The COVID-19 outbreak is ongoing, and the duration and severity of the outbreak, and the economic and other impacts of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact, are developing and uncertain. The information set forth in this Appendix C predates the outbreak of the COVID-19 pandemic and should not be relied upon as representative of the current demographics within the District.

General Information

The County. The County is California’s fifth largest county, covering approximately 6,000 square miles. It is located in the geographic center of the State and is the nation’s leading crop-producing county.

Within the County, there are roughly four different agricultural areas. East and south of the City of Fresno, grapes and other fruit and nut crops are grown, harvested and processed for shipment; west of the City of Fresno is the largest melon-producing area, which lies within the Mendota Unified School District. Also to the west, large crops of cotton, alfalfa, barley, rice, wheat and vegetables are produced. In the southwest are oil wells, and extensive cattle and sheep ranches.

The County is the trade, financial and commercial center for many surrounding counties in Central California and is a hub of transportation facilities connecting Central California to all parts of the country. Two major north-south highways, State Highway 99 and Interstate Highway 5, pass through the County. State Highways 180 and 145 run east and west. Railroads, major airlines, bus lines and numerous trucking companies also serve the area.

Population

The most recent estimate of the County's population at January 1, 2021 was 1,026,681 persons according to the State Department of Finance. The table below shows population estimates for the cities in the County for the last five years, as of January 1.

FRESNO COUNTY
Population Estimates
Calendar Years 2017 through 2021
(As of January 1st)

	2017	2018	2019	2020	2021
Clovis	110,144	113,300	116,291	118,741	121,834
Coalinga	16,805	16,527	16,946	17,177	16,748
Firebaugh	7,866	7,947	8,025	8,035	8,126
Fowler	6,097	6,161	6,215	6,436	6,601
Fresno	530,523	535,313	540,180	543,451	546,770
Huron	7,262	7,286	7,302	7,297	7,404
Kerman	14,957	15,318	15,735	15,922	16,118
Kingsburg	12,187	12,400	12,545	12,879	13,084
Mendota	11,743	12,134	12,191	12,424	12,448
Orange Cove	9,486	9,555	9,575	9,562	9,581
Parlier	15,370	15,407	15,587	15,797	15,828
Reedley	25,579	25,887	25,950	25,974	26,087
Sanger	26,116	26,428	26,994	27,157	27,353
San Joaquin	4,097	4,122	4,139	4,137	4,145
Selma	24,302	24,337	24,394	24,405	24,487
Balance of County	170,417	170,890	170,938	170,898	170,067
Total	992,951	1,003,012	1,013,007	1,020,292	1,026,681

Source: State Department of Finance, Demographic Research.

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Employment and Industry

The District is included in the Fresno Metropolitan Statistical Area (“MSA”). The unemployment rate in the Fresno MSA was 7.6% in October 2021, down from a revised 7.7% in September 2021, and below the year-ago estimate of 9.7%. This compares with an unadjusted unemployment rate of 6.1% for California and 4.3% for the nation during the same period.

The table below provides information about employment by industry type for Fresno County for calendar years 2016 through 2020.

FRESNO COUNTY Civilian Labor Force, Employment and Unemployment, Unemployment by Industry (Annual Averages)

	2016	2017	2018	2019	2020
Civilian Labor Force ⁽¹⁾	444,600	444,900	446,700	450,800	445,500
Employment	402,400	406,900	412,800	418,100	395,300
Unemployment	42,200	37,900	33,900	32,700	50,300
Unemployment Rate	9.5%	8.5%	7.6%	7.2%	11.3%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	46,900	46,100	44,200	44,000	41,100
Mining and Logging	300	300	300	300	300
Construction	16,000	17,400	18,700	18,900	18,600
Manufacturing	25,200	25,600	25,900	26,200	25,800
Wholesale Trade	14,000	14,100	14,400	14,600	14,500
Retail Trade	38,800	38,900	39,100	38,600	37,100
Trans., Warehousing, Utilities	12,800	13,100	14,700	16,600	18,400
Information	3,800	3,600	3,600	3,500	3,000
Financial and Insurance	8,700	9,000	9,200	9,600	8,800
Professional and Business Services	32,400	31,100	32,500	33,000	33,800
Educational and Health Services	63,900	67,200	69,300	72,800	72,000
Leisure and Hospitality	32,800	33,800	34,500	35,600	28,600
Other Services	11,700	11,800	11,900	11,900	11,000
Federal Government	9,800	9,800	10,000	10,100	10,800
State Government	12,100	12,400	12,600	12,800	12,500
Local Government	49,000	50,400	51,900	52,000	49,100
Total All Industries ⁽³⁾	382,800	389,200	397,700	405,300	390,000

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Calculations may not foot due to rounding.

Source: State of California Employment Development Department.

Largest Employers

Listed below are the major employers in the County, in alphabetical order.

**FRESNO COUNTY
Major Employers
(Listed Alphabetically)
As of December 2021**

Employer Name	Location	Industry
Air National Guard	Fresno	Veterans' & Military Organizations
California State Univ Fresno	Fresno	Schools-Universities & Colleges Academic
California Teaching Fellows	Fresno	Employment Service-Govt Co Fraternal
Cargill	Fresno	Meat Packers (mfrs)
Community Regional Medical Ctr	Fresno	Hospitals
Foster Farms	Fresno	Poultry Farms
Fresno County Sheriff's Office	Fresno	Police Departments
Fresno Police Dept	Fresno	Police Departments
Fresno VA Hospital Medical Ctr	Fresno	Government-Specialty Hosp Ex Psychiatric
Gap Pacific Distribution Ctr	Fresno	Distribution Services
Kaiser Permanente Fresno Med	Fresno	Hospitals
Lion Dehydrators	Selma	Dehydrating Service (mfrs)
Pelco Inc	Fresno	Security Control Equip & Systems-Mfrs
Phebe Conley Art Gallery	Fresno	Art Galleries & Dealers
Pitman Family Farms	Sanger	Farms
Pleasant Valley State Prison	Coalinga	Government Offices-State
Save Mart Ctr	Fresno	Stadiums Arenas & Athletic Fields
St Agnes Medical Ctr	Fresno	Medical Centers
St Agnes Medical Ctr	Fresno	Hospitals
Stamoules Produce Co	Mendota	Fruits & Vegetables & Produce-Retail
State Center Community College	Fresno	Junior-Community College-Tech Institutes
Sun Maid Growers	Kingsburg	Maid & Butler Service
Table Mountain Casino	Friant	Casinos
Via West Insurance	Fresno	Insurance
Wawona Frozen Foods Inc	Clovis	Frozen Food Processors (mfrs)

Source: California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2022 1st Edition.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income and median household effective buying income for the County, the State and the United States for the period 2018 through 2022.

FRESNO COUNTY, STATE OF CALIFORNIA, AND UNITED STATES Effective Buying Income 2018 through 2022

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2018	Fresno County	\$18,128,509	\$44,641
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	Fresno County	\$19,290,618	\$46,028
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	Fresno County	\$20,689,761	\$48,980
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	Fresno County	\$20,194,328	\$48,681
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	Fresno County	\$23,555,796	\$57,777
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448

Source: *The Nielsen Company (US), Inc* for 2018; *Claritas, LLC* for 2019 through 2022.

Commercial Activity

A summary of historic taxable sales within the County during the past five years in which data are available is shown in the following table. Total taxable sales during the first two quarters of calendar year 2021 in the County were reported to be \$11,017,639,975, a 40.47% increase over the total taxable sales of \$7,843,295,094 reported during the first two quarters of calendar year 2020.

FRESNO COUNTY Annual Taxable Transactions Number of Permits and Valuation of Taxable Transactions (Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2016	13,128	\$9,567,618	20,530	\$10,073,246
2017	13,166	9,943,017	20,655	14,631,309
2018	13,041	10,566,360	21,036	15,386,256
2019	13,516	11,073,207	22,082	16,179,870
2020	14,811	11,557,538	24,307	16,930,267

Source: State Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation and number of building permits issued in the County.

FRESNO COUNTY Total Building Permit Valuations (Valuations in Thousands) Calendar Years 2016 through 2020

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	\$689,016.6	\$512,951.0	\$703,307.1	\$770,423.8	\$769,338.0
New Multi-family	52,363.2	131,175.3	67,589.9	87,818.1	183,382.3
Res. Alterations/Additions	<u>30,648.8</u>	<u>29,478.7</u>	<u>47,115.5</u>	<u>41,033.6</u>	<u>30,839.5</u>
Total Residential	\$772,028.6	\$673,605.0	\$818,012.5	\$899,275.5	983,559.8
New Commercial	\$184,408.2	\$201,676.5	\$139,662.0	\$273,781.9	256,617.3
New Industrial	14,895.8	14,087.9	37,564.8	7,105.1	9,965.7
New Other	147,642.2	68,383.0	90,451.9	54,746.2	100,674.4
Com. Alterations/Additions	<u>80,745.4</u>	<u>69,202.2</u>	<u>229,373.0</u>	<u>163,703.6</u>	<u>210,055.6</u>
Total Nonresidential	\$427,691.6	\$353,349.6	\$497,051.7	\$499,336.8	577,313.0
<u>New Dwelling Units</u>					
Single Family	2,559	1,886	2,560	2,732	2,747
Multiple Family	<u>339</u>	<u>1,135</u>	<u>290</u>	<u>689</u>	<u>653</u>
TOTAL	2,898	3,021	2,850	3,421	3,400

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D

FORM OF LEGAL OPINION

Board of Trustees
West Hills Community College District
275 Phelps Avenue
Coalinga, California 93210

OPINION: \$12,285,000 2022 Refunding Certificates of Participation Evidencing the Direct, Undivided Fractional Interests of the Owners Thereof in Lease Payments to be Made by the West Hills Community College District, California as the Rental for Certain Property Under a Lease Agreement with the Public Property Financing Corporation of California

Members of the Board of Trustees:

We have acted as special counsel in connection with the delivery by the West Hills Community College District (the "District"), of a Lease Agreement dated as of January 1, 2022 (the "Lease Agreement"), between the Public Property Financing Corporation of California (the "Corporation") as lessor and the District, as lessee. Under a Trust Agreement dated as of January 1, 2022 (the "Trust Agreement"), among the District, the Corporation and U.S. Bank National Association, as trustee thereunder (the "Trustee"), the Trustee has executed and delivered \$12,285,000 aggregate principal amount of 2022 Refunding Certificates of Participation (the "Certificates") evidencing the direct, undivided fractional interests of the owners thereof in lease payments to be made by the District under the Lease Agreement (the "Lease Payments"), which have been assigned by the Corporation to the Trustee under an Assignment Agreement dated as of January 1, 2022 (the "Assignment Agreement") between the Corporation and the Trustee. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the District contained in the Lease Agreement and the Trust Agreement, and in certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The District is a community college district duly organized and validly existing under the Constitution and laws of the State of California with the full power to enter into the Lease Agreement and the Trust Agreement and to perform the agreements on its part contained therein.

2. The Lease Agreement and the Trust Agreement have been duly approved by the District and constitute valid and binding obligations of the District enforceable against the District in accordance with their respective terms.

3. The Certificates have been validly executed and delivered by the Trustee under the Trust Agreement and, by virtue of the assignment made under the Assignment Agreement, the owners of the Certificates are entitled to the benefits of the Lease Agreement.

4. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Tax Code relating to the exclusion from gross income for federal income tax purposes of interest with respect to obligations such as the Certificates. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of delivery of the Lease Agreement.

5. The portion of the Lease Payments designated as and comprising interest and received by the owners of the Certificates is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Lease Agreement or the Certificates.

The rights of the owners of the Certificates and the enforceability of the Lease Agreement and the Trust Agreement are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

Jones Hall,
A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$12,285,000

2022 REFUNDING CERTIFICATES OF PARTICIPATION

**Evidencing the Direct, Undivided Fractional Interests of the
Owners Thereof in Lease Payments to be Made by the
WEST HILLS COMMUNITY COLLEGE DISTRICT
to Public Property Financing Corporation of California**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “**Disclosure Certificate**”) is dated January 13, 2022 and is executed and delivered by the West Hills Community College District (the “**District**”) in connection with the execution and delivery of the captioned certificate of participation (the “**Certificates**”). The Certificates are being executed and delivered pursuant to a Trust Agreement dated as of January 1, 2022 (the “**Trust Agreement**”), by and among the District, the Public Property Financing Corporation of California and U.S. Bank National Association as trustee for the Certificates (the “**Trustee**”).

The District hereby 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 Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth above and in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the District under and as described in Sections 3 and 4.

“*Annual Report Date*” means the date not later than nine months after the end of each fiscal year of the District (currently June 30th).

“*Dissemination Agent*” means, initially, Dale Scott & Company Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement executed by the District in connection with the issuance of the Certificates.

“*Participating Underwriter*” means RBC Capital Markets, LLC, the original underwriter of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“*Rule*” means 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.

“*Trustee*” means U.S. Bank National Association, or any successor thereto.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing not later than March 31, 2022, with the report for the 2020-21 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. The filing of the Official Statement for the Certificates shall satisfy the filing of the initial Annual Report. 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(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A, with a copy to the Paying Agent and Participating Underwriter.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided under this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements 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 Annual Report Date, 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.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the following information:

- (i) assessed valuation of taxable properties in the District for the most recently completed fiscal year;
- (ii) assessed valuation of properties of the top twenty taxpayers in the District for the most recently completed fiscal year;
- (iii) property tax collection delinquencies for the Improvement District for the most recently completed Fiscal Year, but only if the general obligation bond levy is not included in the Fresno and County Teeter Plan, and such data is available from the County at the time of filing the Annual Report; and
- (iv) in addition to any of the information expressly required to be provided under paragraphs (i) through (iii), of this Section, the District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(c) 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 are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Certificates:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.

- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Certificate calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the District.
- (13) 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, if material.
- (14) Appointment of a successor or additional Trustee or the change of name of a Trustee, if material.
- (15) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material.
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, the notice of Listed Event described in subsection (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Trust Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a certificate call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Lease Payments relating to the Certificates. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as

possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above 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 United States 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 governing 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.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District and the Paying Agent.

Section 9. 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 or 5(a), 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 Certificates, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of

the primary offering of the Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

- (c) the proposed amendment or waiver either (i) is approved by holders of the Certificates in the manner provided in the Trust Agreement for amendments to the Trust Agreement with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Certificates.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. 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 Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Certificates 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 Trust Agreement, 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 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they 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 negligence or willful misconduct. The Dissemination Agent will have no duty or obligation to review any information provided to it by the District hereunder, and shall not be deemed to be acting in any fiduciary capacity for the District, the Certificate holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. 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 Certificates, and shall create no rights in any other person or entity.

Date: January 13, 2022

**WEST HILLS COMMUNITY COLLEGE
DISTRICT**

By: _____

Name:

Title:

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: West Hills Community College District (the "District")

Name of Issue: \$12,285,000 West Hills Community College District 2022 Refunding
Certificates of Participation

Date of Issuance: January 13, 2022

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates of Participation as required by the Continuing Disclosure Certificate executed by the District in connection with the execution and delivery of the Certificates captioned above. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

**WEST HILLS COMMUNITY COLLEGE
DISTRICT**

By: _____
Its: _____

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Certificates, payment of principal, interest and other payments on the Certificates to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Certificates and other related transactions between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given 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 Certificates, (b) Certificates representing ownership interest in or other confirmation or ownership interest in the Certificates, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Certificates, 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 APPENDIX. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC") will act as securities depository for the securities (in this APPENDIX, the "Certificates"). The Certificates 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 Certificate will be issued for each maturity of each series of the Certificates, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. 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 3.5 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 Standard & Poor's 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. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates 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 Certificates with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates 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.

5. 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 Certificates may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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 the notices be provided directly to them.

6. Prepayment notices will be sent to DTC. If less than all of the Certificates within an issue are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be prepaid.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's

MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Prepayment proceeds, distributions, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from 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 nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of prepayment proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or 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.

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

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

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

APPENDIX G
FRESNO COUNTY INVESTMENT POLICY
AND REPORT

APPENDIX H
SPECIMEN MUNICIPAL BOND INSURANCE POLICY