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December 8, 2003

By U.S. Mail & Fax: 559-934-1511

Dr. Frank P. Gornick
Chancellor
West Hills Community College District
300 Cherry Lane
Coalinga, CA 93210

Re: Donation Transactions Regarding the Kings County Center

Dear Dr. Gornick:

As West Hills Community College District real property counsel, you have asked us to review the donation history of the Center which ultimately resulted in a donation slightly in excess of 100 acres. As you will recall, the donation was made by Robert and Mardell Pedersen and the Trust of Lionel Semas and Lola Semas (collectively the Donor).

The original agreement (effective September 22, 1998 and ratified on October 6, 1998) proposed the donation or sale of 100 acres of real property by the Donor. At the time this agreement (First Agreement) was negotiated, it was premature to consider a donation of the entire 100 acres. Although the District would ultimately require 100 acres, the initial donation consisted of 25 acres. Since it was not known when the entire Lemoore Center buildout would be accomplished and what commitment there would be for state funding, the remaining 75 acres was subject to further negotiations regarding a phased donation which would be beneficial both to the District and to the Donor. During the negotiations of the First Agreement, the Donor unequivocally stated their willingness to donate the 100 acres of property requested by the District.

In order to gain control over the entire 100-acre area, I recommended that the First Agreement include language leaving the door open for future phased donations consistent with the Donor's intention and their statement that a phased donation would be the subject of future agreements. Accordingly, the first Agreement reserved the Donor's discretion to donate all of the land. In the interim, I recommended option language so if one of the Donors died, the heirs of the Donor would be bound and the District would have the assurance that it would at least have an option to acquire the remaining 75 acres. This structure allowed the District to have title vested in 25 acres and allowed events to clarify themselves for a future agreement addressing a phased donation of the remaining property.

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As we know, the option was never exercised in favor of a phase donation as described below. The Donor's professional fees were reimbursed to facilitate the donation.

The District and the City of Lemoore, through the Lemoore redevelopment agency, agreed to offer approximately \$550,000 to help with infrastructure costs associated with the project. The agreement was known as the "Economic Development Assistance Agreement (West Hills College Project)". As noted in the recitals, the District and the Donor were "negotiating to own an interest in an approximate 100-acre parcel of real property located adjacent to the Lemoore redevelopment project area...". The first Agreement accomplished its purpose of site control over the entire 100 acres with an initial donation of 25 acres.

On September 26, 2000, the second Agreement was entered into which replaced the first Agreement. The second Agreement was known as the "Revised And Restated Agreement Of Donation Of Land For The West Hills Community College District Kings County Campus" (Second Agreement). As noted in the third recital: "The Donor and the District intend, by this agreement, to revise and restate the Agreement of Donation now that the Phase I Property has already been donated and in order to consummate a phased donation as originally intended but which could not be accomplished in 1998 based upon then existing state requirements for completed acquisition, or total site control, of the entire Campus property and due to the lack of funding to commit to a donation schedule, all of which have been superceded by events since 1998."

The Second Agreement described the donation in four phases. Phase I was the initial donation. Phase II has since been donated. Phases III and IV remain to be donated pursuant to the Second Agreement. Phase III is currently in escrow and Phase IV is scheduled to be completed in January, 2004.

As noted in the recital, a number of issues became clarified between the execution of the First and Second Agreements. The District, through the electorate, approved the local Measure G bonds; the state was forthcoming with funds; the City of Lemoore and its redevelopment agency agreed to a financial contribution; the land description was subject to a specific metes and bounds description; and the donation was phased for more practical vesting of title in connection with the buildout of the District's Kings County campus (the Campus).

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If you require any further information regarding the donation history, please contact the undersigned at your convenience.

Sincerely,

LOZANO SMITH

A handwritten signature in cursive script that reads "M. Smith".

Michael E. Smith

JMB/lb/sab

A handwritten signature in cursive script that reads "J. Behrens".

Jerome M. Behrens