To: The Board of Trustees and Citizens of the Foothill-De Anza Community College District

On June 6, 2006, voters in the Foothill-De Anza Community College District demonstrated their confidence in the institution by approving a $490.8 million general obligation bond measure (Measure C) under the rules established by Proposition 39. Voters approved the bond with a 65.69% affirmative vote.

I am writing to you to present the 2006-2007 Annual Report of the Measure C Citizens’ Bond Oversight Committee covering the period of July 1, 2006 through June 30, 2007. This Annual Report is submitted to the Foothill-De Anza Board of Trustees and local district residents by the Foothill-De Anza Community College District Citizens’ Bond Oversight Committee in fulfillment of its role as specified by law.

This report represents an overview of meetings held by the Committee during the 2006-2007 fiscal year. The Committee wishes to report that, to the best of its knowledge, the Foothill-De Anza Community College District is in full compliance with the responsibilities as described in Article XIIIA of the California State Constitution.

The primary duties of the committee are to:

• Review bond expenditures to ensure that proceeds have been expended for the purposes set forth in Measure C
• Inform the public concerning the district’s expenditures of bond proceeds
• Present to the district’s governing board an annual report of the committee’s proceedings and activities of the previous year
• Provide a statement indicating whether the district is in compliance with bond requirements

With this report, the Citizens’ Bond Oversight Committee members assure the community that Measure C bond expenditures have been properly made, and only for projects identified in the bond measure.

Your attention is directed to the annual review of expenditures as performed by Perry-Smith LLP, which disclosed no instances of non-compliance with the terms of Proposition 39 or Measure C.

In closing, please allow me to express my appreciation to my colleagues on the committee and staff who have worked so hard this year to produce the achievements addressed in this report. It has been my distinct pleasure to serve as chair of the committee this past year.

Sincerely,

James G. Walker
Chairperson
Citizens’ Bond Oversight Committee

Letter From Committee Chair

About the District

For 50 years, Foothill-De Anza has demonstrated excellence and innovation in academic programs and student services. As one of the largest community college districts in the United States, Foothill-De Anza provides credit classes for more than 44,000 students annually. The colleges are active members of the League for Innovation in the Community College, a national consortium of leading two-year institutions.

Located in the heart of Silicon Valley, Foothill-De Anza serves the communities of Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Stanford, Menlo Park, Sunnyvale, and parts of San Jose, Santa Clara and Saratoga.

About Measure C

On June 6, 2006, voters in the district’s service area approved Measure C, a $490.8 million general obligation bond measure, which will enable the district to:

• Upgrade electrical, heating, ventilation systems, fire/seismic safety
• Repair leaky roofs
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• Repair/expand classrooms for nurses/paramedics
• Upgrade technology
• Repair, construct, acquire, equip buildings, classrooms, libraries, science/computer labs

The Citizens’ Bond Oversight Committee monitors Measure C expenditures under the rules established by Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act, to ensure that all bond funds are spent exactly as promised and to ensure taxpayer safeguards and confidence.

Committee Members

Bryan Adams
Faculty Representative
Phyllis Bromanovsky
Member At Large
Deiter Davis
Business Organization
Carol Johnson
Member At Large
James Sandstrom
Senior Citizens’ Organization
Jim Walker
Foothill-De Anza Auxiliary Organization
Sarah Wolfe
Student Representative

Board of Trustees

Bruce Swenson
President
Paul Fong
Vice President
Laura Coss Frier
Student Trustee
Sarah Snow
Foothill College Student Trustee

Chancellor

Martha J. Kanter

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Vice President
Laura Coss Frier
Student Trustee
Sarah Snow
Foothill College Student Trustee

Chancellor

Martha J. Kanter
Bond Program Summary

Bond Expenditures as of June 30, 2007

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>Total Bond Expenditures</th>
<th>Small Capital Projects</th>
<th>Large Capital Projects</th>
<th>Total Bond Authorization - $490,800,000</th>
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<td>Technology, Instructional Equipment and Vehicles</td>
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<td>Total Bond Expenditures - $4,556,191</td>
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<td>$4,556,191</td>
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<td>Bond Authorization - $490,800,000</td>
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<td>$4,556,191</td>
<td>$4,556,191</td>
<td>$4,556,191</td>
</tr>
</tbody>
</table>

Bond Program Activity

For the latest Citizens’ Bond Oversight Committee meeting schedule please visit the bond website at www.measurec.fhda.edu.

Agendas and meeting minutes from all committee meetings are available on the bond website at www.measurec.fhda.edu. All meetings are open to the public.

All meetings held or scheduled during the 2006-2007 and the 2007-2008 fiscal years include:

- Program Project Management from Selected Firms
- Policies and Procedures Manual
- Electronic Tracking System (PROMPT)
- Quality Control Plan
- Communication Plan
- Manual of Policies and Procedures
- Design Standards Strategy
- Master Planning
- Technology, Instructional Equipment and Vehicles
- Project Packaging
- Schedule Development
- CCCCD/IOU PG&E Incentives Program
- Inter-Board Task Projects
- Revenue Forecasting

These activities were carried out under the following categories of projects:

- Large Capital Projects, Renovation and Technology, Instructional Equipment and Vehicles
- Bond Program Management from Selected Firms
- Policies and Procedures Manual
- Electronic Tracking System (PROMPT)
- Quality Control Plan
- Communication Plan
- Manual of Policies and Procedures
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- Master Planning
- Technology, Instructional Equipment and Vehicles
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- Revenue Forecasting

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Lithography

To implement CDAP, the Foothill-De Anza Community College Board of Trustees on October 14, 2006, and on two occasions during the 2007 fiscal year, voted to include the following in the approved budget:

- Appointment and Removal of Chair/Visiting Chair
- Deferral of Bond-related Responsibilities to the Bond Website: www.measurec.fhda.edu
- Review of Financial Reports

Bond Program Activity

The Citizens’ Bond Oversight Committee was appointed by the Foothill-De Anza Community College Board of Trustees on October 16, 2006, and met on two occasions during the 2006-2007 fiscal year. Proceedings of these meetings included:

- Approval of Committee Bylaws
- Appointment and Election of Chair/Vice-Chair
- Defining of Roles and Responsibilities
- Review of Financial Reports

Meetings held or scheduled during the 2006-2007 and the 2007-2008 fiscal years include:

- Tuesday, June 12, 2007 at 5:00 PM
- Tuesday, August 28, 2007 at 5:00 PM
- Tuesday, June 3, 2008 at 5:00 PM
- Tuesday, February 26, 2007 at 5:00 PM
- Tuesday, February 5, 2008 at 5:00 PM
- Wednesday, November 7, 2007 at 5:00 PM
- Tuesday, June 12, 2007 at 5:00 PM
- Tuesday, June 3, 2008 at 5:00 PM

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As of June 30, 2007:

- Program Project Management from Selected Firms
- Policies and Procedures Manual
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Letter From Committee Chair

March 3, 2008

To: The Board of Trustees and Citizens of the Foothill-De Anza Community College District

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I am writing to you to present the 2006-2007 Annual Report of the Measure C Citizens’ Bond Oversight Committee covering the period of July 1, 2006 through June 30, 2007. This Annual Report is submitted to the Foothill-De Anza Board of Trustees and local district residents by the Foothill-De Anza Community College District Citizens’ Bond Oversight Committee in fulfillment of its role as specified by law.

This report represents an overview of meetings held by the Committee during the 2006-2007 fiscal year. The Committee wishes to report that, to the best of its knowledge, the Foothill-De Anza Community College District is in full compliance with the responsibilities as described in Article XIII-A of the California State Constitution.

The primary duties of the committee are to:
- Review bond expenditures to ensure that proceeds have been expended for the purposes set forth in Measure C
- Inform the public concerning the district’s expenditures of bond proceeds
- Present to the district’s governing board an annual report of the committee’s proceedings and activities of the previous year
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With this report, the Citizens’ Bond Oversight Committee members assure the community that Measure C bond expenditures have been properly made, and only for projects identified in the bond measure.

Your attention is directed to the annual review of expenditures as performed by Perry-Smith LLP, which disclosed no instances of non-compliance with the terms of Proposition 39 or Measure C.

In closing, please allow me to express my appreciation to my colleagues on the committee and staff who have worked so hard this year to produce the achievements addressed in this report. It has been my distinct pleasure to serve as chair of the committee this past year.

Sincerely,

James G. Walker
Chairperson
Citizens’ Bond Oversight Committee
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The Citizens’ Bond Oversight Committee monitors Measure C expenditures under the rules established by Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act, to ensure that all bond funds are spent exactly as promised and to ensure taxpayer safeguards and confidence.

Committee Members

- Ralph Adams: Taxpayer Association
- Phyllis Bismanovsky: Member At Large
- Dexter Dawes: Business Organization
- Carol Johnson: Member At Large
- James Sandstrom: Senior Citizens’ Organization
- Jim Walker: Foothill-De Anza Auxiliary Organization
- Sarah Wiehe: Student Representative

Board of Trustees

- Bruce Swenson: President
- Paul Fong: Vice President
- Betsy Bechtel
- Laura Casas Frier
- Hal Plotkin
- Jordan Eldridge: De Anza College Student Trustee
- Sarah Snow: Foothill College Student Trustee

Chancellor

- Martha J. Kanter
Committee Activity Summary
The Citizens’ Bond Oversight Committee was appointed by the Foothill-De Anza Board of Trustees on October 16, 2006, and met on two occasions during the 2006-2007 fiscal year. Proceedings of these meetings included:

- Appointment and Election of Chair/Vice-Chair
- Approval of Committee Bylaws
- Defining of Roles and Responsibilities
- Development of Bond Website - www.measurec.fhda.edu
- Review of Financial Reports

Committee Meetings
The Citizens’ Bond Oversight Committee meets on a quarterly basis. All meetings are open to the public.

Agendas and meeting minutes from all committee meetings are available on the bond website at www.measurec.fhda.edu. All meetings are held in the district board room unless noted on the bond website.

Meetings held or scheduled during the 2006-2007 and the 2007-2008 fiscal years include:

- Tuesday, February 26, 2007 at 5:00 PM
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- Tuesday, August 28, 2007 at 5:00 PM
- Wednesday, November 7, 2007 at 5:00 PM
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- Tuesday, June 3, 2008 at 5:00 PM

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Measure C Program Activities
The following is list of Measure C program activities as of June 30, 2007:

- Program/Project Management Team Selection
- Policies and Procedures Manual
- Electronic Tracking System (PROMPT)
- Quality Control Plan
- Safety Plan
- Financial Plan
- Communications Plan
- Measure C Bond Website
- Design Standards Strategy
- Condition Assessment Strategy
- Project Programming
- Budget Validation Strategy
- Schedule Development
- Project Packaging
- Environmental Impact Report
- CCC/IOU PG&E Incentives Program
- Master Planning
- Initial Quick Start Projects
- Equipment Purchases

These activities were carried out under the categories of Small Capital Projects, Large Capital Projects, Renovation and Technology, Instructional Equipment and Vehicles.

For current and additional information regarding these activities please visit the bond website at www.measurec.fhda.edu.
Bond Program Summary

Total Bond Expenditures - $4,556,191
Bond Funds Remaining - $486,243,809
Total Bond Authorization - $490,800,000

Expenditures

- Footbridge
- Swing Space
- Forum
- Furniture, Equipment and Technology

Measure C Active Projects as of June 30, 2007

Foothill College
- Footbridge
- Swing Space
- Forum
- Furniture, Equipment and Technology

De Anza College
- Campus Site Lighting (Phase I)
- Campus Signage (Phase I)
- Swing Space
- Forum
- Furniture, Equipment and Technology
Series A and Series B Bond Issuance

In May 2007, the Foothill-De Anza Community College District issued Series A bonds in the amount of $150 million and Series B bonds in the amount of $100 million. The bonds were sold with a qualified tax opinion and investors were restricted to approved institutional buyers due to the pending Measure C litigation. Series A and Series B bonds produced an estimated tax rate of $21.72 per $100,000 of assessed valuation. This tax rate is less than the district’s estimated tax rate of $24 per $100,000 of assessed valuation during the June 2006 bond election.

Review of Expenditures

The schedule of proceeds and use of general obligation bonds for the fiscal year ended June 30, 2007, was compiled by an independent third-party auditing firm as required by Proposition 39. The agreed-upon procedures engagement was performed by Perry-Smith LLP, Certified Public Accountants, in accordance with attestation standards established by the American Institute of Certified Public Accountants. The results of applying the agreed-upon procedures indicate that the expenses were for valid bond purposes. To view the complete independent accountant’s report, please visit www.measurec.fhda.edu.

Litigation Summary

Validation Complaint

Anticipating a challenge to the validity of the election by a landowner who has challenged the bond measures of other school and college districts, our district, took preemptive action in June 2006 by filing a validation complaint entitled, “Foothill-De Anza Community College District v. All Persons Interested.” Two respondents filed an answer raising challenges to Measure C.

Superior Court

The suit was tried in Santa Clara County Superior Court in November 2006. In December 2006, the trial court entered judgment validating Measure C and the position of the college district.

Appellate Court

The judgment was appealed in January 2007 to the 6th District Court of Appeal. In December 2007, the court rejected the appeal, again affirming the validity of Measure C. One of the appellants then abandoned all further appeals, while the other petitioned the California Supreme Court to further review the decision. It is unlikely the Supreme Court will grant review. If review is denied, which is estimated to occur between February 25 and March 15, bond counsel will then issue an unqualified opinion that will allow the full funding of the Measure C projects.

For current and additional information please visit the bond website at www.measurec.fhda.edu.

The Foothill-De Anza Community College District is committed to reducing environmental impacts through the increased use of post-consumer recycled materials.

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